

7th February, 1924

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**THE  
LEGISLATIVE ASSEMBLY DEBATES**

**(Official Report)**

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**FIRST SESSION**

**OF THE**

**SECOND LEGISLATIVE ASSEMBLY, 1924**



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# LEGISLATIVE ASSEMBLY.

Thursday, 7th February, 1924.

The Assembly met in the Assembly Chamber at Eleven of the Clock, Mr. President in the Chair.

## MEMBER SWORN:

Mr. Ambika Prasad Sinha, M.L.A. (Patna *cum* Shahabad: Non-Muhammadan).

## QUESTIONS AND ANSWERS.

### KENYA IMMIGRATION ORDINANCE.

198. \***Mr. K. C. Roy:** (a) Will Government be pleased to state whether the Kenya Immigration Ordinance has been passed by the Colonial Legislative Council?

(b) If the reply to (a) be in the affirmative, will Government say whether the Ordinance has received the assent of His Majesty?

**Mr. M. S. D. Butler:** (a) The reply is in the negative.

(b) Does not arise.

### THE COLONIES COMMITTEE.

199. \***Mr. K. C. Roy:** (a) Will Government be pleased to say whether they have taken any steps to give effect to the recommendation of the last Imperial Conference that a representative Committee be appointed to implement the Resolution adopted by the Imperial Conference in 1921 regarding the status of Indians in other parts of the Empire?

(b) Will there be different Committees for the Dominions and the Crown Colonies?

(c) What will be the status of the Committee or Committees *vis a vis* (1) the Government of India, (2) the India Office and (3) the Colonial Office?

(d) Have any gentlemen been invited to serve on these Committees and, if so, will Government be pleased to give their names?

**Mr. M. S. D. Butler:** (a) to (d). The Government of India have decided to appoint a Committee which will confer with the Colonial Office for the present on the Kenya question. Discussions are proceeding with regard to the personnel and functions of the Committee and a statement on the subject will be issued so soon as a decision has been reached.

## REPORT OF THE FIJI DEPUTATION.

200. \***Mr. K. C. Roy:** (a) Will Government be pleased to state the reasons for which the publication of the Report of the Fiji deputation has so far been withheld?

(b) Is there likely to be any further delay in its publication?

(c) If the reply to (b) be in the affirmative, will Government kindly state the reasons for the proposed delay?

**Mr. M. S. D. Butler:** The Honourable Member is referred to the answer given to Diwan Bahadur M. Ramachandra Rao's question No. 35.

## MEDICAL SERVICES IN INDIA.

201. \***Mr. K. G. Lohokare:** (a) Will Government be pleased to lay on the table, correspondence that may have passed between the Secretary of State and the Government of India and between the Government of India and provincial Governments on the recommendations of the Medical Services Committee and the Retrenchment Committee so far as they relate to the Medical Services in India?

(b) Has there been any decision given by the Secretary of State regarding the transfer of certain appointments so long held by the I. M. S. Officers to the provincial Medical Services in various provinces?

(c) If so,

(a) Will Government be pleased to lay the papers concerned on the table together with the correspondence, if any, from the provincial Governments on the subject?

(b) Have the Government of India issued orders to the provincial Governments in accordance with the decision of the Secretary of State?

(c) If no final orders are yet given, what considerations have led to this postponement?

**Mr. E. Burdon:** (a) Some of the main recommendations of the Government of India on the proposals of the Medical Services Committee are still under the Secretary of State's consideration. The Government are not prepared to lay on the table the connected correspondence between the Secretary of State and the Government of India and between the latter and provincial Governments.

There has been no correspondence between the Government of India and provincial Governments regarding the recommendations of the Indian Retrenchment Committee. There has been some correspondence between the Government of India and the Secretary of State as regards (1) two temporary appointments of officers on the staff of the Director-General, Indian Medical Service, (2) medical research and (3) the reduction of the cadre of military assistant surgeons and sub-assistant surgeons. (1) has been settled by the abolition of the appointments in question. (2) and (3) are still under consideration. The Government do not propose to lay on the table the papers on the subject.

(b) The reply is in the negative.

(c) The questions, which are subsidiary to (b), do not arise.

**Diwan Bahadur M. Ramachandra Rao:** May I ask the Honourable Member when these reports were submitted to the Government. Is it not more than two years since the Medical Services Committee's report was submitted to the Government?

**Mr. E. Burdon:** Yes, I think it is about that.

**Diwan Bahadur M. Ramachandra Rao:** May I ask when the Secretary of State is likely to come to a decision on this matter?

**Mr. E. Burdon:** I am afraid I cannot say, Sir.

**Diwan Bahadur M. Ramachandra Rao:** May I ask whether the Government of India will address the Secretary of State, seeing the report has been before them for two years, to expedite a decision?

**Mr. E. Burdon:** I will have the matter looked into; I will call for the papers.

**Mr. K. G. Lohokare:** Some of the points in this report have been discussed by the Indian Medical Gazette. Is Government aware of this?

**Mr. E. Burdon:** I would ask the Honourable Member to put that question down and I shall then be able to give him a full reply.

MEDICAL APPOINTMENTS IN THE BOMBAY PRESIDENCY.

202. \***Mr. K. G. Lohokare:** Will Government be pleased to state:

- (a) Which posts so long held by the I. M. S. in the Bombay Presidency have been sanctioned by the Secretary of State to be transferred to the provincial establishment on the recommendation of the Medical Services and the Retrenchment Committees?
- (b) Is there any further correspondence on the subject from the Government of Bombay desiring retention of some of these posts for the I. M. S.?
- (c) If so, will Government inquire as to the possibility of getting equally efficient Indians from the independent profession or the provincial Service for these posts before giving final orders on the subject?

**Mr. M. S. D. Butler:** (a) No appointments reserved for the I. M. S. in Bombay were transferred to the provincial Medical Establishment in consequence of the recommendations of the Medical Services and the Indian Retrenchment Committees. Parts (b) and (c) of the question do not therefore arise.

DEMOLITION OF A MOSQUE NEAR PAHARGANJ.

203. \***Maulvi Muhammad Yakub:** (a) Has the attention of the Government been drawn to the note published in the "Leader" of the 23rd January, 1923, column one, about the proposed demolition of a mosque near Paharganj?

(b) If the facts given in the note mentioned above are correct, do the Government propose to issue orders to stop the demolition of the mosque?

**The Honourable Sir Malcolm Hailey:** (a) Yes.

(b) The facts are not as stated in that note. No portion of the actual building of the Gharib Shah Mosque is to be demolished. I would refer the Honourable Member to the reply given on the 19th March 1923 to Mr. W. M. Hassanally's question† No. 589 on the same subject. It was then explained that the new railway station had with some difficulty been so designed as to leave this mosque standing intact at the end of one of the platforms, where it will be available for Muhammadan passengers using the station. The taking up of a portion of the courtyard surrounding the mosque is unavoidable as that portion falls on the alignment of the railway lines. No diversion of the lines to avoid this has been found possible. The necessary alteration of the courtyard will be carried out in such a way as to give the least possible ground of offence to anyone concerned.

#### DEATH OF CHELLA MUTTU IN MALAYA.

204. \***Maulvi Muhammad Yakub:** In reply to question‡ No. 185 asked by Mr. K. B. L. Agnihotri at the meeting of the Assembly held on the 10th July, 1923, about the death of one Chella Mutu, an Indian garden coolie in Malaya, Mr. M. S. D. Butler informed the House that the Government were making inquiries from the Government of the Federated Malay States. Will the Government be pleased to state what was the result of the inquiry? What action, if any, was taken by Government on the result of the inquiry and with what effect?

**Mr. M. S. D. Butler:** The information received shows that an inquest was at once held and the relevant proceedings have been forwarded for the information of the Government of India. The Coroner found that death was due to hæmorrhage caused by rupture of the spleen, that the blow was a slight one, that the spleen of the deceased was diseased and that there was no intention of causing hurt or knowledge that hurt was likely to be caused. In the circumstances it was decided, on the advice of the Public Prosecutor's department, that no criminal proceedings could be instituted. The Government of India have been informed further that Mr. Athorne voluntarily paid a sum of 250 dollars for the benefit of the dependents of the unfortunate coolie whilst the Colonial Government arranged for free passages for them back to India. The Government of India have pointed out to the Government of the Federated Malay States the impression which is produced in India by occurrences of this nature. They have also asked their Agent in Malaya to keep them informed about such incidents.

**Mr. Devaki Prasad Sinha:** Are the Government aware that most cases in which Indian coolies have met their death in this way, the report has been that death was due to rupture of the spleen?

**Mr. M. S. D. Butler:** In this case it is perfectly clear that death was due to rupture of the spleen.

#### ABOLITION OF THE BOARD OF REVENUE, UNITED PROVINCES.

205. \***Maulvi Muhammad Yakub:** In the light of the reply given by Mr. S. P. O'Donnell to question No. 142 asked by Lala Girdhari Lal Agarwala at the meeting of the Legislative Assembly held on the 17th February, 1921, will the Government take steps to abolish the Board of

† Vide p. 3685 of L. A. Debates, Vol. III.

‡ Vide page 4433 of L. A. Debates, Vol. III.

Revenue in the United Provinces now that sufficient experience of the working of the Reforms Scheme has been gained?

**Mr. M. S. D. Butlar:** The attention of the Honourable Member is drawn to Sir William Vincent's answer\* to Lala Girdhari Lal Agarwala's question on the same subject on 16th January 1922. The Secretary of State has since approved of an arrangement whereby the Court of Wards administration in the United Provinces will continue to be under the control of the Board of Revenue.

**Mr. Devaki Prasad Sinha:** Are Government prepared to take steps to abolish the Board of Revenue in any other province?

**Mr. President:** The Honourable Member had better give notice of that.

## UNSTARRED QUESTIONS AND ANSWERS.

### BRANCHES OF THE IMPERIAL BANK.

**60. Haji S. A. K. Jeelani:** With reference to the undertaking given by the Imperial Bank of India to start a certain number of branches, will the Government be pleased to state the number of branches started after amalgamation of the Presidency Banks?

**The Honourable Sir Basil Blackett:** The number is 65.

### ALLEGED ASSAULT BY ANGLO-INDIANS ON AN INDIAN WOMAN.

**61. Mr. T. C. Goswami:** (a) Is it a fact that in the early morning, at about 4 A.M., of the 11th January 1924, two Anglo-Indians forced a Bilaspuria woman, travelling by the Kharagpore Passenger train (No. 43 down), to leave her carriage at Ramrajatola Railway Station, on the Bengal-Nagpore Railway, in order to commit an outrage on her, and that the Jamadar of the Station reported the fact immediately to the Bengalee Station Master in charge of the Station, who called the Police to prevent further mischief, and that, though the Police intervention was too late, the two Anglo-Indians were identified by the woman in the presence of Police Officers?

(b) And is it a fact that the matter has not gone to Court, and that the Local D T S. expressed his disapproval of the Station Master's conduct in having reported the matter to the Police and insisting on a proper inquiry, and is now trying to hush up the matter?

(c) And, if the information is correct, does Government propose to take any steps in the matter?

**The Honourable Sir Charles Innes:** The alleged incident is being investigated by the Police. The Government are informed that the District Traffic Superintendent, so far from having made any attempt to hush the matter up, at once sent an Indian Assistant to make full inquiry.

### EXTERMENT ORDERS AGAINST INDIANS.

**62. Mr. C. Duraiswami Aiyangar:** Will the Government be pleased to state the number of Indians who are kept out of India by orders of exterment and the provisions of the law under which those orders were passed?

**The Honourable Sir Malcolm Hailey:** None.

\* Vide page 1574 of L. A. Debates, Vol. II.

## POLITICAL PRISONERS.

63. **Mr. C. Duraiswami Aiyangar:** Will the Government be pleased to state whether the Governor-General in Council exercises any control or supervision over or keeps himself informed of the treatment accorded to political prisoners in the various jails?

**The Honourable Sir Malcolm Hailey:** Prisons and prisoners other than State prisoners is a provincial reserved subject and as such the Governor-General in Council exercises the general powers of superintendence, direction and control provided for in the Devolution Rules. The rules regulating the prison treatment of prisoners are framed by Local Governments themselves under section 60 of the Prisons Act, subject to the control of the Governor General in Council.

## POLITICAL PRISONERS.

64. **Mr. C. Duraiswami Aiyangar:** Will the Government be pleased to state under which provision of law contracts as to future conduct are entered into by the Government with the political prisoners who are released before the expiry of their sentence?

**The Honourable Sir Malcolm Hailey:** By "contracts" I presume the Honourable Member means the conditions which may be attached to a remission of sentence. These are regulated by Section 401, Criminal Procedure Code.

## THIRD CLASS WAITING HALL AT MEERUT CITY.

65. **Haji Wajihuddin:** Is it a fact that the third class waiting room on Meerut City Junction Railway Station is in quite unsuitable condition for the monsoon weather, the rain leaks into the tin-shed and the passengers suffer great inconvenience and trouble and find no place of shelter when waiting for the train and if so, do the Government propose to take necessary steps in the matter before the rainy season?

**Mr. A. A. L. Parsons:** Government understand that the third class waiting hall at Meerut City is in sound condition and quite water-tight. The eaves boards guttering leaks and is being repaired.

## PROVISION OF BENCHES ON THE DELHI RAILWAY STATION PLATFORMS.

66. **Haji Wajihuddin:** Are the Government aware that in view of the very great number of passengers who visit Delhi every day and night a few benches provided on the platforms (excepting the main platform) are quite inadequate and whenever a train is late passengers waiting for the train are put to great inconvenience and whether the Government propose to take necessary steps in the matter?

**Mr. A. A. L. Parsons:** Government understand that there are 10 platforms at Delhi and for these 46 benches have been provided. The provision of additional benches would tend to obstruct the circulating area on the platforms and this is not desirable. No complaints have been received by the Railway Administration concerned regarding inadequate sitting accommodation.

## INDIAN STATION SUPERINTENDENTS, ETC., ON THE E. I. RAILWAY.

67. **Haji Wajihuddin:** Is it a fact that on no important stations of the E. I. R., such as Delhi, Cawnpore, Ghaziabad, Howrah, Moghalsarai and



Allahabad, there is any Indian Station Superintendent, Deputy Station Superintendent, Platform Assistant or Yard Master?

**Mr. A. A. L. Parsons:** It is a fact that at the present time the holders of the various posts at the stations mentioned are not Indians, but it is not correct to say that at no important station on the East Indian Railway are Indians employed in these capacities.

#### LUGGAGE PORTERS ON THE E. I. RAILWAY.

68. **Haji Wajihuddin:** (a) Is it a fact that all the contracts for the supply of luggage porters on the E. I. R. have been taken away from Indians and given to Anglo-Indians and Europeans? And if so, on what principle?

(b) Who hold the contracts for this supply of luggage porters at Howrah, Cawnpore, Allahabad, Delhi, Ghaziabad and Kalka?

(c) What is the approximate number of licenses issued to porters at each of these stations?

(d) What are the charges paid by each porter to the contractor per mensem and per diem?

**The Honourable Sir Charles Innes:** (a) The answer is in the negative and the question regarding principle does not arise.

(b) The contracts are held by Europeans at Cawnpore and Delhi, by Anglo-Indians at Howrah and Allahabad, and by an Indian at Kalka. No license has been issued at Ghaziabad.

(c) The approximate number of licenses issued are: Howrah 500, Cawnpore 105, Allahabad 200, Delhi 400 and Kalka 50. Regarding Ghaziabad, the question does not arise.

(d) What are the charges paid by each porter to the contractor per their licensed coolies. The Railway has no concern with this arrangement.

#### CONTRACT FOR MUHAMMADAN FOOD ON THE B. N. RAILWAY.

69. **Haji Wajihuddin:** Is it a fact that the contract for the supply of Mohammedan food on the B. N. Railway is held by a Hindu Marwari and if so, since when and on what terms?

**The Honourable Sir Charles Innes:** The Government have no information. Such contracts are made by the Railway Administrations themselves.

#### EUROPEAN, HINDU AND MUHAMMADAN REFRESHMENT ROOMS ON THE E. I. RAILWAYS.

70. **Haji Wajihuddin:** What is the number of 1st and 2nd class refreshment rooms on the E. I. Railway and the number of Hindu and Mohammedan refreshment rooms?

**Mr. A. A. L. Parsons:** The number of 1st and 2nd class refreshment rooms on the East Indian Railway is 27. There are two Hindu refreshment rooms at Delhi and Moghal Serai, respectively, and one Mohammedan refreshment room at Delhi. In addition to these refreshment

rooms; cooked food is provided by Muhammadan and Hindu vendors at all the principal stations.

Separate refreshment rooms for Hindu and Muhammadan passengers at Allahabad and Howrah and a Muhammadan refreshment room at Moghal Serai will be provided in the near future.

#### CONTRACTORS ON THE E. I. AND G. I. P. RAILWAYS.

71. **Haji Wajihuddin:** What is the number of contractors in the Stores and Engineering Departments of the E. I. R. and G. I. P. R. and how many of these are Mohammadans?

**Mr. A. A. L. Parsons:** Government have no information.

#### DRINKING WATER FOR INDIAN PASSENGERS ON RAILWAYS.

72. **Haji Wajihuddin:** Are Government prepared to instruct other Railways to make the same arrangements for the supply of cool drinking water to Indian passengers as are made by the G. I. P. Railway?

**Mr. A. A. L. Parsons:** The Government have seen the report submitted to the Agent of the Great Indian Peninsula Railway by two officers placed on special duty to inquire into facilities for third class passengers on the railway. In this report the officers made some suggestions regarding drinking-water supply at stations, but the Government of India do not know what orders were passed by the Agent on the proposals. The Government will inquire, and, if necessary, will communicate the results to other railway administrations.

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#### ELECTION OF THE STANDING FINANCE COMMITTEE.

**Mr. President:** I have to acquaint the House that, as a result of the ballot of yesterday, the following Members have been elected to serve on the Standing Finance Committee:

Sir Campbell Rhodes,  
 Mr. K. C. Roy,  
 Mr. Bhubanananda Das,  
 Mr. H. G. Cocke,  
 Mr. Darcy Lindsay,  
 Mr. R. K. Shanmukham Chetty,  
 Dr. H. S. Gour,  
 Maulvi Muhammad Yakub,  
 Diwan Bahadur M. Ramachandra Rao,  
 Mr. N. M. Joshi,  
 Nawab Sir Sahibzada Abdul Qaiyum,  
 Mr. Gaya Prasad Singh,  
 Sardar Kartar Singh,  
 Mr. S. C. Ghose.

RESOLUTION RE THE IMPOSITION OF A COUNTERVAILING  
DUTY ON SOUTH AFRICAN COAL IMPORTED INTO INDIA.

**Mr. K. C. Neogy** (Dacca Division: Non-Muhammadan Rural): Sir, I beg to move:

"That this Assembly recommends to the Governor General in Council that in view of the recent depression in Indian Coal Trade, a countervailing duty be imposed on the South African Coal imported into India, to the extent of the indirect bounty enjoyed by it, in the shape of rebate on railway freight under the provisions of section 8 (a) of the Indian Tariff Act, 1894 (VIII of 1894), as amended and in pursuance of the policy indicated by the Indian Fiscal Commission in paragraph 141 of their Report."

Sir, I crave the indulgence of this House so as to draw its attention to the serious situation that confronts perhaps the third most important organised industry in India. I may at once make it quite clear before the House that I have no direct or indirect interest in the coal trade; and while that circumstance may lead to an imperfect presentation of the case, I am sure I can claim it as a special qualification for me to plead the cause of this industry. Sir, I need not emphasise the importance of coal in the nation economy of any country. Perhaps oil and hydro-electric power will play an increasingly important part in the future industrial development of this country. But it goes without saying that coal will continue to be the principal basis of power. I have already said that coal is the third principal organised industry in India. First, I believe, comes cotton with an investment of Rs. 21 crores and employing 284,000 men. Next in order comes jute, with an investment of Rs. 14 crores and employing 260,000 men. Third in order comes coal with an investment of roughly Rs. 13 crores and employing 167,000 men. I therefore beg the House to remember the special importance of this trade when they consider this Resolution which I have the honour to move. One of the special features of the coal industry, to which I desire to draw special attention, is the fact that a very large proportion of the capital invested in coal is Indian, and that a large proportion of this industry is under Indian management. Now, Sir, the principal sources of supply of coal are at present Raneegunge and the Jherriah fields; and taking the recent figures I think it may be safely asserted that almost 84 per cent. of the total output comes from these two fields. This industry has made enormous strides during recent years, and its marked expansion will be evident when I place the following figures before the House. In 1903 the total output of coal in British India was about 7 million tons. In 1913 it rose to above 15 million tons. In 1919 it stood at over 21 million tons. Since 1919 it has stood at about 18 million tons. For a very large number of years India has at least been self-supporting in the matter of her coal supply. But with an increasing output she was able some years ago to build up a substantial export trade also.

Now, if we refer to the figures for the export trade with foreign ports, we find that the quinquennial average ending 1913-14 stood at 8½ lakhs of tons. In 1919 the export of coal to foreign ports rose to 1,135,000 tons; in 1920 it stood at 1,220,000 tons, which was the record figure for export. In January 1921 Government placed an embargo upon the export of coal, and this embargo has been removed only with effect from January 1923. Looking at our import figures we find that the pre-war import for the quinquennium ending 1916 was 4½ lakhs tons. But after the war and with the resumption of foreign imports, we find that in 1921 our import figure stood at 1,090,000 tons and in 1922 it stood at 1,220,000 tons. It is therefore evident that whereas the pre-war quinquennial average of net export

[Mr. K. C. Neogy.]

stood at 4 lakhs tons, in 1923 instead of showing a net export India shows a net import of 5 lakhs tons; that is to say, we are dependent upon foreign coal to the extent of 5 lakhs tons, if the figures for 1923 can be accepted as the basis for calculation. Now, Sir, as I have already said, the embargo was placed on the export of coal in January 1921. I do not suggest that the Government were actuated by any nefarious motives when they placed this embargo. But, Sir, look at the result. The result of this embargo has been that India has lost the foreign markets that she had in different parts of the eastern world; and simultaneously with the imposition of the embargo on the export of Indian coal, foreign coal from Wales and South Africa began to dump in Bombay; and Government themselves, while they placed this embargo on the export of Indian coal, instead of patronising the Indian coal, went in for large quantities of Welsh coal for railway requirements. Now, this period coincided with a period of extraordinary depression in the home markets, due to the post-war slump in trade. All these factors combined to place the coal market in India in a very unfavourable position. So far with regard to the general export and import situation. Now, Sir, if you turn to the part which South Africa has played in regard to the import trade of coal in India, we find that during the quinquennium between 1906 and 1910, South African coal imported in India was only 40,000 tons. Between 1911 and 1915 the average was 60,000 tons. In 1921 with the resumption of shipments of foreign coal after the war, the import from South Africa rose to 301,000 tons; in 1922 it stood at 231,000 tons; in 1923 it stood at 261,000 tons. This increasing import of coal from South Africa has been facilitated by an indirect bounty granted by the Government of that country and the Railways of South Africa, in the shape of a rebate in favour of South African coal shipped as cargo from South and South-East Africa. The rate of rebate up to December 1921 was 18s. 9d. per South African ton; up to 1922 it was 9s. 9d.; since January 1923 it stood at 7s. 9d. per South African ton which corresponds to about 8s. 9d. per Indian ton or Rs. 6-9-0 per ton. This indirect bounty has enabled South Africa to undersell Indian coal in the Bombay market by about Rs. 4 per ton.

Thanks to the various factors into which I need not go at the present moment, the raising costs of coal have risen enormously of late, and the railway freight, as is well known, has also been increased to a very large extent. A rebate in freight has recently been agreed to by the East Indian Railway and the Bengal-Nagpur Railway at the rate of Re. 1 per ton with effect from January 1924, but this is hardly enough to meet the requirements of the situation. Competition with the South African coal in the Bombay market does not leave more than Rs. 3 or Rs. 4 per ton to the collieries as the value of coal at the pit's mouth; and this is hardly sufficient to cover the raising cost, let alone any profit whatsoever. As a result of this many mines have been closed, and a very large number of mines are not yielding any profit. In a speech at the meeting of the Associated Chambers of Commerce held in Bombay the other day, Sir Willoughby Carey said:

“Of the 146 registered companies only 63 pay dividends, and that companies representing about 6 crores of rupees invested in collieries pay no dividends at present, and many mines are shut down completely”.

Now, Sir, in this struggle for existence the larger European concerns with enormous capital at their command fare better than the Indian concerns which are smaller takings and have a smaller amount of capital at

their back, and this fact should be clearly borne in mind by this House in considering this Resolution. Desperate attempts are being made by the coal industry to keep its head above water, and as an illustration of this I may cite a latest transaction. A combine was recently formed in Calcutta to ship coal to Bombay, the members agreeing to part with their coal at raising cost without any profits and without taking into consideration any interest that may be due on the bank facilities which the trade receives. The combine were fortunate enough to get shipping at the rate of Rs. 7 per ton, which is, I am told, Rs. 2 below the ruling rate.

**The Honourable Sir Charles Innes** (Commerce Member): Question?

**Mr. K. C. Neogy:** I am told that the particular firm which supplied the shipping at the rate of Rs. 7 per ton has refused to supply any further tonnage unless they were paid Rs. 9 per ton. Now, Sir, this combine were enabled to offer their coal at about Rs. 2 per ton less than the ruling price of South African coal in the Bombay market. But you cannot expect the trade to go on in this way for ever. You must allow them some margin of profit; you must allow them to take into account the interest which they have got to pay on account of the banking facilities which they get. Therefore in order that any equitable transaction may yield a reasonable amount of profit, it must fetch a much higher price than is at present possible for Pungal coal to obtain in Bombay. The difference, as I said, between the price of Natal coal and the Indian coal stands in the neighbourhood of Rs. 4 per ton.

**The Honourable Sir Charles Innes:** Question?

**Mr. K. C. Neogy:** Now the remedy that I have suggested in this Resolution is that a countervailing duty should be imposed on South African coal to the extent of the bounty enjoyed by it; and, while I advocate this remedy, I am fortified by the precedent which the Government of India themselves established as early as 1899 when they dealt with the bounty-fed Austrian sugar which was seriously affecting the Java sugar in the Indian market. Lord Curzon's Government on that occasion enacted section 8 (a) of the Tariff Act which authorises the Government to impose a countervailing duty of the nature which my Resolution contemplates. I do not therefore ask Government to give their adherence to any new tariff or fiscal policy at all. My contention is that they are committed to the principle, and I put forward this claim on behalf of a struggling industry so that the Government of India may take action under the Tariff (Amendment) Act to which I have referred. The Fiscal Commission went into this question very fully, and in their Report they observe as follows:

"It is clear that protection should equally be afforded against any deliberate action by foreign states tending to stimulate their exports at the expense of any industry, but this branch of the subject is already covered by Act XIV of 1899 which was passed in order to deal with the export bounty on sugar. The Act is worded generally and provides that where any country pays directly or indirectly any bounty upon exports, the Governor General in Council may by notification in the *Gazette of India* impose an additional duty on imports into India equal to the nature of the amount of such bounty. This provision appears to give all the security that is required to counteract any system of export bounties and provides an opportunity for any industry which feels that it is being handicapped by such export bounties to approach the Government of India with a view to the imposition of countervailing duties".

Now, Sir, by this Resolution the coal industry of India are approaching the Government of India under the feeling that it is being handicapped by the export bounty granted by the South African Government for facilitating their trade. A question may be asked as to whether rebate

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is a bounty at all. In a letter to the Indian Merchants' Chamber and Bureau, dated the 25th May 1923, the Government of India say that:

"They are informed that a rebate on railway freight amounting to 7s. 9d. per ton is given on coal exported from South Africa. This rebate is an indirect bounty on the export of coal, and under section 8 (a) of the Indian Tariff Act of 1894 as amended, the Governor General in Council may impose an additional bounty on South African coal imported into India equivalent to the amount of the bounty."

So that there is no question about the competence of the Government of India to impose the countervailing duty which I suggest in this Resolution

In their letter to the Indian Merchants' Chamber and Bureau, Government do not attempt any justification for their attitude of *non-possumus* in this question. They merely say that they do not think that the consumers in Bombay would like the price of coal to go up, which would be the result of imposing this countervailing duty. Now, Sir, as I have already pointed out, the amount of bounty has gone down from 18s. 9d. to 7s. 9d. in three years' time. It is inconceivable that the South African Government would continue this bounty for ever, so as to enable the Indian consumer to have cheap coal. I do not suppose that the Government will ask this House to rely upon the charity of the countrymen of General Smuts for the purpose of their coal supply. I therefore appeal to this House, Sir, with all the emphasis that I can command, to do justice to the struggling industry whose cause I have the honour to advocate.

**Pandit Shamlal Nehru** (Meerut Division: Non-Muhammadan Rural):

Sir, my friend, Mr. Neogy, has given as one of his reasons that the capital employed is Indian. I would say that, even if the capital invested were European, we would be justified in increasing this duty. After all, the labour is Indian. Unemployment in India is increasing. Besides the money which buys the coal is Indian and goes out of India. Mr. Neogy has also said that he sees no nefarious motive in the Government action in allowing this coal to come in as it is coming in now. I do not see any nefarious motive either, but I think the Government being European, it is a very patriotic thing for a European to help another European, and they are doing that. I wish our own people would be patriotic enough to do that sort of thing for our own country and learn this patriotism from our European friends. If some people think that under-selling is only a business way of beating down others, I do not see any objection in competition among your own people in your own country, but in this particular case I would draw the attention of the House to the fact that, because Indians are underselling goods in South Africa, that is one of the reasons given by the South African Government to oust Indians from their country. In this particular case I would not allow a South African to undersell articles in India. That will be another reason for me to increase the duty on South African coal. Mr. Neogy, I think, Sir, has been very liberal in allowing South Africa to export coal to India on any terms. If I were in his place, I would stop the coming in of South African coal altogether. Under no circumstances should anything from South Africa be allowed to come in. Anyway, this Resolution deals with South African coal only, and I hope the House will pass this Resolution by a very large majority.

**Kumar Ganganand Sinha** (Bhagalpur, Purnea and the Santhal Parganas: Non-Muhammadan): Sir, I rise to support the Resolution that

has been so ably moved by my friend, Mr. K. C. Neogy. It is merely a question of pursuing a policy which was adopted after mature deliberation in 1899 while amending the Indian Tariff Act, 1894. It was agreed upon then that, whenever an Indian industry is in peril of extinction by the introduction of the system of bounty, it should be the duty of the Government to protect it by the imposition of a countervailing duty. In the course of the debate that took place when the Tariff Act Amendment Bill was being discussed, Sir J. Westland, the then Finance Member, with his characteristic clearness, pointed out that it was well known that the effect of the bounties was two-fold. He said:

"It affects in two entirely opposite directions the interests of the consumer and the producer. So far as regards the consumer, it brings the article of consumption to the market at a cheaper price than would otherwise be available to him. In that respect he receives benefit. But the producer looks at it from a different point of view. It supplants in the market the produce which he would otherwise bring to it by competitive produce which has attached to it an artificial advantage."

Artificial advantage, indeed! Who can be insensible to the fact that one of the chief things that conduce to the prosperity of a country is its industry? When the very existence of industry is at stake, who can be so unmindful as to neglect the far-reaching consequences merely for the sake of temporary gain? Mark what the West Indian Commission states in its Report. It says:

"We have, therefore, no hesitation in saying that the abolition of the bounty system is an object at which Your Majesty's Government should aim, if they should see their way to securing that result and that the accomplishment of such an end is worth some sacrifice, provided always that such sacrifice would be really effective and would not involve evils out of all proportion to those which it is desired to remove."

And, as my friend there pointed out, Lord Curzon, while winding up the debate on the Tariff Amendment Act, 1894, saw the wisdom of protecting the indigenous industry of the country and thought it proper to do so by all means. Of course, my friend there has quoted an extract from that debate and I take the liberty to quote it at some greater length. He says:

"Bounties are in themselves an arbitrary and in my opinion a vicious economic expedient designed in exclusively selfish interests. They are inconsistent with free trade because they extinguish freedom, and they reverse the natural currents of trade. To meet them by a countervailing duty is to redress the balance and to restore the conditions under which trade resumes its freedom. I do not think we need pay much attention, therefore, to the mutterings of the high priests at free trade shrines. Their oracles do not stand precisely at their original premium. This is not a question of economic orthodoxy or heterodoxy, it is a question of re-establishing the fiscal balance which has been deflected for their own advantage and to our injury by certain of our foreign competitors."

If I may be permitted to quote him a little further, I will tell you what he said on the same occasion with his inherent force. He said:

"We ought, on the contrary, I think, to stimulate and to encourage its development by every means in our power."

The present Commerce Member, it may be remembered, has also endorsed the policy and principle of protection when he moved last year:

"That this Assembly recommends to the Governor General in Council: (a) that he accepts in principle the proposition that the fiscal policy of the Government of India may legitimately be directed towards fostering the development of industries in India;"

and so on. Now, applying this time-honoured principle to the present case, we know that the coal industry, though the oldest of the three organised industries in this country, is yet in its gristle. Approximately speaking, while America produces nearly 52 crores and England produces

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26 to 28 crores, India produces only 2 crores. To attempt to kill it at this stage of development is the greatest sin that can be committed and a crime that cannot be left unpunished. Punishment, Sir, is not far to seek. You have got in your Statute the means of punishment! You have got behind you a brilliant tradition set by one of the greatest statesman of the British realm!

Section 8 of the Indian Tariff Act reads:

"(1) Where any country, dependency or colony pays or bestows, directly or indirectly, any bounty or grant upon the exportation therefrom of any article, and the article is chargeable with duty under the provisions of this Act, then, upon the importation of any such article into British India, whether the same is imported directly from the country of production or otherwise, and whether it is imported in the same condition as when exported from the country of production or has been changed in condition by manufacture or otherwise, the Governor General in Council may, by notification in the *Gazette of India*, impose an additional duty equal to the net amount of such bounty or grant, however the same be paid or bestowed.

(2) The net amount of any such bounty or grant as aforesaid shall be, from time to time, ascertained, determined and declared by the Governor General in Council, and the Governor General may, by notification in the *Gazette of India*, make rules for the identification of such articles and for the assessment and collection of any additional duty imposed upon the importation thereof under sub-section (1)."

As submitted by my Honourable friend there, the principle of this Act is elucidated in paragraph 141 of the report of the Indian Fiscal Commission.

If this measure was applied to protect the Mauritius sugar industry and partly also the Indian sugar industry against European competition in order that the labourers may be provided for, what is there to prevent the same legislation being introduced to safeguard the interests of 167,000 labourers employed in the coal industry? If you don't act likewise on this occasion, your coal concerns generally and the Indian coal concerns particularly will be swept away from the land of its birth by the torrent of foreign competition and your indigenous industry will suffer a very great reverse. Again, the Resolution does not imply any loss in revenue which would have resulted if any corresponding bounty or rebate had been asked for. But the question before the House is only that of self-preservation and self-protection. We only wish to protect our own industry, and we claim the same right to preserve our industry in this country as the foreign nations do to preserve and encourage theirs, in their own territory. And, Sir, what can be a more gracious, more prudent, more far-sighted act of this House than to adopt this Resolution?

**The Honourable Sir Charles Innes:** Sir, I propose to speak rather early in this debate because from the speech made by the last speaker, it seems to me that the debate may, to use an appropriate metaphor, go off the rails. This question is not a question which has got to be decided on abstract economic principles. It is purely a question of business. It is purely a question of what is in the best interests of India and what is in the best interests of the coal trade itself.

Now, Sir, Mr. Neogy's speech was the sort of speech that we have learnt to expect of Mr. Neogy in this House. It was a speech which had evidently been prepared with great industry. Mr. Neogy, if I may say so, though he has got no interest direct or indirect in the coal trade, has been carefully briefed by the coal trade. I hope that I may say that I have as much sympathy with the Indian coal trade as any Member of this House. Indeed, I should be a very poor Commerce Member if I have



not. But let me remind this House that in a question of this kind, the Government of India and the Legislative Assembly must not consider purely sectional interests. They must look at the problem as a whole and they must take into account not only the interests of the Bengal coal trade but the interests of Bombay consumers and of consumers all over India. Moreover, Sir, let me assure the House that the question is not so simple a one as Mr. Neogy has made out. We have also to consider the real interests, the true interests, of the coal trade itself.

Sir, Mr. Neogy has gone into a lot of past history and though he was good enough to say that the Government of India had no nefarious motive in putting an embargo on the export of coal, yet he clearly indicated that the Government of India are responsible in his opinion for the depression which undoubtedly prevails in the Indian coal trade. I am very glad to meet that remark, not so much because I want to answer Mr. Neogy on that point but because a friend of mine in Calcutta, in making a speech at the Bengal Coal Company, made a statement which I am very glad to have an opportunity of replying to. That gentleman, Sir, said that the Government of India had been stampeded into putting an embargo on the export of coal at the instance of a few alarmists. Sir, my withers are entirely unwrung. I know that memory is short in the public and even in this House. Just let me remind the House what the condition of the coal trade and of industries in India was at that time. You have got to remember that before the war the Indian coal trade went to far distant places like Bombay and the west coast of India almost entirely by sea. It went to Kidderpore and thence round by coasting steamers. During the war, the coasting steamers, the tramps, disappeared from the Eastern waters. The coal trade was therefore driven back to the railways, and the railways, which were over-burdened with traffic of every description, were taxed to their utmost limits. Indeed, they were taxed beyond their limits. All the coal trade which had gone from Calcutta to Bombay by sea was thrown on to the railways. What was the result? The result in 1919-20 was that industries all over India were on the point of closing down. They could not get coal because the railways could not supply them with coal. In addition, India at that time was practically the only country in the world which was exporting coal. In May 1920 there were no less than 46 steamers waiting in the Hughli to take away Indian coal, and at that time, as I knew perfectly well and as people knew all over India, Indian industries could not get along because they did not get coal. Now, Sir, I should like this House to realise that every step which the Government of India took in those difficult times, they took in consultation with the Bengal Chamber of Commerce, the Bengal National Chamber of Commerce, the Indian Mining Association and the Indian Mining Federation. Those were the few alarmists to which Sir Thomas Catto referred in that speech. I acted, Sir, on the advice—the Government of India acted on the advice—of consumers and of the coal trade itself.

But, Sir, let me get down to the case before us. I wish to emphasise again that it is purely a business proposition. It is purely a question of what is in the best interests of India and in the best interests of the coal trade itself. Let me remove certain misconceptions about this rebate, which is given on coal in South Africa. I do not know where Mr. Neogy got his figures from. We have always had some difficulty ourselves in finding out what the exact amount of the rebate was. In our letter, that is, the Commerce Department's letter to the Indian Merchants' Chamber and Bureau, we said that the rebate was Rs. 7-9-0 a ton. That was our information at the time. But when I was at home in London last year

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in connection with the Economic Conference I managed to get into touch with the Chairman of the Board of Trade and Industries in South Africa and I got from him the actual figures in regard to the rebate, at any rate, on the Natal coal. The actual fact of the matter is that on coal taken from Hattingspruit to Durban for local consumption 12s. 11d. per ton is charged. On coal which is exported from Durban 6s. 7d. is refunded so that the net freight on coal is reduced to 6s. 4d. per ton. From Vryheid to Durban the rebate is rather less. As I have shown, this rebate amounts to 6s. 7d. a ton, or taking exchange at 1s. 5d. it comes to Rs. 4-11-0 a ton. I do not deny for a moment that that rebate is in the nature of an indirect bounty within the meaning of those words in section 8 (a) of the Indian Tariff Act. I do not deny that for a moment, and I do say that if the Government of India so decided they could use section 8 (a) of the Tariff Act to put on a surcharge upon our import duty on coal equivalent to that bounty. But let us explore this rebate a little further. I think I detected in Mr. Neogy's speech a sort of suggestion that this rebate, which is given on export coal in South Africa, was part of a rather sinister plot on the part of the Union Government of South Africa and the railways in South Africa to attack the Indian coal trade. It is nothing of the sort. All railways in the world calculate their railway rates in accordance with the well known principle that the rate shall be the maximum that the traffic can bear. The South African railways, and I think we might here take a leaf from their book, have been separated off by an Act of Parliament. They are run by three commissioners and a general manager. They are required to run the railways on strictly business and commercial lines. It is obvious that these commissioners and the general manager have satisfied themselves that if they charged on coal exported from Durban the same rates as they charge on coal for local consumption in Durban they would get the traffic because no coal would be exported. Therefore, they charge on export of coal just as much as they think that the traffic will bear. It pays them to take a smaller profit because, if they charged a higher rate, they would not get any profit at all, because they would not get any traffic. That is the plain fact of the matter, it is a plain business matter and we are doing the same thing ourselves on the East Indian Railway and the Bengal-Nagpur Railway at the present moment.

The next point I want to make is that there is no evidence at all that this rebate is directed specifically against the Indian coal trade. In the first place, the rebate was put on, I think, I am not sure about this point, but I think it was put on in 1912-13. I think it was put on in that year because in that year there was a sudden jump in the imports of South African coal from 30,000 tons to 163,000 tons. So I assume that the rebate was put on in that year. Before the war the rebate was nearly at the same rate that I have given. It was 5s. 8d. per ton. It is now 6s. 7d. per ton. There has been a very small increase and the point I wish to make is that the increase which has taken place in the imports since the war of South African coal has nothing to do with the rebate. Another point I wish to make is this. In spite of what Mr. Neogy said about India having been for many years self-supporting in the matter of coal, Bombay has always depended to a very large extent on coal imported from foreign countries. As far back as 1909-10 Bombay imported 338,000 tons of foreign coal out of a total import into India of 414,000 tons of foreign coal. Out of those 414,000 tons, 84,000 tons came from South Africa and 300,000 tons came from England. In the first eight months of the current year Bombay imported 272,000 tons of foreign coal out of a total im-

port of 428,000 tons. Of those 428,000 tons, 292,000 tons came from South Africa and only 64,000 tons from England. The position in this year is the exact reverse of the position in 1909-10. In that year Bombay took about 300,000 tons of English coal and only about 80,000 tons of South African coal. Now, she has taken nearly 300,000 tons of South African coal and only 60,000 tons of English coal. So, you see that if looked at from that point of view, South African coal has driven out not Indian coal but English coal. At the same time I do not wish to be misunderstood. I do not for a moment deny that Indian coal finds it difficult to compete in the Bombay market, and I have no doubt that if we did impose this countervailing duty of Rs. 4-8-0 a ton on Natal coal, Indian coal would find it very much easier to compete in that market. The next point we have got to examine is, why it is that Indian coal finds it difficult to compete in the Bombay market. Mr. Neogy will tell you it is because of this rebate or this indirect bounty. Sir, I am afraid the matter is not so simple as that. I have made very many inquiries upon this point in the last few months and in the last few weeks, and those inquiries tend to show that there are two causes why Bengal coal is not doing so well in the Bombay market as it used to. One of these causes is the question of quality and the other is the matter of price. Let me take the question of quality first. I do not want to say anything to depress in the public mind the value of Bengal coal, but I am afraid that it is a fact that in the last few years Bengal has dumped upon unfortunate Bombay a very large quantity of very inferior coal. Let me read to you what a very important millowner in Bombay wrote to me some time ago:

"Third class Jherria coal is the coal that Calcutta firms have been dumping in Bombay for many years and is of very inferior quality, low in calorific value and high in ash. A number of mills have been forced to make use of this coal with very bad results, and, it is considered that the use of this inferior coal in Bombay has been the cause of the bad name given to Bengal coal."

Then, Sir, there is another point against Bengal coal and that is that it is unreliable. Welsh coal and Natal coal are very carefully sorted and graded before they are exported. Bengal coal is not, with the result that one merchant wrote to me that

"screening plant is the exception, not the rule, that supervision of shipping coal is practically nil and the result is that hardly two cargoes of Bengal coal arrive in the same condition and complaints are numerous."

Now, this bad reputation of Bengal coal is naturally a very important point in a port like Bombay which requires so much bunker coal, especially a port where many passenger liners leave. These passenger liners, if they wish to travel fast, must have the best kind of coal. Now let me turn to the other reason why, as far as I can see, Bengal coal is having a bad time in the Bombay market. As I said, that is a question of price. It is not very easy to compare the price of Bengal coal with South African coal because there are different grades and qualities. So I consulted the Indian Mining Federation and, on their advice, I went to a certain firm in Bombay and that firm has very kindly supplied me periodically with very careful statistics of the comparative prices of Bengal and Natal coal. Now, this is what the position was in December. First class Bengal coal railway-borne *ex* depôt was selling at Rs. 28-2-0 a ton. First class Natal coal sea-borne *ex* bunders was selling at Rs. 24-15-0 a ton. That is to say, there was a difference of Rs. 3-2-0 in favour of the Natal coal. Again, second class Bengal coal was selling at from Rs. 23-2-0 to Rs. 25-2-0 per ton, whereas South African coal was selling at from Rs. 21-13-0 to Rs. 23-15-0 a ton, that is to say, the difference in favour of South African

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coal was about Rs. 1-4-0 a ton. I daresay some Members of this House will want to go no further. They will say, "What did I tell you. Here is this South African coal getting a rebate of 4-11-0 a ton and here is that same coal underselling our Indian coal by Rs. 3-2-0 a ton in the case of first class coal and by Rs. 1-4-0 a ton in the case of second class coal." They will say at once, "Surely a case for a countervailing duty is established." But, Sir, we have to go still a little further. We have to try and analyse why it is that this Bengal coal is being undersold in this way by coal which comes from so far afield as South Africa. I have just given you certain figures about the Natal coal. It pays a net railway freight of 6s. 4d. per ton. It pays at the present moment, I got the figures wired up to me two days ago, from Durban to Bombay a freight of 15s. a ton. That is to say, Natal coal is paying in transport charges, railway freight and sea freight 21s. 4d. a ton. In addition it pays a duty of 8 annas. Therefore the transport charges, converted at the 1s. 5d. rate, of South African coal works out at Rs. 15-9-0 a ton. The railway freight on Indian coal from Jharria to Bombay is Rs. 15-6-0 a ton. That is the position. For rail-borne Indian coal and sea-borne South African coal the transport charges are practically the same and yet first class Indian coal is being undersold by Rs. 3 a ton. Second class Indian coal is being undersold by Rs. 1-4-0 a ton.

• **Diwan Bahadur T. Rangachariar** (Madras City: Non-Muhammadan Urban): What is the price in Natal of this coal?

**The Honourable Sir Charles Innes:** I have not got them. The transport charges are practically the same and yet Indian coal is being undersold. What is the explanation of that? The Coal Trade Review has just come out. From that review you find that the average pits' mouth value of Indian coal has risen from an average of Rs. 3-5-0 a ton in the five years ending 1915 to no less than Rs. 7-11-0 a ton in 1922. Now, Sir, there is the real difficulty. Indian coal has gone up in price from Rs. 3-5-0 to Rs. 7-11-0 a ton, and that is the main reason why Indian coal cannot compete in the Bombay market. It is purely a question of price, and that is why Mr. Chadwick and myself, when from time to time we have discussed these matters with the Indian coal trade, have impressed upon them the necessity of trying to reduce their prices. In this matter I think the Indian coal trade might well take a leaf from the South African book. I was reading lately a report on South African Railways, the latest report that I could get, and I find that in the year ending January 1st, 1922, the Natal collieries cut their prices for export, their pits' mouth prices, by from 7s. to 16s. 9d. per ton. They have cut their prices. The Indian collieries have kept theirs up. Sir, even that does not end my case: I have so far been comparing the price of Indian rail-borne coal with the price of coal from Natal. Now I should like this House to realise that it must always be a very difficult matter for coal which has a very long lead by railway, in this case that lead is 1,194 miles, to compete with coal which has only a short railway lead and then goes by sea. Before the war coal from Bengal went to Bombay almost entirely by sea, and if the coal trade can get back to that position, I do not see why it should not recapture the Bombay market, even without any reduction of their pit's mouth prices. Let me prove this point. I have just given you the South African figures. I have shown that the transport costs of Natal coal, that is, rail freight, plus sea freight, plus customs duty, amount to Rs. 15-9-0 a ton to Bombay. Now, let me give you the transport costs of Indian coal if that Indian coal is taken round to Bombay *via* the Kidderpore Docks and by coasting steamers. We have just reduced the rail freight on this

route by 25 per cent., and at this present moment that rail freight from Jharria (including all terminals including port trust terminals) is Rs. 3-8-6 per ton. From Raneegunge it is Rs. 2-10-3. To that we have got to add freight. Now, the freight from Calcutta to Bombay in January, as was correctly said, was Rs. 7- for one steamer. Another firm then went into the market and the price went up to Rs. 9. I am informed to-day that it has dropped again to Rs. 8. As freight rose on that side of India, so it rose on the Durban-Bombay route. It rose from 13-6-0 to 15 shillings. As I have said, the rail freight from Jharria to the docks is Rs. 3-8-6 and the sea freight is 9, at the present moment 8. Therefore the total transport cost of Indian coal taken round by the part-rail and part-sea route to Bombay amounts to something between Rs. 11-10-0 and Rs. 12-8-0 per ton. That is to say, Indian coal taken by sea has an advantage of over Rs. 3 a ton in transport charges over South African coal. Now, what I want to know is, why is it that in these circumstances Indian coal cannot compete with South African coal in Bombay. I will give you the answer in one word. The answer is that the Indian coal trade has never made any real effort to attack the Bombay market by that route. I discussed this with the coal trade last December and I am glad to say that now the coal trade is waking up to the position. Two firms chartered steamers in January and there is also the coal combine to which Mr. Neogy referred. I happen to know the prices at which the coal combine sold its cargo in Bombay. That cargo was sold at once and it was sold at prices which even second class Natal coal could not compete with and that in spite of the fact that the Bengal coal was a mixture of first and second class and it was a mixture which had been very carefully graded and sorted. I have just had a letter from one of the other firms which chartered steamers to Bombay. They are very pleased with the result of their first venture, and propose to continue exporting coal by sea not only to Bombay but also to other ports.

Now, Sir, I wish to put it to the House very seriously that surely this is the right way for the Bengal coal trade to attack this problem. It would be quite easy of course to put on this countervailing duty which has been suggested by Mr. Neogy, but what would be the result? The result would be that we should wrap up the Bengal coal trade in cotton wool; we should make it perfectly easy for them to drive South African coal out of the Bombay market; we should also place the Bombay consumer at the mercy of the Bengal coal trade, unless, which is not improbable, he started buying English coal as he used to do before. But even though we do this, we shall do nothing to help the Bengal coal trade to recapture its foreign export markets. Before the war Bengal used to export much coal to Ceylon, the Straits and Sumatra, and I say it is of importance that the Bengal coal trade should make a real effort to recapture those export markets. That is a matter in which we cannot help them by any countervailing duty. What is necessary is that the Bengal coal trade, instead of having things made easy for them in Bombay by the adoption of Mr. Neogy's proposal, should be given a real spur and a real incentive to put their heads together to organize themselves and to make a real effort to recapture not only the Bombay market but their previous export markets. I have shown, and I defy anybody to challenge my figures, that, as regards the Bombay market, by the sea route conditions are all in their favour. They have an advantage of from Rs. 3 to Rs. 4 per ton in transport charges alone over South Africa, and I want to know, this House wants to know, why it is that they do not attack the Bombay market through that route.

[Sir Charles Innes.]

I do not think I need say anything more except, as I said when I began my speech, that I am as interested in the Bengal coal trade I hope as any one in this House; and if I am satisfied, if the Government are satisfied, that despite their best endeavours the Bengal coal trade cannot compete with South African coal in the Bombay market, then, as I told the coal trade in December last, we shall certainly be prepared to consider whether we should put on not a countervailing duty equivalent to the amount of the rebate in South Africa, but a small addition to the existing duty on coal from South Africa. But there is another point to be considered and this is very important. The Bombay coal trade at this moment is utterly disorganized because there has been so much talk about this proposed countervailing duty. They do not know whether to buy or on what terms to buy, and I think it is only fair to say that, if we do have to put on this small additional duty on South African coal, we shall give everybody concerned at least three months' notice. But, Sir, I hope that there will be no necessity to do even that. I am perfectly sure that the key to this problem lies in the hands of the trade itself. I am perfectly sure that, if the trade will combine, if they will, as they do in Natal, start making proper arrangements for grading, sorting and improving their coal, and if they will revert to the sea route, then I have no fears for the future. I am perfectly sure that they will get back the Bombay market, and more than that they will get back their former export markets. That is a very important point because we are opening new coalfields and India will require new outlets for that coal. Let me remind the House that she will not get those outlets if we put on this countervailing duty. Rather, if that duty is put on, the coal trade will be encouraged to continue in its old ways and content itself with its Indian markets.

Sir, I must oppose Mr. Neogy's Resolution and I hope that the House will follow me.

**Mr. K. G. Lohokare** (Bombay Central Division: Non-Muhammadan Rural): Sir, the interest of the consumer in Bombay has just been pointed out to us. It is said that the Bombay consumers are getting their coal at a slightly cheaper rate and we should not interfere with that state of things. But there is another question involved. If external agencies are to be permitted to affect the Indian coal trade, should we not consider the loss of capital involved in it, the disorganization of the coal trade and the consequent turning off of labour employed in that trade? We have been told by Mr. Neogy that the capital involved in the trade amounts to over 13 crores of rupees. Are we prepared to allow the coal trade to suffer to that extent; are we prepared to look on at the disorganization of that trade which has taken so long to build up? We have been preparing ourselves for further industrial development in this country; it is our intention to introduce new industries and open up new fields for the investment of our capital in this country. (*The Honourable Sir Malcolm Hailey*: "Then why raise the price of coal?") If external agencies are going to baffle these attempts, the question for us to consider is whether we should not counteract those external agencies. It may be that consumers and certain industries may be benefiting at this moment; that may be the position for a short time but who can say that it will so continue, and if once the coal trade passed into other hands the country would have to depend for its supply of coal on foreign markets henceforth. I ask, are we going to accept this dependence for our coal supplies, for our industries, on other countries? That would be exactly the situation involved in this question.

Moreover, it is as well to consider the loss of the 13 crores of rupees locked up in the coal trade, as against which we have the small gain of the consumers in Bombay and certain industries there. Will the disorganization of the coal trade enable us to set up other industries having an equivalent capital of 13 crores of rupees and provide for all the labour now employed in the coal industry? The question is whether we should throttle one industry and set up another at its expense. I would ask you to consider the merits of that question along with the question of the gain to the consumer in Bombay.

We have been told that the embargo on railways which prohibited the export of Indian coal was placed in those days for two reasons. One was that it was a railway proposition, a business proposition. Well, in almost all the Western countries such propositions of railway freight are considered from the point of view of advantage to the country and not from the point of view of advantage to the railway concern. Another point that we have been told regarding the embargo put on it was that the railway vehicles were required for other traffic than that of coal. Yes, it might be an emergency then of that nature. But how long is it to continue? Is it to continue for ever even after the emergency has passed? I think it is high time we considered whether to allow that enhanced cost of freight over railways for Bengal coal. We have at the same time been told that it is a question merely of business and of price; that Bengal coal is poorer in quality, and that is why the Bombay manufacturers cannot afford to buy at that cost. Yes, it may be so. Some of the Bengal fields do produce coal of lower calorific value, but what of the other concerns that produce good coal? Would you allow that coal to be stifled and to remain back in the pit holes there? Had we not indented for Jharria coal when we required it? Did we not use that coal as showing full calorific value, equivalent to the highest calorific value that we could get in other countries? If we are going to allow that coal to remain in the pit holes and disorganize the industry at this stage, are we prepared after some years, after the trade is killed, to spend on the reorganization of the trade again? This would be the question that would be before us. As regards the sentiment with regard to South African coal that my friend referred to here, I may say, yes, it is that sentiment with the Indians. If South Africa is going to treat Indians in that respect, what harm is there if Indians retaliate or adopt retaliatory measures in such respects? I do not think we are in any way not justified in doing it. That sentiment does remain; it will remain; it is bound to continue to remain as long as that treatment is meted out. But leaving that question aside, then as a business proposition even, we want to know whether the Indian Government, supposed as they are to look after the interests of the coal trade, whether the Indian Government would pay their attention to this point of disorganizing, dislocating the trade for ever. They say, "we will leave it to the organizers of the trade, let them concentrate, let them combine and make their own efforts". We have always been told that Indian concerns require help. Well, may I not desire, may I not expect this House to say that the Indian Government at the same time will find out a way as to how to make this combine successful and find out the ways for it? I should rather have expected some sort of encouragement, that a sort of rebate on the railway freight may be allowed, and that the Indian coal industry may not be allowed to slack behind or be dislocated for ever and thus be a loss to the country in men, in money, in capital, and in disorganizing the trade as well. With these words, Sir, I beg to support the proposition moved by my friend, Mr. Neogy.

**Sir Purshotamdas Thakurdas** (Indian Merchants' Chamber and Bureau : Indian Commerce): Sir, I rise to support the proposition that is before the House, and I would not wonder if, as coming from Bombay, my rising to support the proposition should surprise some of the Honourable Members of this House. I may make it clear that I do not have the honour of representing the Bombay Millowners' Association here. But I hope that in the course of my remarks I may be able to convince the House why and how the suggestion before the House is one which deserves their approval and acceptance. The Honourable Member in charge, Sir, emphasised the necessity, and he said himself that he proposed, to look at this subject purely as a business proposition. I am sure the House will agree with him, for, if this question in connection with South Africa is to be looked at from the political point of view, I think many of us will feel that the proposition before the House is an ultra modest one and would not even deserve the consideration of this House. I would only refer to this and say that it is absolutely the intention of the non-official section of this House at least to look at this proposition as a business proposition first, second and last.

Sir, the Honourable Member in charge said that he, as the Member in charge of this Department, was sure that he had considered every possible aspect of this proposition before he made up his mind to oppose this on behalf of the Government. I hope I interpret the Honourable Member quite correctly. Members of this House who have known the Honourable Member before now know how thoroughly Sir Charles Irwin can go into facts and figures whenever he has got to tackle a subject in this House, but I trust the Honourable Member will not mind if I point out to him one rather serious deficiency which I, at any rate, have been able to trace in the thoroughness with which he has gone into the whole subject. He began by saying that the Government of India had great difficulty in finding out exactly and accurately what the rebate on coal from Africa was, the railway rebate. In fact, if it were not for the fact that the Honourable Member himself went to London and met the Minister of South Africa there, at a conference, it is possible—and this is my own interpretation—that the Government of India might not have had accurate figures even now. I venture to ask, Sir, whether, when there has been so much dislocation of at least a part of the Indian coal trade, it was not the duty of the Government of India not to rely on the off-chance of the Honourable Member being in London to have an occasional conversation with the Minister in charge of South Africa there, but to find out directly, either by deputing somebody or by any other method that may be open to the Government, exactly how the matter stood and what the various figures were. I do not wish, Sir, to labour this point further. I only wish to refer to this in order to find out why the Government of India do not give as much attention, or why do they not spend as much money as we would like them to, in order to protect either this or in connection with anything else that may be done in these Colonies that may affect India. Sir, I see the Honourable Member rather smiling, and I will expect a direct reply to this point from him. I will draw the attention of the House to the fact that the Government of India do not even to-day possess the most substantial part of the information which alone could enable the Honourable Member to oppose this proposition in this House. The Honourable the Deputy President, Sir, asked the Member in charge whether he could tell the House the rate at which African coal was being sold in Africa to-day. The Honourable Member said he did not know it; and I am rather surprised how the Honourable Member could



possibly have overlooked the great necessity of telling us the rate at which African coal is being sold in Africa before he could get up to say and assure this House that any rebate that is being given by the African Government is solely for the purpose of encouraging exports from there and nothing more dangerous. Sir, dumping and bounties to catch foreign markets are, in the little knowledge that I have of economy, based on this that you sell your things outside considerably cheaper than the rate at which you sell them in your own country, and, until the Honourable Member tells us the rate at which coal is being sold in Africa to the local consumers, it is difficult for this House to take for granted, with all deference to the Honourable Member, the fact that all this is not an invasion of the coal markets of India by South African coal. One more remark in this direction. I think the Honourable Member himself in the course of his remarks said that the bounty on the South African coal has varied considerably there. We had all sorts of figures down to the present one of 7s. 9d. I have here before me printed minutes of the meeting which was held by the present Honourable Secretary of the Department sometime last year from which I see that before 1921 the bounty-fed South African coal had a bounty of 18s. 2d. In January 1922 this bounty was reduced to 9s. 8d. and on the 1st January 1923 the bounty stood at 7s. 9d. We expected the Honourable Member himself to explain to the House why the Government of South Africa thought it necessary—indeed whether it was at all justified from the point of view of the Indian market—to reduce these bounties on South African coal. In the absence of any such explanation from the Honourable Member, may I, Sir, without being uncharitable to anybody, including South Africa, put my own construction on it. As the South African Government found that their coal can hold its own in the markets of India they reduced the bounties and went on reducing them. I put this construction of my own. I am absolutely open to correction by any Member of this House who may have reliable and authentic information. In the absence of any such information I am not prepared to take anybody's word, for what he thinks may be the right reason for this decrease in the bounty from South Africa. I submit my construction therefore with regard to the variations in the bounty with all reserve and subject to correction, as I just said.

The Honourable Member said that the first bounty or the rebate on South African coal was given by them about the year 1911 or 1912. I think he also said that in 1909 a certain quantity of coal came to Bombay. The House would easily realise that those who imported either Welsh coal or any other foreign coal, say 10 or 15 years ago, could only have imported such coal for some special purposes. But I do not happen to be an expert in the various usages to which various coals can be put. I would like to inquire from such Members of this House as wish to oppose this Resolution why is it that those interested in Bengal Coal Mines did not oppose the importation of South African coal or any other coal into Bombay till 1914. There can be no question of imports of coal till the armistice. It means that something has happened between 1909 or 1912 and now which is at the bottom of this very strong feeling for keeping out of the Indian markets this bounty-fed African coal. That, I think, is the muddle which has been made by—I will not say the Government of India alone,—the Government of India through their Railway Department and I will also say by the various commercial bodies which had a voice in the settlement of the Railway policy regarding coal supply. The muddle has been made in connection with the distribution of wagons and in connection with the hundred and one varieties of changes that have been made in the control of

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coal ever since 1916 or 1917. I am sure my Honourable friends coming from Bengal, who know something of the requirements of the coal industry there, will bear me out when I say that it has been the cause of gross dissatisfaction to certain sections at least of the coal mine owners of Bengal. During that long period of 1916 till practically now it was the distribution of wagons and other details that were improvised that led to this great depression in a part of the coal trade. This part, I am told, is owned to a large extent by the Indian section of the coal trading community. The Honourable Member urged that this House should refuse this help that this section of the coal trade asks for at this juncture. He further urged that this House should leave the coal trade to their own resources so that they can spur themselves and rely upon that great virtue called self-help and put before the consumers of Bengal coal better coal, well screened coal, etc. Nobody, I am sure, will take any exception to that. I, Sir, will be the last person to do or to say anything which would pour the slightest cold water on the energy or on anything which will spur on the Bengal coal trade to present better coal to consumers. But these things, I am afraid, are easier said than done. When for a period of six or seven years a section of a trade works under hardships—and I do not wish to go into this question any further at this stage—when a certain portion of the trade is under consistent hardships and when we know that means of transport, I mean, wagon supply, is so haphazard and so unreliable, in that long period, I really wonder how one can justifiably say to the people in charge of the trade “ You are lazy; you will not look after yourselves; you will not give to your customers what they want ”.

I do not belong to the coal trade. In fact, I know very little about the details and the ins and outs of the coal trade. Whatever I have told you here as to the difficulties of these small mine owners is what I have heard from persons who own a considerable stake in what are called second class mines under totally Indian control. The Honourable Member laid considerable stress on the inferiority of quality of the product of these Bengal mines. I do not know what inference he wanted the House to draw from this and therefore I will not draw any inference of my own from that remark of his.

But for those sections of the commercial community here, which are interested in the cotton trade of India, I would like to put another parallel. It may be true—and I am prepared to grant it—that a part of the Bengal coal trade which asks for this concession cannot, owing to the very nature of their mines, put before the consumer the best quality or that quality of coal which will rank equally with the South African coal. But, Sir, the Indian Cotton Mills do not produce consistently and on an average that quality of cloth which can rank equally with the quality of cloth that you get from the United Kingdom. I ask those who are interested in the cotton trade whether they would tolerate that as an argument for not having such protection for the local cotton trade as they may think necessary. If the cotton trade are backward and cannot compete in quality with the trade outside, who have been established for a longer period and who have more expert knowledge and better resources, I should have thought that that was one reason why a little protection was necessary for them in order that they might be able to build up their industry. If the coal industry of Bengal cannot give the best quality or as good quality as they can possibly manage to put before the consumers, I submit that the reason is that there is a good deal still wanting in connection with the wagon

facilities and the other various railway facilities that are available to this class of mine-owner in Bengal at present. I feel that if this Assembly really wish to attach any importance to what the Honourable Member said on this score, they may restrict this to a period of a year or two, simultaneously though watching the progress which is necessary by the Railway Department in connection with providing facilities required at the mines, and principally in connection with an equitable and fair distribution of wagons to all mine-owners, small and big.

The Honourable Member further urged that the mine-owners in Africa have cut their pit's mouth prices. I suppose he meant to indicate that we should ask those for whose benefit this is being discussed to-day to do the same. I again repeat, without going into the figures, that the Honourable Mr. Neogy, in moving his Resolution, has said that out of so many mines, so many companies representing a capital, if I remember rightly, of 6 crores of rupees, have paid no dividends lately. Unless the balance sheets of these companies can be said to have been fabricated for the purpose of the sympathy of this House, I think this ought to be quite sufficient proof that the Bengal mine-owner under reference is working at a loss and cannot lower his cost of production.

I heard an Honourable Member here, Sir,<sup>1</sup> say that it was the impression of the ordinary man that coal was the last thing India should import because India has ample coal mines. We are coming on to rather queer days; coal being imported on the score of better quality; *ghee* being imported and substitutes of *ghee* being imported into a country which had the reputation of being an agricultural country and a country where cattle abound in plenty. I do not wish to harp on this further, but I would like to point out what all this leads to. In some way or other we are losing ground in articles and things which we produce in our own country, and I would suggest to the Honourable Member that any revenue that you might get by this duty indicated in this Resolution may be employed by the Government of India not for their own Budget but for the purpose of providing better facilities and more immediate facilities to the trade for whose benefit you put on this duty. Sir, I certainly feel that, in view of the hardships, and what to my mind have been some of the injustices that part of the coal trade of Bengal has suffered from 1916 onwards, this is the least due to them, in order that they may have breathing space within which they can again catch up the markets which they have lost. If this House is so particular about it, let the duty be imposed for a period of two years, but I do not think this House would be justified, on the arguments submitted to the House by the Honourable Member in charge, in turning this down.

I need only say that in 1899, when Lord Curzon passed the amendment to the Tariff Act, to which the Honourable Mover of the Resolution referred, he did that out of consideration for Java sugar as against Austrian sugar. May we not do something very similar out of consideration, not for Java, but out of consideration for the Indians who have sunk their money in enterprises in India, and what is still more important, Sir, for the miners who have been thrown out of work owing to these mines having had to be closed down. The Honourable Member said that any approval of this Resolution would mean wrapping up the Bengal coal mine industry in cotton wool. I should be the last person to approve even of anything which would have that effect, but I cannot help feeling, Sir, that in view of what I believe to be the gross injustice that has been done to a part of the coal mine industry of Bengal, in view of the fact that we cannot ask our own Railway Department to further reduce their rates to fight the

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African coal (*The Honourable Sir Charles Innes*: "They have reduced them"), owing to our budgets not being square until now, this is the least the House ought to do. The only change that is feasible, if the House wishes it, is to restrict the countervailing duty to a period of two years or so.

**Mr. W. S. J. Willson** (Associated Chambers of Commerce: Nominated Non-Official): Sir, Mr. Neogy, in opening his case, said that he was not in any way connected with the coal trade. I may, in opening mine, say that I am not connected with a brief, but I speak, I hope, from intimate knowledge of the coal trade, with which I have been connected for a period of many years. I should have thought, after hearing Sir Charles Innes, that the case and the facts that he put before us, ought to have been sufficient for any one. It is of no interest whatever to me at what price Natal coal is selling in South Africa or in New York, if it goes there. It is sufficient for me to know at what price it sells in India with which we are immediately concerned. I desire to emphasize the very strong position that Bengal holds, and must hold, in the coal trade of India, by reason of her geographical situation, and the undoubtedly low rates of freight from the coalfields to the docks which Sir Charles gave us. I doubt if you will find any country in the world that can get its coal from its central coalfields to its docks for so little as Rs. 2-10-3 per ton. The Bengal coal trade used to hold the markets as far East as Singapore, as far West as Aden, and largely the principal ports of India. We have for the time being had to suffer the loss of those, and that loss is directly due to interference with the natural outflow of trade. It was due to the prohibition of exports, a most unfortunate thing, but under the circumstances unavoidable, and there are those in this House who were loud in clamouring that it should be done, at the time, in order that the coal might be available for the industries of Bengal. However the Bengal coal trade may be, it is like every other trade, bound to have its ups and its downs. At the present time it is suffering from a down in its export trade because it has lost it. But the right way to get that back is, I entirely agree with Sir Charles Innes, by the merchants pulling themselves together, by selecting proper qualities of coal and sending it to compete in the markets where it is required. It is always a mistake to interfere with the natural flow of trade, but having had, under circumstances over which we had no control, to interfere with the natural outflow of Bengal coal to the seaports of India, do not, I implore you, make another mistake by interfering with another natural flow of supply in order to get over the difficulty that you are at present in. Two wrongs do not make a right. There is no doubt also that the export coal trade was very seriously handicapped by a shortage of wagons. Much has been said, and always is said, about the shortage of wagons and most of the difficulties that I have experienced in the export coal trade have been due in one way or another to scarcity of wagons. It has been pointed out that coal going to Bombay by rail occupies a wagon some 25 days. It has been pointed out that to the Kidderpore Docks it only occupies 3 or 4. Consequently those wagons become re-available sooner and there would be much greater facility for getting our coal down to the docks. The Honourable Sir Charles Innes called attention to the fact that in May 1920 there were no less than 46 steamers awaiting coal. Now I will ask this House and specially the non-commercial side of the House—to pause for a moment and consider what that means. 46 steamers absolutely wasting their time waiting for coal—coal which they

could not get for want of wagons. Why? Because the wagons were going in other directions over a long distance.

A great deal of the discussion has turned to Bombay, which is the principal sinner in the import of this "much hated" coal. Now I am going to take the Bombay mill industry for my little example, not because I want somebody to get up and tell me how many of the Bombay Mills employ electricity, but because it is the staple industry of Bombay; and the argument will apply equally well whether you are talking in mills or in other concerns, engineering or whatever you like. The first thing is why do you import Natal or any foreign coal? Is it because you love it, you love South Africa, or is it because you require the coal? The answer cannot be for love, so it must be from necessity. Bombay has always imported foreign coal and I might, if I liked, argue that it probably always will and it is probably desirable that it should always have an alternative source of supply, because in the ups and downs of the Bengal trade to which I have referred, we have had many periods of strikes when Bengal coal was not available, and, if we so froze off the foreign supply to Bombay, your industries, or your mills, might find themselves with no coal at all, and it would be too late, the notice would be too short, to set about bringing in immediate supplies from elsewhere. A great deal of talk has taken place in this House, on the subject of the Railway Bill, when the opinion was almost universally expressed that what India requires is cheap freight and cheap coal for its industries. The proposal before the House now, is an attempt to make coal in Bombay more expensive by—shall I drop the annas and take the round figure of Rs. 4/8 a ton? Well, Sir, it is represented to us that if you do so you will encourage the export of Bengal coal to Bombay and it is hoped in many quarters that you will stop the import of Natal coal. I venture to say, Sir, that you will do nothing of the kind. Bengal has simply not got the coal at the present time to supply all Bombay's needs. Nor is Bombay the only port in India concerned. If you were to put on any such tax as this, the effect of your action would be that you would tax at least 3 tons of Natal or other foreign coal Rs. 4-8 per ton, in order to allow us to put, say, 1 extra ton of Bengal coal to be sold in Bombay. You would in effect tax the mills in the first place by 3 tons at Rs. 4-8 or 4 tons at Rs. 4-8, which no doubt they would pass on to the consumer eventually. That would be yourselves. But in the meantime they have to pay that in order to assist one ton of Bengal coal to go to Bombay. I have said that Bombay is not the only port. Indeed it is not. If, as Sir Charles Innes gave us the prices, South African coal costs Rs. 25 in Bombay to-day and you consent to raise that price to Rs. 29-8 by the imposition of this duty, you are directly going to ask Bengal not to sell its coal there below Rs. 29-8, or whatever may be the equivalent price for the equivalent value. Bengal will have no incentive whatever to sell its coal below Rs. 29-8 and it will not do so. Again you are going to inflict hardship on other ports in India. Is Bombay the only place? What about Madras? What about Rangoon? Sir Charles Innes gave you the rate of freight of Rs. 9 per ton for carrying coal from Calcutta to Bombay. The freight from Calcutta to Madras is nothing like Rs. 9; it will be about half of it. If you are going to prevent Madras from having any competitive coal, why should Bengal sell its coal there below the price of the imported article? Take Colombo. Well, Colombo will not do, as Colombo will not be affected by this. But take any other port. There will be no incentive whatever to Bengal to sell their coal cheaply if foreign competition is eliminated. Now, why tax yourselves in the way I have pointed out? Who

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are your buyers of coal in Bombay? They are very largely your railways. Do you wish to increase the fuel bill of your railways? They are largely your own property. Where does all this coal in Bombay go to? The mills do not burn it all; but there is a very large off-take indeed in the form of bunker coal; just think for a minute and consider one of the effects of this duty if you put it on. Ships come to Bombay and buy your bunker coal and you attempt to say in this House that they shall in future pay Rs. 4-8 per ton more. I tell you now that they will do no such thing. You do not have the power to increase the price of coal at Aden by Rs. 4-8 per ton; nor have you the power to increase the price of coal at Colombo by Rs. 4-8; and your ship will leave Bombay with a minimum of coal and refill her bunkers at Aden or Colombo. The ship from South Africa perhaps will not go to Bombay; she will go to Aden and take her coal there. In the days when I was what you might call a ship-owner, I made a little calculation that every steamer that comes to Bombay as a terminal port, spends from Rs. 30,000 to Rs. 50,000. These expenses are in the main under three heads, stevedoring, repairs and coal. I have pointed out that you will lose something of that coal trade; you will lose the coal-landing charges; your boat-owners will lose their hire, your insurance companies will lose the premium and your banks will lose the financing. Your engineering works, which are in a very bad way now, will lose the repairs. That is a very serious thing and one of the bye-results of such action as you may be led away to take.

There is one point which Mr. Neogy himself made, and that is that the raisings of Bengal coal have gone down by 3 million tons. I wish  
 1 P.M. to say a little more about that, in order to emphasise the fact that you have not got the coal at present, to take the place of this foreign trade in Bombay. No doubt you will in the future have it when Karanpura and other places are developed, but you have not got it now, because your output is reduced. We heard a great deal of the distressed condition of Bengal coal companies. Sir, were it not for the satisfactory dividends that some of these Bengal Coal Companies pay, I am afraid I should be unable to be present in this House and should not be receiving a living. There is nothing intrinsically wrong with the coal industry of Bengal. There is nothing wrong certainly with 68 out of the 146 companies, and the dividends at present paid by them are very good. The trade needs no nursing in cotton wool, but the companies that are in distress are those who produce an inferior article which is not worth shipping. I can easily explain a little point about it. Say for the sake of argument first class coal is worth about Rs. 8 at the pit's mouth per ton, while second class coal is worth only about Rs. 4 or Rs. 5 per ton at the pit's mouth. You have got a difference at the pit's mouth of some Rs. 4 per ton. You could very well afford to buy the cheap coal if you were going to consume it in the neighbourhood of the pit's mouth, as you are getting an allowance of some 40 or 50 per cent. in the cost. The moment you rail that inferior coal to the docks, the moment you pay freight and insurance, unloading and landing charges at the other end, your difference is still only Rs. 3 or Rs. 4 per ton, whereas the value of the coal then is in the neighbourhood of Rs. 28, and Rs. 4 on Rs. 28 is a seventh or some 14 per cent. only. You buy at the pit's mouth at 50 per cent. less, while, when you get it at destination, it is only 14 per cent. cheaper, and it is not worth it. You should not, therefore, in my opinion, attempt to hamper your industries in Bombay and other industrial centres

by obtaining cheaper qualities of coal, merely to prop up industries which by their nature are not suited for the purpose that you have in view. A great number of "coal mines" in Bengal are producing such a quality that they can really only be expected to live in boom time. They work in a very elementary manner, and, when there is a boom, their process pays, but in normal times it is only natural and there should be nothing to be surprised at, if the uneconomical process does not enable them to live for the time being. All I want you to do in connection with the shipment of Bengal coal, which I am perfectly convinced is well able to take care of itself and will in course of time now that the embargo has been removed from the exports, speedily recover a good portion and eventually a much larger portion of that high position which it held within the geographical limits to which I have referred is this. Leave it to itself. I beg you not to be carried away by any extraneous considerations nor that you may bring such purely commercial questions as these into the political arena.

**Mr. E. G. Fleming** (Burma: European): Sir, I venture to address the House on some of the points that have arisen during this discussion. Mr. Willson has told us just now that there is not sufficient good grade coal available in India for the industries of India. Inferior coal, though it may appear cheaper at first sight, is probably more expensive in the long run. Inferior fuel has usually that effect. There is also electricity, and I may venture to say, oil, which may replace coal. If India loses its export trade, which it might do, by putting on a prohibitive tariff, the result would be that Indian markets would be overstocked with the inferior Indian coal which will find no outlet. Increased production is the object of all business—and some Honourable Members have referred to the capital invested in the coal industry in India. Protect this by production, increased production, so that the companies may give a larger return to the shareholders even to the extent of enabling the producing centres to reduce the price of the article if the outturn is larger. There is no doubt that inferior coal of India is very often mixed up with better grade at the time of export, and this renders the coal unpopular in oversea markets. I think it would be a very serious matter for the coal trade of India if the opinion of this House supports the motion, and I do not think that an import tariff on Natal coal is advisable or wanted.

**Dr. L. K. Hyder** (Agra Division: Muhammadan Rural): Sir, it has been said that abstract economic principles are not wanted in a discussion of this kind. I rise to point out that abstract economic principles are not very different from business principles. With regard to the two points raised, I wish to say that in my judgment it would not be desirable to put this countervailing duty on South African coal. I have given anxious thought, very anxious thought, to this matter in the best interests of this country. The point which I earnestly beg to bring before this House is the consideration that no country in the world taxes its raw materials, and I wish to point out in this connection that coal is a raw material that enters into every kind of manufacture and industry, so that, if we put up the duty on the import of coal, we shall be penalising our industries here. The second point that I wish to bring before this House is that it is not only the immediate interests of our people that we have to take into consideration but the unseen, the distant interests of the people of this country, the interests of the future generations. England is a very rich country in coal, but long ago there was an economist who advocated a duty

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on the export of coal. What was the reason? The reason was this that he did not desire that the coal resources of England should be diminished by the export of coal to foreign countries. Well, coal does not grow. You can grow cotton, you can grow tea, you can grow jute. You can grow almost every agricultural stuff, year in and year out, but coal is given in limited quantities by nature, so that every ton of coal that you take out will be one ton less available for the interests of future generations of the people of this country. So that the measure that is being proposed is that we should penalise our industries and we should throw away a thing which we are receiving at a small price and make a raw material dearer for our people. Well, I think on both these grounds—namely, that the present cost should not be enhanced and the future cost should not be enhanced—I oppose this measure in the best interests of the people of this country.

**Mr. N. M. Joshi** (Nominated: Labour Interests): Sir, if the discussion of this Resolution had gone on political lines, as fortunately or unfortunately it has not, I should have supported the Resolution wholeheartedly. But as the Resolution is being discussed on economic lines, I have decided to keep my mind open until I receive a satisfactory explanation on certain points from those gentlemen who are in its favour. Sir, my Honourable friend from Bengal who moved the Resolution gave certain statistics about the bounty that is being paid to the South African coal when brought into India. I propose, Sir, to point out to him certain bounties paid to the Indian coal in India and I should like to know before he asks me to vote in favour of his proposition whether he would ask the Government of India to put countervailing duties on Indian coal or at least urge on the Government of India to remove those bounties immediately. Sir, the first bounty that is given to Indian coal is about the hours of work for Indian labourers in mines. The Indian mines . . .

**Sir Purshotamdas Thakurdas**: Does the Honourable Member know what it is in Africa?

**Mr. President**: I am afraid the Honourable Member is going beyond the terms of the Resolution.

**Mr. N. M. Joshi**: Sir, I do not wish to discuss these points in detail. But I want to point out in what respects bounty is being given to Indian coal. As I pointed out, the first is as regards the hours of work. It is the Indian coal owners who have opposed the introduction of shifts in the Indian coal mines. The second bounty which is given to the Indian coal trade is the employment of women's cheap labour underground. No civilised country in the world allows women to work underground, but Indian coal owners urge upon the Government to allow them to retain this most barbarous custom in their mines. Sir, as regards wages, there is a very large bounty paid to Indian coal owners. The average wage of a miner in England is £150 a year.

**Mr. D. V. Belvi** (Bombay Southern Division: Non-Muhammadan Rural): This is African coal.

**Mr. N. M. Joshi**: The African wages are higher than English wages. They must be much larger than £150 a year. No miner in England will go to South Africa unless he is paid more. That is a very simple and



commonsense truth. (*A Voice*: "It is £400.") Then that is three times £150. Wages in India are not even £15. This is another bounty paid to Indian coal. I want to know, Sir, from my Honourable friend Mr. Neogy whether he would use his influence with the coal-owners to remove these bounties before the Government makes a proposal, at the time of the Finance Bill, for putting an import duty on South African coal. There are still two months for my friend to use his influence and get the approval of his friends for my proposal.

Then, Sir, there is one more point on which I would like to have a satisfactory explanation from my Honourable friend Mr. Neogy and it is this. He proposes that a rebate on railway freight should be given. Very well, by all means give it. I do not oppose it. But I want to know, Sir, who is going to pay the few lakhs of rupees that the railways will lose? Sir, I myself feel very much that the Government of India, instead of giving a rebate to the coal owners, should reduce the fares of the third class passengers.

**Mr. President:** The Honourable Member is going much too wide now.

**Mr. N. M. Joshi:** I am sorry, Sir. I shall try to keep myself within limits. Sir, the country will lose a large amount of money on account of rebate, and I should like my Honourable friend to tell me upon what class of people this burden should fall. If my Honourable friend proposes that the money required for the bounty or for the rebate should be given to the Government of India by increase of income-tax, I shall be the first man to give my vote in favour of his Resolution. But if the amount required for the rebate or bounty is to come out of the poor taxpayer of India by the increase of the salt duty I am not going to vote in favour of this Resolution. Therefore, much depends upon what explanation my Honourable friend gives on these points. It was said, Sir, that the countervailing duty was necessary in the interests of the Indian miner for whom there is great sympathy in this House. Unfortunately, Sir, in the last Assembly I could not see much sympathy for the miners and I am glad to see that there is so much sympathy in this House for those poor people. (*A Voice*: "Lip sympathy.") One friend says it is lip sympathy. Let us hope that even this lip sympathy will result in some action. It was said that this protection would be very useful in giving employment to Indian miners. But it is also a great truth known to all people who have studied industrial history that it is these organised industries that give rise to periodical unemployment also and I want to ask my Honourable friend, Mr. Neogy, whether he will persuade his friends, the coal-owners, to approve of a scheme for unemployment insurance in India. If he is going to do that, I shall vote for the Resolution. (*A Voice*: "Rub it in.") I have put all these points before the House and am very anxious to have a satisfactory explanation from my Honourable friend, either to-day or before the Government of India makes a proposal to increase the import duty. If he does that, my vote will be his.

**Pandit Madan Mohan Malaviya** (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): Sir, when I heard the speech of the Honourable the Commerce Member, I was wondering what reception he would have received if he made a speech like that in the House of Commons. I was also wondering what reception he would have received if he made a speech like that in any civilised country, the Government of which considered it its duty to foster industry, to reduce unemployment and to see that nascent

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industries were not made to suffer by reason of foreign competition. It seemed to me, Sir, that the Honourable Member showed a very vigorous intellect but a very cold heart, so far as India was concerned. I was pained, Sir, to think that he employed all his great ability and lucid power of exposition in pointing out the disadvantages that would result to the consumer, in explaining the calculated figures which he had arrived at after comparing figures from different countries and in pointing out also that a policy of a countervailing duty, such as was recommended, would be a bad business. To me it seemed, Sir, that the Honourable Member paid too scant a regard to abstract principles and I think that the wrong judgment which I venture to say he has arrived at was due to a disregard of abstract principles. Where would England have been if she showed a disregard for abstract principles which my Honourable friend advocated in the matter of business? Where would the United States have been, where would Canada have been, where would Australia have been, if they were guided in their industrial policies by a judgment like the one which the Honourable Member for Commerce has pronounced? Abstract principles are of vital importance. They give life to business, they give life to businessmen; and one of the abstract principles which I thought had been established in the modern industrial world was to look at problems from the national point of view and not to have the parochial and small commercial man's point of view, and I grieve to think that the national point of view was lacking in the lucid speech which the Honourable Member for Commerce made. We are face to face with a very important and very simple question. Those friends who have spoken of allowing raw materials to come in without any duty into this country have looked at only one side of the statement. They forget that there is another aspect. If there were no raw materials available in this country, I could quite understand that we should all vote against any proposal to tax imports of raw materials. But here you see mother nature has blessed us with coal mines. We are producing coal. (*A Voice*: "Not enough.") I will come to that. You have not yet explored all the possibilities. It is only ignorance which can say that the coal mines are not enough, in view of the reports which have been made by the Geological Department. Now India has coal mines and not even Mr. Willson doubted that the coal mines are able to meet the supply of Bombay, if this countervailing duty would prevent South African coal from being landed in the quantities in which it is coming into India. Only a few years ago the coal imports from South Africa were small, 40,000 tons. They have now risen to 300,000 a year. Would the Honourable Member look at one simple question? India loses 300,000 into 25 or 75 lakhs a year over this coal which is available, if the Government of the country would enable the Indian coal mine-owner to compete on terms of equality with these foreign competitors. 75 lakhs of rupees going out of India every year for coal, when coal is available in India, is a proposition which would shock the people of any country which looked only at national interests and from the national point of view. You talk of the loss to the consumer to the extent of nearly Rs. 4 a ton. It is true. The loss will amount to about 14 lakhs a year. That loss has to be put against the loss of unemployment to a large number of people. That loss has to be put in comparison with the loss of dividends which those who have invested 6 crores will suffer, and that loss has to be looked at from the point of view of the ultimate smothering of this industry by allowing a foreign competitor supported by a rebate to enter into competition with the coal miner in India whom the Government, I am sorry to say, have done very

little to help. The Honourable Sir Purshotamdas Thakurdas with his extensive knowledge of business has told us how the coal industry has been hampered, obstructed and injured during the last few years by this mismanaged control of coal wagons. He has told us how great has been the suffering to which the coal miners have been exposed. Mr. Willson says that it is only the small coal miner who has suffered. Naturally, belonging to a prosperous concern, as he told us, I fear that he is not in a position to understand and appreciate the difficulties of the small coal miner. What does it matter to him if the small coal miner goes to the wall; but I ask the House to consider what a serious problem the country is faced with. It is not a question of benefiting a small number of coal miners. The question before you is, will you allow this coal industry to die or will you allow it to compete fairly with any foreigner? It is a new industry; it requires help; it cannot stand by itself, if it is exposed to hardship on one side by the mismanagement of railways and on the other side it is being driven from the frying pan of the railway companies to the fire of the steamer companies.

The Honourable Member for Commerce perhaps is aware that the steamer companies recently raised their charges by Rs. 2 per ton, from Rs. 7 to Rs. 9—I hope I am right,—and I do not doubt that, if they can, they will raise the tariffs further; and, as they find that the supply of wagons is limited and that the coal miners are not able to utilize the railway route sufficiently, I suspect that they will raise the steamer charges still further. India is in this unfortunate position that its Government has failed during its 150 years of administration in this country to build up a mercantile marine for India. Indians cannot say that they have got ships of their own for the carriage of their coal as well as other articles. The railways are owned by railway companies or managed by railway companies, but there is this fortunate distinction now that some of them are owned by the State. You have raised railway charges on the one side and you find that the coal miners are therefore exposed to an unfair competition, and, when they come up to you to adjust the balance by putting on a countervailing duty, you use all your intellect in explaining to them the unwisdom of the course they recommend and in advising them to improve their methods of work. It is very fine advice, quite grandfatherly, for which coal miners must feel deeply grateful to the Honourable Member; but I should like the Honourable Member to tell the House something. I should be happy to know what steps the Government have taken to give them facilities in this matter in the way of reducing railway charges to the figures that they used to be, and to provide steamer facilities if they want to use the sea route. I should like to know what answer, what advice, the Honourable Member would give to these coal miners in the face of their competition. The Honourable Member knows that coal is a basic industry. You can not get on without coal. We want the coal industry to flourish and develop. Even when water power is utilized, as I hope it will be if we get a little more voice in the administration of the country, even when electric power is more used than it is at present, even then we shall require all the coal that lies buried in the heart of mother nature. What encouragement has been given by the Government to train men for work in the collieries, to induce men to go into this business? Instead of that, the treatment that they are receiving now is that, while the Government received a communication from the Indian Mining Federation dated the 14th August 1923, no action has yet been taken to comply with the request which they made regarding a countervailing duty. I submit, Sir, the proposition is a very simple one. We have no doubt

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that the imposition of a countervailing duty on coal, such as has been recommended, will mean making coal dearer to the consumer in Bombay for the time being. If you are to look at the consumer in Bombay, however, as an individual entity, and if you are to disregard the national point of view, most certainly let this industry be crushed and let the consumer in Bombay get a little cheap coal for the time being. But Nemesis would follow soon. A little later it will be open to the foreign companies to raise the price of their coal. Do we not know what has been done in the matter of cloth,—that when it suited the interest of the foreign merchant, the prices have been raised according to his will? Do we not know that the same thing has happened in the case of other goods? It is a painful situation for any nation to be at the mercy of the merchants of other countries; and, if we allow the Bombay consumer to place himself at the mercy of foreign companies just at present, you may rest assured that the foreign companies will squeeze as much out of him in the near future as they can. Therefore, the question is a very simple one. Will you now look at the problem from the national point of view? We pay enormously for national, what are regarded as national, interests. We pay enormously. In this matter of one small industry, which, as Mr. Neogy pointed out, is third in importance in the country, the expenditure of a few lakhs of rupees for a few years—as Sir Purshotandas Chakurdas pointed out, it may be only for two years—is nothing compared to the loss, to the suffering, to the injury which the coal mines will receive, which the coal companies will receive, by your not doing it. That is the point to be considered by this House. I hope abstract principles will help us aright and not mislead us. I do not know if the anxiety which was exhibited by Mr. Willson for the people in Bengal was altogether prompted only by a desire for the good of the coal mines. I quite understand the anxiety of some of the European firms in Bengal to get cheap Bengal coal, to get Bengal coal as cheap as possible. The less Bengal coal goes to Bombay, the better the day for the Bengal industries. That is one point of view. I wish that they should get coal as cheap as they want and cheaper still, but I wish that we should not allow a single rupee to go out of India for coal while we have coal available in the country. Australia built up her industries by paying heavier prices for the articles which it manufactured for a long time before it established its industries. Canada did the same; the United States did the same. England is now doing the same. Would any Member of the House of Commons or any other Englishman dare to stand up before an English audience to tell that audience that they should not care for the unemployment of several thousands of their countrymen, that they should not think of putting an extra burden on the consumer simply because that will be an extra burden and not help those who would be unemployed? They would not. Therefore I wish those English Members of this House, who are taking part in this debate and voting on this proposition, to look at the problem from the point of view of India,—to consider the problem as if it were Englishmen who were concerned, as if it were an English problem which they were discussing, and then, looking at this problem from that point of view, they can only come to one conclusion, that the loss which the acceptance of the proposal would undoubtedly involve must be faced in order that this national industry should be helped and encouraged to grow and develop. Looking at it from that point of view, I hope at any rate that as many Members as can take that point of view will vote for the Resolution.

I will say only one word with regard to the remarks of the last speaker. When I heard him, I was wondering whether it was somebody representing some foreign coal companies who was speaking on this question or whether it was an Indian. I felt pained that my friend, Mr. Joshi, should have put forward such untenable arguments in opposition to this proposition. He from his foreign travels is not able to tell us how the wages compare, how the conditions compare; he has not gone into those figures, but introduced an extraneous element into the debate in a very light-hearted fashion, which pained me and which I am sure has pained many amongst us. I hope all Indians and Englishmen who take part in the debate will look at the problem from the point of view from which it requires to be looked at. Let us look at the problem from the right point of view, that of the national interest of India, that of the national interest of the people who are employed in the mines.

**Mr. Abdul Hays** (East Punjab: Muhammadan): I beg to move, Sir, that the Resolution be now put.

**Mr. President:** As there is a considerable desire to continue the debate, I propose now to adjourn till Half Past Two.

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

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The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. President in the Chair.

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**Mr. Devaki Prasad Sinha** (Patna cum Shahabad: Non-Muhammadian): Sir, the present undoubted depression in the coal market has been admitted by the Honourable the Commerce Member, who has stoutly opposed this Resolution. It has however been suggested by the Honourable the Commerce Member that the cause of this depression is not due to any external circumstances but lies in two things. If I remember aright, the Honourable the Commerce Member said that the chief causes are that good quality of coal is not produced in the mines in India, and secondly, that the cost of production has been going on increasing steadily. When the Honourable Member was interrupted by the Honourable the Deputy President, who asked for information as to the price of coal in South Africa and other countries, he said that he did not possess that information. I was very much surprised to hear that from the Honourable the Commerce Member. Sir, I am not expected to know official figures as much as he or any other Member of Government. But from the little that I have been able to read of the Blue Book issued by Government, I find that a comparative statement of the price of coal at the pit's mouth in various countries is given from year to year in a report issued by the Government for the production and consumption of coal in India. Now, Sir, the latest report issued by Government on this subject, which is for the year 1920, is very interesting reading so far as this Resolution is concerned, because it answers conclusively one of the arguments of the Honourable the Commerce Member. If I may be allowed, Sir, I shall read a few lines from pages 2 and 3 of that report. These two pages give a comparative statement of the price of coal at the pit's mouth in different

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countries. The prices, so far as South Africa and India are concerned, are as follows:

	Rs.	A.	P.	
South Africa	5	2	0	in Indian coin.
India	4	4	0	„

Sir, the comment which the compiler of this report has made upon these figures is more interesting and is of very great value for us in order to arrive at a right conclusion so far as this question is concerned. I will read it to the House:

“With the above average value may be compared the values at the pit's mouth of coal in foreign countries, as shown in the margin. In comparing the average value of the coal raised in the different countries, it must be borne in mind that this value is affected by many factors, such as the quality of the coal raised, its accessibility, the machinery in use, nearness to the surface, etc., besides the differences in the cost of labour and transport. In India the coal which is now being worked is comparatively near the surface, and labour comparatively cheaper. Indian coal, therefore,—(Sir, I desire to lay very great stress upon this sentence),—“Indian coal, therefore, has a lower value at the pit's mouth than the coal of any other country.”

I would like to know, Sir, what the Honourable the Commerce Member has to say on this point. To my mind, the argument that there has been an increase in the price of coal at the pit's mouth in the various Indian mines is no reply to this Resolution. There has been an increase in the import of foreign coal by 775 per cent. and the price of Indian coal at the pit's mouth is decidedly, on the admission of figures given by Government themselves, less than that in South Africa. Sir, the Honourable the Commerce Member has said that Indian coal mine owners do not make use of the facility afforded to them for transporting coal by sea because, if I have been able to hear him aright, he complains that about 46 ships had been waiting in the Kidderpore docks without sufficient coal to carry. (The Honourable Sir Charles Innes: “That was in May 1920.”) I admit that, Sir. The Honourable the Commerce Member ought to know that none of the mines either in the province of Bengal or in the province of Bihar are situated on the sea coast. In order to convey coal from these mines to the Kidderpore docks it is necessary that these coal mine owners must be supplied with wagons. I think the Honourable the Commerce Member must be aware of the great scramble for the supply of wagons which the present system results in. Sir, I would not think of trespassing upon the patience of the House by reading any extract from the reports of the complaints made on various occasions by the Indian Mining Federation in regard to the supply of wagons. I, like my Honourable friend Mr. Neogy, have no special interests in this matter, but I submit, Sir, that as one who represents the largest number of mine owners in this Assembly, I have had the opportunity of a personal conversation with many Indian mine owners, and no body who talks to them with an impartial mind can go away without the belief that discrimination in the matter of the supply of wagons is exercised to the injury of Indian mine owners. Sir, that is a fact which it would be very difficult to substantiate by means of official figures, but, I submit, that is a fact which is apparent to any one who takes the trouble to make an impartial inquiry into the matter. The next argument, Sir, is that the coal which is supplied by the Indian mine owners of Bengal and Bihar and Crissa is not very well graded and labelled. Sir, South Africa is not the only country from which coal is imported into the city of Bombay. I will

again refer to an official publication. I do not wish to argue from any brief supplied by any body else, but I shall rely only on figures supplied by Government themselves. Referring to pages 36 and 37 of the Account of the Seaborne Trade and Navigation of British India, I find there are no less than seven countries that have been exporting coal into the heart of Bombay. Sir, examining those figures very carefully, one would naturally be struck by the phenomenon that in the case of all countries the import figure has gone on decreasing while in the case of South Africa it has gone on increasing. What speciality is there in South African coal which accounts for the sudden and progressive rise in the import figure of coal from that country? Sir, I do not suppose the Government can say that coal imported from the United Kingdom is inferior to coal imported from South Africa, because Government have themselves manifested a very great preference for coal from the United Kingdom. In the year 1922 Sir Malcolm Hailey, speaking as Finance Member, admitted that on account of the purchase of Welsh coal, Government had suffered a loss of about  $7\frac{1}{2}$  crores of rupees in their revenue. Sir, that argument, therefore, to my mind is not of any avail. The next argument is that if we raise a duty against South African coal, we shall make Bombay practically dependent on Bengal and Bihar and Orissa for the supply of coal. Let us examine this argument more carefully. What would be the position a few years after if South Africa is allowed to swamp the coal supply from any part of India? The result would be that most of the poor mines, owned almost entirely by Indians, would have to go to the wall, and a few years after the position will be that the supply of coal from Indian mines would be very much limited. At that time South Africa would be in a position to dictate to us. At that time the Bombay mill owners would have to submit to the terms laid down, not by mine owners, who are their own countrymen, but by those of South Africa.

Sir, an Honourable Member, speaking from that corner of the House, has said that strikes are a constant factor in the mines of India and, if, therefore, we rely entirely upon the Indian mines, the result would be that some of the mills in Bombay that have to depend to a very large extent on the supply of coal from other countries will be closed during the time of strike. My submission is that strikes are not the monopoly of Indian labourers. Perhaps my Honourable friend will admit that strikes are as much a possibility in South Africa, if not more so, as in India. Therefore that argument also should not preclude any body from voting for this Resolution.

Sir, I have myself personally inquired into this matter. I at first felt very great hesitation in agreeing with the views held by those like my friend Mr. Neogy who had given notice of this Resolution. I felt very great doubt, because I apprehended that this would result in what we may call a check on the productive consumption of the country. But after what little inquiry I have been able to make from those—mind you—who are directly concerned in this matter. I came to another conclusion, namely, that if you leave things as they are, if you leave the coal industry of India with its present shortage of wagon supply, with the continuous rise in the freight of coal from Bengal and Bihar and Orissa to Bombay and other places,—if you leave it entirely as it is, if you do not interfere, you do not do anything to protect this still nascent industry of India, the only result and inevitable consequence of this would be that most of the mines that are at present in the hands of Indians would have to be closed. Mind you, most of the mines owned by European firms

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would not be closed, because, so far as I have been able to understand, the shortage of wagon supply does not hit them as hard as it does Indian mine-owners, whatever may be the reason. It may be that European mine-owners are big mine-owners and therefore they get their supply more easily than the Indian mine-owners. But the fact is that out of a little more than 700 mines 500 and more are owned by small Indian capitalists; and, if you leave things as they are, the only result will be that most of these 500 mines owned by Indians will be closed entirely. In that case very little of the mining industry would be left in the two Provinces of Bengal and Bihar and Orissa, and what would be left would be owned entirely by European mine-owners. That is a danger which I would like to impress upon the Honourable Members of this House and which perhaps escaped the notice of most of those who oppose this Resolution.

I do not wish to detain the House but I only hope that the House will not be led away by the dangers—most of them imaginary—pointed out by Honourable Members who oppose this Resolution. It is not a question of two Provinces only. It is not a question of Bengal or Bihar acting to the detriment of Bombay. But it is a question of giving protection to one of the most important industries in India—an industry without which other industries in this country would perish. With these words I heartily support this Resolution.

**Diwan Bahadur M. Ramachandra Rao** (Godavari *cum* Kistna: Non-Muhammadan Rural): Sir, the speeches which have been delivered to-day by the Honourable the Mover of this Resolution and the answer that has been given on behalf of Government by my Honourable friend Sir Charles Innes have revealed to the House the extremely complicated character of the problem with which we are faced to-day. On the one hand, we have the statement that the coal industry, one of the most flourishing and one of the most important industries of India, is absolutely disorganised, that a very large number of mines have been shut down, that capital to the extent of 6 or 7 crores has been sunk in them and that no dividends are being paid by many of the companies and that in every way the depression of the coal trade has been so serious that it has affected the industrial prosperity not only of Bengal but probably the prosperity of other parts of India. Sir Charles Innes in the exhaustive reply which he made has made two points. The first was by way of advice, for organization on the part of the coal mine owners of Bengal. Secondly, his next point was that coal should be conveyed to Bombay by sea and thus conveyance charges should be saved; thirdly, his last proposal, as far as I could understand him, was the imposition of a small duty, that is the word he used, not necessarily on South African coal but on all coal imported into India. Sir, I should like to invite the attention of the House to the broad facts relating to the coal trade in this country. We have not only imports of coal from South Africa but also from other countries. The imports from the United Kingdom in 1920-21 amounted to 9,000 tons; and in 1921-22 they rose to 705,000 tons. From Natal, that is, South Africa, in 1920-21 we imported 7,000 tons and in 1921-22 we had 340,000 tons; from Portuguese East Africa for the same periods the figures were 18,000 tons and 268,000 tons respectively; from Australia 34,000 tons and 88,000 tons respectively; and from Japan we imported 10,000 tons in 1920-21, while the figures for 1921-22 are 83,000 tons. The general result may be summarised as follows, that in 1913-14 India was importing 582,000 tons of coal, while in 1920-21 we were importing 86,000 tons and in 1921-22 we imported



1,489,000 tons of coal. Sir, I am drawing attention to these facts for the purpose of showing that the problem of these imports and the consequent depression of the Bengal Coal trade have some relation to each other and, if this problem is to be thoroughly investigated, it must not necessarily be confined to imposing a countervailing duty on South African coal alone. The whole question is one for a comprehensive inquiry into the conditions which at present affected the Bengal mines. The question, therefore, is as to the remedies for restoring the Bengal Coal trade to its normal conditions.

Sir, there seem to be many more circumstances which have not been brought to the notice of this House in regard to the exact circumstances which disorganised the Bengal coal trade. One of these is there were sensational reductions in the prices in the United Kingdom immediately after the settlement of the coal strike in 1921-22. The official report of the trade in India says that :

" these reductions combined with low freight rates enabled good quality Welsh coal to be delivered in Bombay at prices very little higher than those of Bengal coal and in exceptional cases even to undersell it."

So much for British coal. It is also stated that :

" the Bengal coal owners were so hampered by transport difficulties between the collieries and the docks, and therefore foreign coal began to be imported in large quantities from June onwards and reached the maximum in November, 1922."

Therefore, Sir, the problem is much larger than that of South African coal and, while I am in hearty sympathy with the exact proposal that has been brought forward to-day of imposing a countervailing duty on South African coal,—not necessarily exactly for the same reasons which have been urged in this House, but on wider grounds which are well known,—I think that the question has to be dealt with in a much more comprehensive manner.

I would also invite the attention of Honourable Members to another aspect of the question, and that is the responsibility of the Government for the disorganization of the Bengal coal trade. So responsible a body as the Indian Fiscal Commission has stated as follows :

" It is notorious that the railway facilities for handling coal have become entirely inadequate. This serves to restrict the market, and also to depress the price for that portion of the market, namely railway companies themselves, to which there is a certainty of being able to make delivery. We have no doubt that these conditions have reacted most unfavourably on the coal industry, that till they are removed no measure of protection would lead to prosperity, and that when they are removed the industry will need no protection. The cure therefore lies in a rapid development of railway facilities, as a result of which we believe that output will be increased and a more favourable general level of prices will be obtained, though the price of coal to industries may actually fall."

Therefore, Sir, the responsibility of the Government for the development of these facilities for the transport of coal is one of the essential factors for the solution of this question, and to-day I expected that the Honourable Member in charge of Railways to have told us that, since this Report was issued in 1922, what steps had been taken to remove the difficulties pointed out by this Commission. Sir, I expect the Honourable Sir Charles Innes to make an answer to this criticism, namely, that the Government were responsible for disorganization of the Bengal coal trade in consequence of the state of things that prevailed since the war, and on account of the system of control that has been established, the whole of this trade has been disorganized, and if to-day the Honourable Sir Charles Innes had made a statement as to the

[Diwan Bahadur M. Ramachandra Rao.]

steps that have been taken to remove these difficulties some of the criticisms that have been made to-day would not perhaps have been made.

Sir, I will now refer to the other remedy that has been suggested, namely, transport by sea. The Honourable Member is aware that at present the shipping industry is entirely a monopoly. The P. and O. and the British India are a combined company, and I believe, Sir,—I may be wrong but I am certain that my Honourable friend will correct me if I am wrong, but that is the impression I gathered,—that they have a kind of working arrangement by which certainly they can corner anybody in the way of rates, and if these two companies combine and put up their rates—we have heard to-day from the Honourable Pandit Madan Mohan Malaviya that the rates have already been increased, from Rs. 7 to Rs. 9 per ton for transport—there is an end of this suggestion. The remedy which my Honourable friend Sir Charles Innes suggests is really a remedy based on the assumption that there will be no increase in the freight charges which may be imposed by these companies, and therefore, Sir, it is certainly an element that has to be counted with. We have no Mercantile Marine in this country, and if these two companies combine and make up their minds to put up their rates and bring them up to the level of transport by land, I do not know how his remedy would work in practice.

Sir, I come to the last of my Honourable friend's remedies, and that is imposing a small duty—they are his words—an allround duty on all imported coal . . . . .

**The Honourable Sir Charles Innes:** No, no. On South African coal.

**Diwan Bahadur M. Ramachandra Rao:** I understand him to state that he would impose a small duty on all coal imported into this country till normal conditions in Bengal restored. I do not know why he should hesitate in making such a proposal. I certainly would like to differentiate South Africa. I would welcome that proposal to differentiate South Africa and impose a higher rate on South African coal than coal from other countries. I therefore think, Sir, that the true remedy lies, as has been suggested by my Honourable friend Sir Purshotamdas Thakurdas, in adopting a policy of temporary protection of this industry till the normal conditions in Bengal are restored. And there is ample warrant for such a course in the Report of this Fiscal Commission. I would particularly invite the Honourable Members' attention to these words:

“We have no doubt that these conditions have reacted most unfavourably on the coal industry, that till they are removed no measure of protection would bring prosperity, and that when they are removed an industry will need no protection.”

Well, Sir, the remedy suggested is exactly in the terms of that recommendation, namely, remove these difficulties and impose some kind of temporary protective duty—not necessarily revenue duty—till the conditions are restored. These are my general observations on this question. I do not think I should enter into many of the difficulties that have been suggested to-day in regard to the quality of the coal or in regard to the price of coal in South Africa or the charges for transport from South Africa to India. Of course, these are all questions on which opinions may differ. Finally, Sir, I wish to emphasise again a point which has been made since we met in this Assembly. One of my Honourable friends asked at a previous sitting whether we have any Trade Commissioners or

Agents in other countries. To-day we have the spectacle of a great Government without any information on one of the most important questions which has been raised in this country. We have here Sir Charles Innes who says that he had to proceed to London—not for this purpose no doubt—to obtain his information from the Minister of South Africa whom he met there. May I ask my Honourable friend what arrangements are being made for the representation of our trade interests from the Indian standpoint in various countries which export their articles to this country? That is a question which my Honourable friend, Sir Charles Innes, will have to face.

Well, Sir, with these observations I give my hearty support to the proposal of my friend, Mr. Neogy.

**Mr. Harchandrai Vishindas** (Sind: Non-Muhammadan): I move, Sir, that the question be now put.

**Mr. D. V. Belvi**: Sir, I have listened with very great attention and patience and also care to the speech of the Honourable Member in charge but I confess that I have been very much disappointed at the attitude which he has taken up. I thought that Government would not take on a question like this a position of *non possumus*. This is a question of national importance. The coal industry in India is one of the nascent but most important industries in the country and on its prosperity will depend many other industries in the country. But it seems to me that Government is disposed to treat this question after the fashion of a step-mother. We know the proverbial attitude which a step-mother usually takes towards her step-son. She has to justify her conduct in the presence of her husband and she brings up all sorts of excuses. That is exactly the position which has been taken up by the Honourable Member in charge. Are you or are you not going to help this industry of coal in Bengal? We were told by some speakers that the thing must be left to take its normal course. That is exactly the thing which I want myself. If South Africa had not taken artificial measures to stimulate the export of her coal to India no Member of this House would have stood up here and asked Government to levy any countervailing duty on the article. We do not ask Government to levy a countervailing duty on all coal that is imported into India from every country on the face of the earth. The request that is now preferred to Government is not to impose

3 P.M. countervailing duties on coal imported into the country from Great Britain or from any other country than South Africa. And why do we confine our request to South Africa? It is because South Africa gives a bounty to her own coal with a view to undersell Indian coal. The object of South Africa evidently is to see that the coal industry in India dies out in course of time. It has been urged by some Members that the Bombay Presidency will be the greatest sufferer. Coal may be sold dearer in the Bombay Presidency if a countervailing duty is levied on coal coming into the country from South Africa. That may be so for a very short time. But just look at the other side of the question. Suppose you don't do anything. Suppose you sit with your arms folded. What will be the inevitable effect in a few years? You may get coal at a cheaper rate for a few years, and then, when South Africa sees that there is nobody to compete with her, she will surely have her opportunity and the industry in this country will probably die out. It seems to me that it is really a wonderful thing

[Mr. D. V. Belvi.]

to find in this House that the Government is not willing to enforce the provisions of a law which are already there. The Tariff Act, to which reference has been made in the Resolution of my friend the Honourable Mr. Neogy specifies the conditions under which such a countervailing duty may be imposed. The very provisions of the section to which reference has been made in the Resolution will satisfy every thinking Member of this Assembly on this point. Section 8 (a) of the Indian Tariff Act, 1894, as amended by Act XIV of 1899 runs thus:

"(1) Where any country, dependency or colony pays or bestows directly or indirectly any bounty or grant upon the exportation therefrom of any article and the article is chargeable with duty under the provisions of this Act, then, upon the importation of any such article into British India whether the same is imported directly from the country of production or otherwise and whether it is imported in the same condition as when exported from the country of production or has been changed in condition by manufacture or otherwise, the Governor General in Council may, by notification in the Gazette of India, impose an additional duty equal to the net amount of such bounty or grant, however the same be paid or bestowed."

Then sub-section (2) runs:

"(2) The net amount of any such bounty or grant as aforesaid shall be from time to time ascertained, determined and declared by the Governor General in Council and the Governor General may, by notification in the Gazette of India, make rules for the identification of such articles and for the assessment and collection of any additional duty imposed upon the importation thereof under sub-section (1)."

Nothing can be clearer than the provisions of this section. The Government of India are now asked to enforce this section in the case of a country which helps its own coal with a bounty. Is it fair on the part of South Africa to send out her coal to India with a bounty so that it may be in a position to undersell coal produced in India? If you wish things to take their natural course, ask the South African Government to withhold this bounty, and there will be no complaint whatever and there will be fair competition. There is no fair competition at present and that is the reason why we ask our own Government to levy this countervailing duty.

There is another thing also of which we may well take note here. There is very little love lost between India and South Africa. We know how our people are treated in South Africa. That is a consideration which ought to be present to our minds when we consider a Resolution of this kind.

**The Honourable Sir Charles Innes:** I rise to a point of order, Sir. We have been discussing this question on the economic side and I submit that it is irrelevant to bring in any question of retaliation.

**Mr. D. V. Belvi:** I submit that there is no reason whatever for us to confine ourselves to considerations purely industrial. Why should we overlook the political consideration if it also has some bearing on the point? If South Africa were on very friendly terms with us, if our people were treated with fairness in that country, that would be a very good ground for saying, "Here are our friends; we should not irritate them." But such a consideration is beside the mark in the solution of the question before us. The people of South Africa do not deserve the least consideration at our hands as they are admittedly treating our people very badly.

I find that one of the arguments on the other side is that the Bombay mills may suffer. We have got the opinion of such a great man, such a

man of business, as the Honourable Sir Purshotamdas, in favour of the Resolution. I do not think that it lies in the mouth of any gentlemen here, who are not themselves men of business in Bombay, to trot out such an argument as this simply to bolster up a case for South Africa. Then it is said that Madras and Rangoon may suffer. I have not hitherto heard any arguments from representatives of Madras or Rangoon in opposition to the present Resolution. Sir, it seems to me that specious arguments are advanced in opposition to the Resolution with a view to see that South Africa does not suffer at our hands. Then, we are told that raw materials should not be taxed. That is a proposition which is quite correct in economics. But it seems to me that, if there is competition between raw materials produced in two different countries and you find that the raw material of one country is fed with a bounty, it is the duty of the second country to see that the raw material within its own purview is put on a par with the raw material coming into it from the first country. So far as the arguments advanced by my Honourable friend, Mr. Joshi, who has said that he is keeping an open mind, are concerned, I can only say that it seems to me that my Honourable friend will not be convinced even if one rose from the dead. He has advanced arguments of all kinds which do not bear on the present point. I submit to the House that the only point for consideration is whether a national industry is to be encouraged or is to be throttled to death. That is the only point and that has to be considered from the point of view of Indians only. (*Mr. N. M. Joshi*: "Are not miners Indians?") Miners will not be sufferers. I do not know how the miners will be benefited by the retention of this bounty-fed coal in our markets. If my Honourable friend is very solicitous of the interests of miners, let him table a Resolution and it will be entitled to our consideration. At present the only point for consideration is whether the coal industry in India will or will not prosper if we levy a countervailing duty on bounty-fed coal coming into the country from South Africa. Let us not stray away from the point at issue, let us not cloud the issue. Are we or are we not going to foster a national industry? Are we to take into consideration all that has been said in the Report of the Fiscal Committee? Are we going to take into consideration the provisions of the law that have already been enacted to meet an identical case like this, *re* the sugar industry on a previous occasion? The Government of India was pleased to enact a law on that occasion and we are simply now asking it to enforce the provisions of that very law and save this national industry of coal in the country. With these few words I support with very great pleasure the Resolution moved so eloquently by my Honourable friend Mr. Neogy.

**Sir Campbell Rhodes** (Bengal: European): Sir, I should like first of all to congratulate the House on the course of the debate which has been almost entirely along economic grounds. A good deal of coal dust has, however, been raised, but even then very few general smuts have fallen upon us. I should like to mention first two points on which I think we all agree. One is that Bengal wants to capture again the Bombay coal trade. I have not heard a single voice raised against that proposition in this House. The second is in connection with railway facilities. Where we have points at variance is I think due to certain misconceptions. My colleague from Bengal, Mr. Willson, has put before the Assembly very good arguments why we should proceed with caution, and in reply he has been told that he represents good mines. I can inform the House that that is the fact because I myself sold him a most excellent colliery, but that very fact, and this gives weight to Mr. Willson's arguments, shows:

[Sir Campbell Rhodes.]

that he will chiefly benefit if this Resolution is passed. I myself have modest coal interests now and, if this Resolution is passed, I also hope to benefit by the result. It has been assumed by some speakers that all second class collieries are owned by Indians and all first class collieries are owned by Europeans.

**Mr. Devaki Prasad Sinha:** I referred to small mines and not second class mines.

**Sir Campbell Rhodes:** I will take up the point raised by my Honourable friend. Small industries of any sort in these days of big concerns are uneconomic and, if my Honourable friend will read the Fiscal Commission's Report, he will find it there shown that you cannot by protective duties protect inefficient industries because, the moment you endeavour to protect them, efficient concerns spring up and take all the benefit. All the benefit which Members hope from this Resolution will, as Mr. Willson has pointed out, accrue to the collieries which are now paying good dividends and which would be enabled to pay larger dividends. Then we have had the question of employment raised by my friend, the Pandit, I think. I think he is labouring there under a grave misconception. There is no unemployment in the colliery districts. The miners are really agriculturists and in years of good crops it is impossible to attract labour, and that is the reason why we have at the present moment such small raisings. It is only in bad years that the people, who cannot find support on the land, flock to the collieries. Therefore, the question of unemployment in this connection does not arise. Mr. Willson has made another very important point and here again, as a man who has been interested in the running of steamers, I can endorse all he said. Steamers know no limits of country, they bunker and repair in the cheapest market, and Bombay will lose a very large business, banking, insurance, repairing work and bunkering unless it can offer facilities equal to Colombo, Aden, Perim and Port Said. For many years I have managed a steamer line from England to India, and when coal rates have been high here, it has been customary to bunker from Liverpool not to Calcutta only, but back again to Port Said, where Welsh coal is again picked up. If Indian prices fall, we bunker in Calcutta. So I should like to warn the House that in passing this Resolution they may be doing very great harm to many trades in Bombay. As regards coal freights, my friend from Bombay is entirely wrong in thinking there is any monopoly. The coal business is one essentially that can be run by tramps and tramp steamers will be attracted from all over the world if the business is there, as we hope it will be shortly. Coal freights are not put up or put down for any reasons but those of ordinary economic forces. If we can offer a price for tonnage higher than China, Australia, Africa or America can offer, then we shall always attract that tonnage. Another point on which we are all agreed I think is that we are not interested in Natal coal. I think we are agreed probably that a case has been made out under which we can, if we so desire, put on countervailing duties. Bounties are granted by Natal and we have the machinery to put on a countervailing duty. The only question for us to decide is, does it suit our own book? The Fiscal Commission report says:

"It is seldom that a tariff war has done anything but harm to both the countries which have entered on it."

Indian economists constantly lament that the exports of India consist of raw materials and the imports of manufactured articles. Here we have a case where the imports consist of raw materials and the exports of very large quantities of manufactured textiles. Do we want to upset Africa and cause a retaliatory war? It has been suggested that Natal will capture the trade and then there will be only one source of supply. I think that is unlikely. I think it extremely probable that Bengal will get back its own and that Bombay, if it is wise, will just keep open that second string; because, if it intends to depend entirely on Bengal, its industries may very seriously be jeopardised in times of congestion on the railways, strikes in the collieries, political unrest and various other causes which have upset the coal supply in Bengal.

And now one last point on which we all agree on this side of the House, and that is, when everything else fails we can abuse the Government. Sir Charles Innes has told the Bengal trade to put their house in order, to ship better graded coal from Calcutta. They are endeavouring to do so but they are meeting with very great difficulties. It has been an old-standing controversy between me and Sir Charles Innes as regards the treatment that the Bengal coal trade received during the war from the Government. The shortage of wagons meant that only collieries raising better class coal could get an adequate supply of wagons, which gave rise to the constant charge of discrimination between one colliery and another. Then there is the fact that those wagons are not suitable for mechanical loading. Sir Charles Innes has said that collieries should put in more screening plant; but screening plant cannot be put in to load covered wagons and cannot be efficiently equipped if covered wagons are ever going to run into the siding where that screening plant exists. The coal trade has long been starved. We have now got this rebate and I certainly advise the House not to venture on a dangerous experiment without waiting to see what this rebate will do. We must remember that the largest consumer of Indian coal is the railways, which take about half our production. If we are going to pay Rs. 3 more a ton, our finances in the Budget are going to be in a parlous condition.

**Sir Purshotamdas Thakurdas:** Are not the rates more or less fixed for the next two years?

**Sir Campbell Rhodes:** The root of the whole matter therefore is, that we should have better railway facilities; and there again, I think, Sir Charles Innes might possibly turn round on the House and say: "if you will give us the money, we will put our railways in order." But for these reasons and for these arguments which have been largely used by Mr. Willson and which have not been answered, I would strongly recommend the House to postpone any further action until they see what has been the result of the present railway rebate.

**Mr. Jamnadas M. Mehta** (Bombay Northern Division: Non-Muhammadan Rural): Sir, after what fell from my friend, Mr. Belvi, I did not think it was necessary for me to say anything further with reference to the question before the House. But my Honourable friend who last spoke referred to one point: "it is not at all likely," he said, "that if you do not pass this Resolution, it will lead to a situation which will eventually make South African coal supreme in India." Sir, as to that we have an historical example of imports. Time was when India exported cotton fabric to Japan, and till 1914 Japan was actually a customer of India. But,

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thereafter, Japan began to send bounty-fed cotton goods to India, with the result that to-day not only is Japan not our customer, but we have become a customer of Japan's. And here also, if we allow this coal industry of Natal to invade further and further the coal industry of India, just as it has happened in the case of Japan sending goods to us instead of receiving goods from us, a time will come when South African coal will throttle and eventually strangle the coal industry of India; and I want you to consider—when there is so much common ground on both sides and it is admitted that the coal industry to-day is hampered by the shortage of wagons and is thereby prejudiced, and, further when it has to meet the competition of South African coal, in the face of this and in the face of the example of Japan which I have quoted,—I want you to consider whether it is not necessary for us to be wide awake betimes so that we might not be taken unawares when the real eventuality comes. One other item of information which the Honourable Sir Charles Innes might have given to this House was, the cost of bringing South African coal from the bottom of the pit to the mouth? That would have helped us to understand the problem much better than it has been possible to do so far. Well, Sir, I also do not want to make any comment on the political aspect of the question of South Africa, and I agree with my Honourable friend, Mr. Neogy, that the Government need not be charged with nefarious motives; I would rather go further and say that they have exhibited two eminent Christian virtues, that is, charity and humility. They have allowed South African coal to invade us, and they are prepared to allow that to go on until the invasion is complete and the battle is over: so that far from charging them with bad motives, we have to credit them with these two Christian virtues; they have turned the other cheek to the smiter and have subjected the coal market of India to this invasion of coal from South Africa. But we are not prepared to accept that position, and, Sir, in the interest of one of the industries which is also a feeder industry to the other industries, it is necessary that this Resolution should be adopted by a very large majority, if not unanimously.

(Several Honourable Members: "I move that the question be now put.")

**Mr. K. C. Neogy:** Sir, I will take just a few minutes to reply to some of the points raised in the debate. My labour has been considerably lightened by the previous speakers, particularly Sir Purshotamdas Thakurdas and Pandit Madan Mohan Malaviya. The Honourable Sir Charles Innes challenged my figures with regard to the rates of rebate granted in South Africa. I may inform my Honourable friend that I obtained my figures from the Minutes of the Coal Conference which was held on the 22nd August 1923 in Calcutta at which the Honourable Mr. Chadwick, who was officiating for my Honourable friend at that time, presided. There the latest figure about the South African rebate is given as 7s. 9d. on the ton of two thousand pounds. It is a South African ton. My Honourable friend, Sir Charles Innes, would put the rebate at a much lower figure now. But I will let that pass. The Honourable Sir Charles Innes took upon himself the rather philanthropic duty of supporting the South African Railway policy and he apologised—at least he seemed to apologise—for the South African policy. (The Honourable Sir Charles Innes: "It is our own policy.") I thought you were justifying the South African policy. I thought Sir Charles Innes said that the South African policy



was not entirely directed against Indian coal. I do not know what his authority is for making that statement. On the other hand, I know that the Honourable the Commerce Member has not been in a position to reply to some of the most pertinent inquiries that have been made during this debate.

Now, Sir, another point which the Honourable Sir Charles Innes has made is that Bombay has imported foreign coal for many years, so this is not a new thing at all. But can my Honourable friend point out a single year during the history of the Indian coal in which the net import into India of foreign coal stands at 5 lakh tons, which was the figure for 1923, that is to say, when our imports exceeded our exports by 5 lakh tons? Another point which the Honourable Sir Charles Innes has made is that because Bengal coal is inferior in quality it cannot compete with South African coal in Bombay. Now, I will refer him to the statement which Sir Willoughby Carey made at the Associated Chambers of Commerce, the meeting of which was held very recently in Bombay, in which he disputed the accuracy of this assertion. He said:

"As regards the 10 per cent. difference in quality of coal one was always inclined to be suspicious that this might be a buying counter, because naturally every buyer decried the article he wanted to buy in favour of something else."

It seems to me that Mr. Chadwick, who was representing the Government of India at that meeting, practically accepted that proposition. Now, Sir, my Honourable friend has referred to the question of quality of coal. But what about the shortage of coal—10 per cent. shortage—physical disappearance while in transit, which has become a normal feature of the coal sent out from Bengal to Bombay.

**The Honourable Sir Charles Innes:** Then do not send it by rail. That is my whole point.

**Mr. K. O. Neogy:** I presume the Honourable Member means to say that if the part rail route were preferred such shortage would not occur. But I beg to remind the Honourable Member of a case in which coal was sent out from the coal fields to a not very distant place, Tittagarh, and in which there was a shortage of 8 per cent. So, instead of lecturing the coal trade as to how best to put their house in order, the Honourable Member may as well put his house in order and attend to this pilferage which is a notorious factor in the railway working of to-day. Now, Sir, the Honourable the Commerce Member has stated to us that the transport charges from Bengal by part rail route are . . . .

**The Honourable Sir Charles Innes:** Rs. 12-8-6 from Jharria, and Rs. 11-10-3 from Raneegunge.

**Mr. K. O. Neogy:** I will give him an analysis of the cost of transport. The Jharria rate is Rs. 3-8 and the Raneegunge rate is Rs. 2-8. If we take an average of the two, we get Rs. 3, and I may remind the Honourable Member that Bombay takes more coal from Jharria than from Raneegunge, so that it would not be quite unjust if we were to take Rs. 3-4 as the average railway freight for coal from Bengal. Add to that shipping freight, which stands at Rs. 9. The instance in which it stood at Rs. 7 was an exceptional one, as I have told the House, and no quotations below Rs. 9 are available just now. Then add the Port Commissioner's charges, which come to Rs. 1-4. Then again, insurance, finance and loss in weight, to

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which I have just referred, result in Rs. 2. Dock charges on the Bombay side, Rs. 1-12. The total comes to Rs. 17-4 by the part rail route. Now, Sir, add to this the average raising charge, which is Rs. 6-8. I have got a list with me which shows the raising charges of various coal concerns in Bengal. There are eight of them here, five under European management and three under Indian, and the average stands somewhere near Rs. 6-8. The total, therefore, comes up to Rs. 23-12. Now what about interest on finance? What about profits? Now, Sir, Sir Charles Innes has tried to impress upon the trade the necessity for reducing the price. Will he indicate the direction in which the reduction can be effected? Another statement the Honourable the Commerce Member made was that the Natal coal trade has cut prices, whereas the Indian trade has not. I do not know what authority he has for making that statement. If that be so, then I believe the case for a countervailing duty is unanswerable. Another piece of advice which the Honourable the Commerce Member has given to the trade is that the trade should combine and make determined efforts to improve their lot. I am sure the trade will be very thankful to the Honourable Member for this advice, but I may point out that it is perfectly superfluous. The trade did not close down so many mines for the mere fun of it, or merely to add weight to my arguments in support of this Resolution. Now, Sir, I will leave the Honourable the Commerce Member at that. My Honourable friend Mr. Willson has assured us that he has been getting his dividends quite all right these years. Our congratulations to him on that circumstance. He advises the trade only to stick to the best quality, but he forgets the smaller undertakings that are already being closed down. On this point my Honourable friend Sir Campbell Rhodes stated that the small undertakings are uneconomic. I believe he would very much welcome the consummation under which all these smaller coalfields would be closed down, much to the benefit of the shareholders of the bigger coal concerns. My Honourable friend Mr. Willson representing in this House the Associated Chambers of Commerce as he does, has very faithfully reflected the views of Sir Willoughby Carey expressed at their Conference. Neither Sir Willoughby Carey nor my friend Mr. Willson has a word to say about the Bombay market; they both cast longing glances at the ports of Singapore, Aden and other places, but do not very much care what happens to the Bombay market.

Now, Sir, my Honourable friend Mr. Willson says that the effect of putting on this countervailing duty would be to raise prices, and that the only guarantee against soaring prices is foreign competition. I may assure my Honourable friend that it is not my desire to eliminate foreign competition altogether. My Honourable friend Diwan Bahadur Ramachandra Rao has read out a long list of countries which export coal to India. I never suggested that we should put any high duty on coal brought from countries other than South Africa. So that the foreign competition would be there, and, if the circumstances to which my Honourable friend Diwan Bahadur Ramachandra Rao has referred, which enable Welsh coal to sell cheaper at Bombay—if those circumstances continue, there is no reason why Welsh coal should not be able to beat Indian coal in the Indian market. So, there you have got that element of competition already. And I may remind him also that there is another factor which will come into play, and that is, the internal competition. If you make the position of the coal trade more favourable, surely there will ensue competition among

the various concerns. The coal trade is not worked by a big combine operating throughout India. There are several concerns which will begin to compete with one another, and that certainly will have the effect—at least, it will tend to keep down prices.

Now one last word. My Honourable friend Sir Campbell Rhodes says that it will affect the Budget. I do not know how it will, but perhaps he forgets that, if you place the coal trade on a satisfactory footing, you can surely expect a much larger return in the shape of income-tax from these concerns which would otherwise close down. That is a factor which I am sure my Honourable friend Sir Campbell Rhodes forgot to consider.

With these words, Sir, I beg to place the Resolution before this House.

**The Honourable Sir Charles Innes:** Sir, I will do Mr. Neogy this much justice—of all the speakers who have spoken in this debate he is the only one who has made any attempt to answer my real argument. My real argument was that there was no occasion, there was no necessity, to put on this countervailing duty because the remedy lay in the hands of the coal trade itself; and I strove to prove that argument by comparing the transport costs of Natal coal from Durban to Bombay—from the coalfields in Natal to Bombay, and the transport costs of Indian coal from Jherria to Bombay. And I proved there was an advantage in favour of Indian coal of Rs. 3 a ton from Jherria. Mr. Neogy has challenged those figures. He says that I did not take into account marine insurance, that I did not take into account finance, that I did not take into account profits, that I did not take into account Port Commissioners' charges. He has added on all those charges to the transport costs of Indian coal and he has proved that it costs Rs. 17-4 a ton to transport that Indian coal from Jherria to Bombay. But, Sir, he has forgotten that those charges equally have to be added on to the transport costs of South African coal. South African coal has to pay marine insurance, South African coal has to arrange for finance, South African coal expects a profit, South African coal has to pay Port Commissioners' charges; and it is exactly for that reason I missed out those things. I was comparing like with like, and this very clever red-herring which my Honourable friend Mr. Neogy has tried to lead across the trail leaves me entirely unaffected and also leaves my argument entirely unaffected. I claim that the argument I put forward in my first speech remains unchallenged by any speaker in this House.

Now, Sir, let me take Sir Purshotamdas Thakurdas. Sir Purshotamdas stands before this Assembly as a late President of the Indian Merchants Chamber and Bureau and as a businessman, and I must say that I derived very considerable comfort from his speech, because Sir Purshotamdas also made not the slightest attempt to meet any one of my arguments. It was perfectly obvious to me that Sir Purshotamdas Thakurdas knew that he had a very weak case and like so many people in that position he thought the only way to meet me was not to tackle my arguments but to try to cast suspicion upon my facts. He laid great stress upon the fact that I had no information about the local price of coal in Durban. Of course I had not, Sir. Why should I have? I do not deny and I never have denied that the price of export coal in South Africa is lower than the price of coal in that country. (Sir Purshotamdas Thakurdas: "What is the difference.

[Sir Charles Innes.]

Sir?") I clearly stated that the rail freight on coal from Hattingspruit to Durban for local consumption there was 12s. 11d. per ton; and I also stated that the rail freight on coal for export from Durban was only 6s. 4d. a ton. I pointed out that the difference was 6s. 7d. per ton and it is perfectly obvious to every one, I imagine, that the price of coal in Durban must be dearer by at any rate that amount than the price of coal exported. There is no mystery about it and no capital can be made out of it, because I thought the fact was so self-evident that I need not go into it.

Again, Sir, both Mr. Neogy and Sir Purshotamdas have also drawn attention to the difference in the figures for rebate. I had forgotten what Mr. Chadwick said at that meeting in August 1923. But here, again, my argument is unaffected. The whole of my argument was based on the net railway freight from Vryheid to Durban and I based my argument about transport charges upon that. Now, the rebate is the difference between the rate for export coal and the rate for coal for local consumption. Now, during the war the South African railways adopted a different policy from us. They raised their rates on coal for local consumption and for bunkers to a very high figure indeed; but they maintained their rate for export coal practically at the same figure. Here are the figures taken from the Report of the General Manager of Railways and Harbours in South Africa. Before the war the rate was 4s. 11½d. per ton of 2,000 lbs. on export coal from Hattingspruit to Durban. In 1922 the rates had been raised to 5s. 7¼d. per ton of 2,000 lbs. That is 6s. 4d. per ton of 2,240 lbs. Now, if you remember that the freight rates for local consumption were raised very high, that the rates for export coal were maintained at practically the same level, that accounts for the difference in the rates of rebate. But the whole of my argument was based upon the net freight rates from Hattingspruit to Durban.

Then, Sir Purshotamdas Thakurdas, in default of a better argument, proceeded to adopt that easy course which is always open to non-officials, as stated by Sir Campbell Rhodes, of attacking the Government. He attacked the Railways. He told us that the whole of the coal industry had been paralysed by coal control. Sir, I can tell him this. If it had not been for the coal control, all the other industries in India would have been paralysed, and, when my Honourable friend Sir Purshotamdas Thakurdas goes back to Bombay, and when next time he attends a meeting of the Board of Directors of the Tata Iron and Steel Company, let him ask his co-directors what would have happened to the Tata Iron and Steel Company if it had not been for the coal control. It is very easy now for him to say that all the troubles of the coal industry are due to the coal control. Sir, the Tata Iron and Steel Company would have been in very great trouble at this time if it had not been for the coal control, and so would all the other industries in India.

Then, again, Sir, he used the very extraordinary argument, that the bad quality of Bengal coal is due to bad railway facilities. I must say I cannot follow the sequence of thought. But, Sir, I will just say this. If railway facilities are so bad, why add to the difficulties of the railways by trying to encourage the people to send more and more coal to Bombay over those railways? Does not that prove my very point, the point that I have been trying to bring home not only to this House but also to the coal trade, that the whole solution of this problem lies in the coal trade

reverting to the route we followed before the War, namely the part-rail and the part-sea route?

I am getting a little tired, Sir, of these attacks on our railways in connection with the coal trade. Let me say something about the coal trade itself. What is one of the root causes of all this trouble of railway facilities in the coal fields? It is this. We have in the Jharris field alone 600 collieries, of which 389 or 60 per cent. produce less than a thousand tons of coal per month, that is, less than 2 wagon loads a day. That is in the Jharria field alone. What does that mean to Railways? It means that they have to send pilot engines all over the fields, dropping a wagon here and a wagon there, because these little collieries are able to load only one or two wagons. Then again we have to collect these wagons, and sort them in the up direction and down direction and to various destinations. In Natal where they produce 3 million tons against 10 million tons in the Jharria fields, they have only 22 collieries, of which only two have an output of less than a thousand tons. Consider and contrast the state of affairs in the Jharria fields. We have got 600 collieries, most of them very small, most of them below the real economic size. It reminds me about a conversation I had with my Honourable friend Diwan Bahadur Ramachandra Rao two or three days ago. Many years ago the Department of Industries in Madras established a rice mill in the Tanjore district. It was a startling success. Within a very short time, there came into existence no less than 35 rice mills, not one of which could earn a living. Similarly, in the district from which Diwan Bahadur Ramachandra Rao himself comes, he tells me that at this time there are no less than 200 rice mills, not one of which works for more than two months a year. It is this multiplication of small collieries that causes all the trouble, and yet the Railways don't do badly. Not only do we carry a heavy general trade through these coal fields along our railway lines, but on the East Indian Railway we shore out coal from the fields at the rate of 2,070 wagons a day, that is at the rate of 27 tons a minute; in addition to that we bring, 2,070 empty wagons a day for entry. That means we take in and out of the coal fields something like 80 or 90 coal trains a day. There is a great deal said about the inefficiency of the railways. I think I have shown that the real trouble in the coal fields is very largely the inefficiency of the industry—it is the multiplication of these small collieries. I do admit—and always have admitted—that during the war we fell behindhand with transport facilities as compared with the increase of coal production, but let me tell Mr. Ramachandra Rao that this question of improvement in transport facilities in the coal fields occupies the main part of the five-year programme both on the East Indian Railway and on the Bengal Nagpur Railway.

The Honourable the Pandit, Sir, accused me, I understand, of having a cold heart, of having no national feeling in this matter. (*Pandit Madan Mohan Malaviya*: "Over this question".) Sir, the difference between the Pandit and myself is not a difference of object; it is merely a difference of method. We both—as I entirely agree and as I have said before—we all of us agree here that we can wish for nothing more than that the Bengal coal trade should itself supply all the coal that India requires in our own parts and also build up a big export trade. Where the Honourable Pandit and myself differ is in the method by which we would arrive at this end. He recommends the method of a sort of intoxicant. This is the method of protection. Well, Sir, I am not going to say anything about protection

[Sir Charles Innes.]

on this occasion but I do say this that, if you can avoid protection, avoid it by all means. If you can get the same end by free trade, that is a very much better way to get it. Now that brings me back to what I have always maintained, which I have maintained throughout this debate . . .

**Pandit Madan Mohan Malaviya:** May I interrupt, Sir, to say that I do not want to take up the question of protection here. I want that the two persons who are to run the race should start with equal weights.

**The Honourable Sir Charles Innes:** As I said, Sir, I now come back to the point that I have striven to make all through this debate. It has been our policy ever since 1920 to try and drive this coal trade back from the all-rail route to Bombay to the part-sea, part-rail route. That policy, Sir, was endorsed by every Chamber of Commerce in India, including I may mention the Indian Merchants Chamber and Bureau. I have shown, Sir, by figures, which have not been challenged by anybody in this House, I have shown, Sir, that if only the coal trade will revert to that route, they have an advantage over Natal coal in transport charges alone of not less than Rs. 3 per ton. I want to know why in these circumstances the trade cannot itself attack and reconquer this Bombay market, and I have had no answer. Mr. Ramachandra Rao states that it is a difficulty of shipping. That is not the case at all, Sir. The last figures I saw were that there were ten million tons of shipping laid up in the world. If only the shipping world could come to know that coal freights are offering in Calcutta we shall get back into eastern waters a thing which we very badly want—the old British tramp. If the coal trade adopt the methods I have suggested and if it reverts to this part-rail part-sea route, then I fail to see any reason at all why it should not recapture this market without reducing its prices at all,—though I think there is scope for reduction in their prices. I say also that, if after they have made a real effort to recapture the market in Bombay, we are satisfied that they cannot do it, then the Government will be prepared to consider the putting of a small countervailing duty on South African coal. But that is a question for the future. The matter rests with the coal trade for the present and it is up to them to try to recapture this market by their own methods.

**Mr. M. A. Jinnah:** (Bombay City: Muhammadan Urban): May I ask the Honourable Member one question, Sir? How long will it take to recapture the coal trade if all the efforts which he has suggested are made thoroughly?

**The Honourable Sir Charles Innes:** I am afraid, Sir, I cannot give any very definite answer to that question. I can only say that  
4 P.M. within the last six weeks 4 steamers have gone, and at any rate these 4 steamers should give some indication of the progress they are making.

**Mr. President:** The question is:

“That this Assembly recommends to the Governor General in Council that in view of the recent depression in Indian Coal Trade, a countervailing duty be imposed on the South African Coal imported into India, to the extent of the indirect bounty enjoyed by it, in the shape of rebate on railway freight under the provisions of section 8 (a) of the Indian Tariff Act, 1894 (VIII of 1894), as amended and in pursuance of the policy indicated by the Indian Fiscal Commission in paragraph 141 of their Report.”

The Assembly divided :

AYES—77.

Abdul Karim, Khwaja.  
 Abhyankar, Mr. M. V.  
 Ahmad Ali Khan, Mr.  
 Ahmed, Mr. K.  
 Aiyangar, Mr. C. Duraiswami.  
 Aiyangar, Mr. K. Rama.  
 Akbar Khan, Sardar Mahboob Ali  
 Khan Mohammad.  
 Alimuzzaman Chowdhry, Mr.  
 Aney, Mr. M. S.  
 Asjad-ul-lah, Maulvi Miyan.  
 Bahawal Baksh, Chaudhri.  
 Belvi, Mr. D. V.  
 Bhat, Mr. K. Sadasiva.  
 Chaman Lal, Mr.  
 Chanda, Mr. Kamini Kumar.  
 Chetty, Mr. R. K. Shammukham.  
 Das, Mr. Bhubanananda.  
 Das, Mr. Nilakantha.  
 Dumasia, Mr. N. M.  
 Dutt, Mr. Amar Nath.  
 Ghose, Mr. S. C.  
 Goswami, Mr. T. C.  
 Geur, Dr. H. S.  
 Govind Das, Seth.  
 Gulab Singh, Sardar.  
 Hars Raj, Lala.  
 Hari Prasad Lal, Rai.  
 Ismail Khan, Nawab.  
 Iyengar, Mr. A. Rangaswami.  
 Jeelani, Haji S. A. K.  
 Jinnah, Mr. M. A.  
 Joshi, Mr. N. M.  
 Kartar Singh, Sardar  
 Kasturbhai Lalbhai, Seth.  
 Kazim Ali, Mr. M.  
 Kelkar, Mr. N. C.  
 Lohokare, Mr. K. G.  
 Makan, Mr. M. E.  
 Malaviya, Pandit Krishna Kant

Malaviya, Pandit Madan Mohan.  
 Mehta, Mr. Jannadas M.  
 Misra, Mr. Shambhu Dayal.  
 Misra, Pandit Harkaran Nath.  
 Murtuza Sahib Bahadur, Maulvi  
 Sayad.  
 Mutalik, Sardar V. N.  
 Nambiyar, Mr. K. K.  
 Narayandas, Mr.  
 Nehru, Dr. Kishenlal.  
 Nehru, Pandit Shamlal.  
 Neogy, Mr. K. C.  
 Pal, Mr. Bipin Chandra.  
 Patel, Mr. V. J.  
 Phookun, Mr. Tarun Ram.  
 Piyare Lal, Lala.  
 Purshotamdas Thakurdas, Sir.  
 Ramachandra Rao, Diwan Bahadur M.  
 Rajan Bakhsh Shah, Mukhdam Syed.  
 Rangachariar, Diwan Bahadur T.  
 Ray, Mr. Kumar Sankar.  
 Reddi, Mr. K. Venkataramana.  
 Roy, Mr. Bhabendra Chandra.  
 Samiullah Khan, Mr. M.  
 Sarfaraz Hussain Khan, Khan  
 Bahadur.  
 Setalvad, Sir Chimanlal.  
 Shrafee, Maulvi Muhammad.  
 Shams-uz-Zoha, Khan Bahadur M.  
 Singh, Mr. Gaya Prasad.  
 Sinha, Mr. Devaki Prasad.  
 Sinha, Kumar Ganganand.  
 Svamacharan, Mr.  
 Tok Kyi, Maung.  
 Ujagar Singh Bedi, Baba.  
 Venkatapatiraja, Mr. B.  
 Vishindas, Mr. Harchandrai.  
 Wajihuddin, Haji.  
 Yakub, Maulvi Muhammad.  
 Yusuf Imam, Mr. M.

NOES—39.

Abdul Qaiyum, Nawab Sir Sahibzada.  
 Ajab Khan, Captain.  
 Akram Hussain, Prince A. M. M.  
 Allen, Mr. B. C.  
 Blackett, The Honourable Sir Basil.  
 Burdon, Mr. E.  
 Butler, Mr. M. S. D.  
 Calvert, Mr. H.  
 Chatterjee, The Honourable Mr. A. C.  
 Cocks, Mr. H. G.  
 Dalal, Sardar B. A.  
 Dunk, Mr. H. R.  
 Faridoonji, Mr. R.  
 Fleming, Mr. E. G.  
 Ghulam Bari, Khan Sahib.  
 Hailey, The Honourable Sir Malcolm.  
 Hira Singh, Sardar Bahadur Captain.  
 Holme, Mr. H. E.  
 Hovell, Mr. E. B.  
 Hyder, Dr. L. K.

Innes, The Honourable Sir Charles.  
 Lindsay, Mr. Darcy.  
 Moir, Mr. T. E.  
 Moncrieff Smith, Sir Henry.  
 Nag, Mr. G. C.  
 O'Malley, Mr. L. S. S.  
 Owens, Lieut.-Colonel F. C.  
 Parsons, Mr. A. A. L.  
 Percival, Mr. P. E.  
 Rhodes, Sir Campbell.  
 Richey, Mr. J. A.  
 Roy, Mr. K. C.  
 Rushbrook-Williams, Prof. L. F.  
 Singh, Rai Bahadur S. N.  
 Stanyon, Colonel Sir Henry.  
 Tottenham, Mr. A. R. L.  
 Turing, Mr. J. M.  
 Willson, Mr. W. S. J.  
 Wright, Mr. W. T. M.

The motion was adopted.

## RESOLUTION RE REDUCTION OF THE PROVINCIAL CONTRIBUTIONS.

**Mr. B. Venkatapatiraju** (Ganjam *cum* Vizagapatam: Non-Muhamadan Rural): Sir, I beg to move:

“That this Assembly recommends to the Governor General in Council to make necessary arrangements in framing the Budget for 1924-25 for giving substantial relief to the Provinces in the matter of provincial contributions and in any event not less than three crores be reduced from the amount of provincial contributions in 1924-25 to enable the provincial Governments to spend more money for development purposes, sanitation and education.”

Sir, though in this Assembly this is the first occasion, I may mention that this is the fourth occasion on which this question has been discussed in one way or another, and I am sure that, so long as the Finance Member relies upon provincial contributions, this question will come up till it is finally solved. I do not propose to go into the debatable ground which takes us on to the side issue as to whether the contributions have been properly fixed. That question, according to my understanding of the position, was solved, or at least settled, when the division was effected of the revenues of the Central Government and the Provinces. The question of allocation was referred to the Financial Relations Committee, known as Lord Meston's Committee, who decided, rightly or wrongly it is not my purpose to say now, that out of the heads of revenue allotted to the provinces they should contribute to the Central Government to the extent of 988 lakhs in certain proportions. In their report they added further that Madras should contribute about 348 lakhs, the United Provinces 240, the Punjab 175, which they admitted in their report was double the proportion which these provinces ought on equity to contribute to the Central Exchequer. With reference to other provinces they said that Bombay should pay 56 lakhs, Bengal 63, Burma 64, Central Provinces 22, and Assam 15 lakhs, while Bihar and Orissa need not contribute at all. Admitting that there was some inequality in the proportions allotted to the first three provinces, they suggested that, in the course of seven years from that date, the provinces contributing the higher proportions should have their contributions reduced while taking a gradually increased amount from the provinces contributing less initially. According to their calculation, Madras is paying double the legitimate proportion, the Punjab is paying double the legitimate proportion, and the United Provinces has to pay nearly 60 per cent. more than what she has to pay. Naturally, when this decision was given, none of the provinces were satisfied, and everyone of them complained and, as we call it, they carried an appeal to the British Parliament, and a Committee, the Joint Parliamentary Committee, inquired into the matter again, and they gave relief in a particular manner with reference to the complaints made by some provinces. With reference to Bombay, they said, “we are prepared to give you some additional sum out of income-tax”, which they have put at 3 pies per rupee, and they also added that no province which has initially to pay a smaller amount, need pay a higher amount according to the recommendation of Lord Meston's Committee. And, thirdly, they stated that the provinces which were obliged to contribute more than their legitimate share should get relief at the earliest possible opportunity, and the Government should shape their financial policy to that end. In order to emphasize my point, I may be permitted to read that recommendation of the Joint Committee's



Report, which you will find in the Appendix to the Government of India Act Rules, page 23:

"Realizing as they did (this Joint Parliamentary Committee) the extent to which the success of the reforms scheme will depend upon a satisfactory solution of the difficult question of the allocation of revenues to the provincial Governments and to the Central Government, respectively, the Committee have given the most anxious consideration to the proposals made to this end in the Report of the Financial Relations Committee and to the opinions of the various Local Governments. The Committee recognize the intricacy of the problem with which the Financial Relations Committee had to deal and the difficulty, if not almost the impossibility, of arriving at any solution which was likely to be acceptable to all Local Governments".

I may add here that that is a reason why I do not propose to convince some of my friends in this House that what they have done is fair to all provinces; because they themselves say that it is impossible to convince all the Members because generally it is not very easy even for the just Judge to satisfy all the parties' claims and aspirations; and they went on further:

"The proposals made by Lord Meston's Committee and embodied in these rules have met with varied reception. They are endorsed by the Government of India, and some of the Local Governments have accepted the contributions proposed for them, while others dislike the ultimate standards. But certain provinces, particularly the three Presidencies, are dissatisfied with the treatment of their own claims, and the Government of Bombay contest not only the amount of their contribution but also the allocation of the heads of revenue on which the whole scheme is based. The Committee therefore have no reason to differ from the fundamental features of the proposals, and they are definitely opposed to provincializing the taxation of income. They believe that such dissatisfaction as the proposals have aroused is inevitable in distributing the resources, and that the impossibility of removing by a stroke of the pen inequalities which are the result of long-standing historical causes has been overlooked."

In this connection also I may add the sufferings and inequity under which Madras has suffered not at the time of the year 1919 but from the year 1871. It has been a subject matter of comment and representation not once but several times by the Madras Government and by the Madras Legislative Council to the Government of India.

The Committee went on to say:

"None the less the Committee would be glad on grounds of policy to alleviate the disappointment caused by the restraints which the system of contribution lays on the employment by the provinces of their revenues."

And they add:

"There should be granted to all provinces some share in the growth of revenues from taxation of income so far as that growth is attributable to an increase in the amount of income assessed."

And they further say:

"That in no case should the initial contributions payable by any province be increased and therefore even those that are contributing a very small amount need not pay higher according to this but the gradual reduction of the aggregate contributions should be the sole means of attaining the theoretical standards recommended by the Finance Committee."

The manner in which this is to be effected is specified in Rule 18. And they add:

"The acceptance of this latter proposal emphasises the intention that the contributions from the provinces to the Central Government should cease at the earliest possible moment."

[Mr. B. Venkatapatiraju.]

They add:

"The Committee attach great importance to the fulfilment of this intention and they are convinced that the opposition which the proposals have evoked would be much diminished if it becomes possible for the Government of India to take steps to ensure the abolition of the contributions within a reasonably short period."

And they add:

"They trust the Government of India and the Secretary of State will in regulating their financial policy make it their constant endeavour to render the Central Government independent of provincial assistance at the earliest possible date."

Sir, this is emphatic enough. When they asked these provinces to contribute they stated:

"We look to the Government of India and the Secretary of State in Council that these contributions are wiped out at an early stage and they should try to reduce them within a reasonable time."

With this before us on the 30th of September 1921, the Government of India brought in an amendment of Rule 18 of the Devolution Rules to the effect that the contributions that have to be made by Bengal to the extent of 63 lakhs should be exempted for a period of three years. The reason stated by the Honourable the Finance Member at that time was not only financial but also political. Apparently he meant that the Bengal Government, or at any rate the transferred portion of it, refused to carry on the work unless they were freed from the burden. Whatever be the case, such a motion was made on the floor of this House. Immediately, in order to safeguard the interests of Madras, as well as other provinces, I sent in an amendment to the effect that since Government were showing some concession to Bengal according to its necessities, similar help or suitable assistance might be rendered to other provinces under similar circumstances. The Government replied:

"We are particularly concerned with Bengal now. That is the only subject before us. When the necessity arises and when the other provinces feel the grievance, it is open to Members to put it before us and it is equally open to us to see how far we can help them."

That is what the Finance Minister stated then and he added:

"We would like to see the day when the contributions from all provinces will be wiped out."

That was in the year 1921. Again the next year, in 1922, a Resolution was moved in this House:

"That the present total provincial contribution to the Central Exchequer be reduced by 2 crores of rupees, the benefit of such reduction being immediately given to the Provinces of Madras, the United Provinces and Punjab."

I may state, to clear a misapprehension, that the Resolution need not have added the words "United Provinces, Madras and Punjab," because, according to the Devolution Rule No. 18, the provinces which would get the benefit would be only these three provinces. Devolution Rule No. 18 states:

"From the financial year 1922-23 onwards a total contribution of 963 lakhs, or such smaller sum as may be determined by the Governor General in Council, shall be paid to the Governor General in Council by the Local Governments mentioned in the preceding rule. When for any year the Governor General in Council determines as the total amount of the contribution a smaller sum than that payable for the preceding year, a reduction shall be made in the contributions of those Local Governments only whose last previous annual contribution exceeds the proportion specified below of the smaller sum so determined as the total contribution."

And the only three provinces which are paying a higher amount than their legitimate total are these three Provinces. Unless the whole contribution is wiped out, the other Provinces who are paying comparatively very small amounts may not get a benefit. When this Resolution was put before the House, an amendment was moved by an Honourable Member from Bombay suggesting that the whole question might be referred to a fresh impartial Commission in order to consider the re-allocation of revenues. Now the Government, taking advantage of the mutual opposition of the Provinces, with the help of Bombay and some Bengal friends, have defeated the other Provinces, and again they have defeated the proposal of the Bombay Government with the help of Madras, U. P. and so on, and, therefore, both of them were defeated by the Government successfully. Now, on that occasion, what Sir Malcolm Hailey, the then Finance Minister, stated was this:

"We can do our best in the matter of remission. It has been described as a promise only, but as we regard it, it is more than a promise, it is a definite policy."

Now, Sir Malcolm Hailey began in 1921 with a promise and went on in the year 1922 by stating, "it is not merely a promise but a definite policy." But we have not stopped there. We have gone a little further. In the year 1923 another Resolution was moved during the time of Sir Basil Blackett, the present Finance Minister. At that time the Resolution placed before the House was this:

"That this Assembly recommends to His Excellency the Governor General in Council that steps be taken immediately to set apart some revenue for the purpose of wiping out all contributions from the Provinces in the course of six years."

That was the proposition placed before the Assembly. At that time the present Finance Minister stated:

"I recognise that every one of the Provinces takes a very deep interest in its own behalf except perhaps Bombay which desires to manage the matter in its own way. All of them are looking to the Government of India at an early date to reduce their contributions."

Now the Government of India is under a very definite pledge. From a promise they proceeded to a definite policy and from that they have gone on to a pledge. The Government of India is under a very definite pledge in this matter which has been repeated again and again. It is, as one Member, Dr. Gour, said, *res judicata*.

"The Government of India has promised",

I am reading what the Finance Member said:

"that they will shape their financial policy towards the reduction and eventual extinction of the provincial contributions."

This is not merely a promise; it is a statement of fact. Now, Sir, it is not only a promise, not only a definite policy, not only a pledge but a statement of fact. I fail to see where I can find reduction. We paid for the year 1921-22, we paid our full complement for the year 1922-23 and for the year 1923-24. Three years have elapsed and definite policies and pledges and statements of fact are still on paper without securing any reduction. Whenever this proposal is brought up, if it happens to be before the Budget, we are told "It will be considered at the time of presenting the Budget" and, if after the Budget, we are told "It is too late, we have not provided for it." There must be some time, either before or after. If it is after, we cannot discuss it and, if it is before, the Finance Member is not in a position to say whether he will do it or not. But

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anyhow I am not asking you to favour this Province or that Province. What we claim is bare justice. According to the original report, as the Honourable Sir Malcolm Hailey admitted, we ought to have been securing some relief by this time and we should every year get a reduction of  $2\frac{1}{2}$  per cent. and that comes to  $8\frac{1}{2}$  per cent. The U. P. also should get it to the extent of  $3\frac{1}{2}$  per cent. and the Punjab should get  $4\frac{1}{2}$  per cent. according to that calculation. But this has not been done. They ask the Government of India and the Secretary of State every year to reduce it and eventually to wipe it out. After all it has been admitted by our Finance Member when he introduced the Budget. The discussion of the Resolution in 1923 was adjourned because the Finance Minister said he would see what could be done at the time of the presentation of the Budget. This is what the Finance Minister said about these Provincial contributions :

“ The Government of India have stated plainly that as soon as they are able to do so they intend to reduce and eventually extinguish these contributions. I am aware this is not a solution which finds universal favour, though I think this is what the majority of the provincial Governments desire.”

Even then a promise was made, at least they admit that they made a pledge and they want to carry it out as soon as possible. But, in the meanwhile, what has been the fate of the various provincial Governments? Everywhere, Sir, Ministers have become thoroughly unpopular. It is entirely due, or partly, I must say, to want of adequate funds at their disposal to utilise either for sanitation or for education or for development purposes. Apart from other political causes this has been one of the main causes why Ministers in any province have not found it possible to show that they have done much in helping the people and in ameliorating their condition in any direction. Take Madras for instance. Though Madras was given Rs. 285 lakhs, according to the calculation on that date, the increase in salaries alone amounted to Rs.  $2\frac{1}{2}$  crores not only to the lowest subordinate but to all persons, high and low. They have been obliged to raise their taxation to the extent of Rs. 80 lakhs if I am right. I may state that they have prepared schemes and proposals in order to expand education. The Government of India said that they must increase the number of students in all public schools so far as elementary education is concerned, and that it should be doubled in ten years. In order to carry out that policy of the Government of India, the Madras Government attempted to do it and they have prepared a scheme. But, in order to give a salary to an elementary school teacher of not more than what a chaprassi gets anywhere in the country, that is, 12 rupees, they had to pay Rs. 122 lakhs extra; and they had to provide a further Rs. 54 lakhs for school buildings. They said that they had no money and that they could not do it. Not only is this the case with regard to education; but in regard to sanitation also, where they used to help various municipalities and district boards and local boards before, even the amount which they once granted was withdrawn on the ground that it was not immediately utilised; and they refused to re-grant it; they have issued circulars to all public bodies not to expect any help in any schemes they might have. The case is the same with regard to the medical side. The same tale will be told. Now, I do not complain that this is the peculiar misfortune of Madras alone. It is the misfortune of various other provinces. I do not say, and it is not necessary for me to say, in order to press my Resolution successfully, that any other

province is highly favoured or mine greatly injured; because so long as there is the Government of India Act, and, so long as there are the Devolution Rules, and till the constitution is scrapped and changed by one method or another, there is that which shows that we must do it in a particular manner and that shows that the Government of India are expected to reduce it or to remit it and eventually wipe it out. If any other province comes up with the same grievance and wants to set aside the whole fabric and wants to appoint a fresh Committee, it is not my business. I am not standing here either to support it or to oppose it. My contention is this. Government made a definite promise to us and gave us a pledge; I want them to carry it out. Nobody can say that we are paying over-much by way of increase to the lower-paid services. We were paying the village police the handsome sum of Rs. 3 a month and we have increased it to Rs. 5; that cost us several lakhs. The pay of village accountants who are responsible for the collection of revenue in the provinces and who have to keep the whole accounts of the villages has been raised to Rs. 15. In these matters we have to spend a lot; and this is the case in other provinces also. I therefore appeal to the Honourable the Finance Member more particularly, that we are realising a large amount of revenue for the Central Government and we here on our part contributed to it by increasing taxation to the extent of Rs. 28 crores. May I respectfully ask, should you not see your way to allow a certain amount for the benefit of the provinces to be utilised on sanitation, education and development purposes? Before the introduction of the Reforms, Sir, every Member of this House used to appeal to the Government to grant an increased sum for elementary education, for sanitation, for technical colleges, and so on. Now most happily the Central Government have handed over their responsibility in the matter of providing funds for nation-building purposes to the Provinces, reserving only enough funds for increase of salaries for the services, and for defence, and if these funds were also spent for the benefit of the country, the action of the Government would be very much appreciated by the people. Now, Sir, the duty of providing funds for nation-building purposes devolves upon the provincial Governments. Every province without exception complains that it is unable to develop nation-building schemes, and that very fact the Honourable the Finance Minister admitted in his speech. He said that "most of the provinces are unable to balance their Budget." I am glad, however, he has given a hint. In order to secure his sympathy, in order to secure any relief of contribution, he says that they need not produce a deficit budget as he promises to help without such deficit budget. That is the assurance he has given. Either on account of that or on account of the Lee Commission now sitting, most of the provinces this year may present a balanced budget, I am not sure. But whether they present a balanced budget or not, so far as my Presidency is concerned, I am perfectly certain that the funds are inadequate for very many purposes, even the buildings that were half finished were stopped because they could not provide funds. If under these circumstances they were to present a balanced budget, on the advice of the Honourable Sir Basil Blackett, in order to show that every province is managing its affairs efficiently, it should not be considered that things are all right in the provinces, because every province is suffering. In this connection I may quote what His Excellency Lord Willingdon said:

"If any relief comes, I do not utilise it in increasing salaries or by spending on the services. I will give every pie of it for sanitation, for education and for other useful purposes".

[Mr. B. Venkatapatiraju.]

Not only he, but his three Ministers, on two occasions, said that they would utilise any relief that may come to the province for nation-building purposes. Similarly, not only Madras, but other provinces also made similar requests. Therefore, Sir, without taking any more time of the House, I appeal to the Honourable the Finance Minister to translate the promise which he gave us to grant relief three years ago into action. Three years have elapsed since that promise was made. According to a Hindu saying, we will ask once, we will ask twice and we will ask thrice, and, if you put us off beyond that, it would only mean to drive us to despair, which perhaps may result in evil consequences not only to the Central Government but also to the provincial Governments as well as to the people. Therefore, Sir, I appeal to the Honourable the Finance Minister once more before I sit down to show us that he is earnest about the promise he made, that he will curtail the expenses somehow or other, and help the provinces. Sir, we have helped you in every possible way in increasing taxation to the extent of 28 crores. Would you not help the poor provinces who are labouring under great difficulties? Would you not help the provinces in carrying out some laudable objects, I mean nation-building purposes? With these words, Sir, I commend this Resolution for the acceptance of this House.

**Sir Chimanlal Setalvad** (Bombay: Nominated Non-Official): I rise, Sir, to oppose this Resolution, because I venture to think that its adoption will not be in the interests of either the Central Government or of a good number of the provinces. I admire, Sir, the persistency of our friends from Madras in bringing up this proposition several times as they have done. I also admire their ingenuity in bringing it forward in a different garb each time. In September 1922 they brought forward a Resolution for the reduction of the provincial contribution by two crores, the same reduction to be given to Madras, the United Provinces and the Punjab. In November 1923 we had the same proposition in another garb under the heading of hypothecation of revenues and that proposition was that a sum be set apart from the revenues for wiping out the contributions in six years, the result of which would have been—the total contribution being 9 crores—that a crore and a half would have been necessary to be set apart, if that Resolution had been carried. And now you have the present Resolution in the form that a 3 crores reduction be made without saying who is to get the benefit of it. But, as my Honourable friend from Madras admitted, the only provinces that can get the benefit of this reduction, if it is allowed, would be only Madras, the United Provinces and the Punjab. (*The Honourable Sir Basil Blackett*: "And Burma."), because of the combined effect of Devolution Rules 17 and 18. My Honourable friend from Madras dwelt at considerable length on the hardship suffered by Madras because of its being obliged to make such a heavy contribution as 348 lakhs to the Central Revenues and he pleaded that, unless the contribution was reduced, all schemes of advancement in education, sanitation and other departments would be held up. Now, what I venture to submit, Sir, is this, that Madras is the last province that is entitled to complain about it, because it is the one province out of all that got the best out of the Meston Settlement. And I may remind the House, Sir, that, under the Meston Settlement, Bombay, Bengal and other industrial provinces suffered the most, while agricultural provinces like Madras, the United Provinces and the Punjab got the best. The initial mistake which was

committed was to adopt one basic principle with regard to a very varying set of circumstances and it was laid down that all the provinces should have the full revenues derivable from land revenue, excise and stamps allocated to them as provincial revenues, forgetting that such an arrangement could not possibly work fairly with regard to all provinces. As regards what one may call the agricultural provinces, such allocation of revenues was to their great benefit, while with regard to the industrial provinces, like Bombay and Bengal, the adjustment was, I venture to say, most unfair. And you have only to see the results that have followed from adopting this one basis of allocation of revenue. Madras, under this arrangement, by having the full land revenue instead of one half under the divided system that obtained before, had got a windfall of 570 lakhs in land revenue alone. And, after deducting from that the 348 lakhs which it has to contribute to the Central Revenues, they were still 222 lakhs to the good, as against a total of 639 lakhs of all the provinces put together. Therefore, it is apparent, Sir, on those figures that Madras came out best under the Meston Settlement. As I have said, the industrial provinces, like Bombay and Bengal, were dealt with most unfairly inasmuch as the whole of the income-tax was swept away by the Central Government. An idea would be formed as to what that meant to those provinces when the fact is remembered that in Bombay income-tax had grown in 10 years from a figure of Rs. 48 lakhs to 6 crores and more. The Meston Committee itself to a certain extent felt the unfairness of it and it was laid down, with regard to income-tax, that any increase in income-tax over the datum line adopted would be shared by the provinces in this way, that they were to get 3 pies out of a rupee of additional income-tax. The Joint Parliamentary Committee recommended that, and that was ultimately adopted. But, Sir, this apparent concession to the industrial provinces has proved, as it was bound to prove, most illusory because of the fact that the datum line that was taken, for instance with regard to Bombay, was again unfairly taken, if I may be permitted to say so. What was done was that the standard was taken of the Budget figures of 1920-21, which was in every way a most exceptional year. Therefore, as I have said, the concession of 3 pies out of every rupee of additional income-tax by more assesses being brought under income-tax has proved absolutely illusory. Further, those provinces have been denied any share in the total increase of income-tax by the raising of the rates of assessment. When 12 pies were raised to 18 pies, no part of that, under this arrangement, went to the provinces at all. Further, the standard adopted with regard to the expected expansion of revenue of the provinces was again by illustration with regard to Bombay taken for the year 1920-21, which was a very unfair standard to adopt because it ought to have been remembered, but was forgotten, that the year previous to 1920-21 was a famine year in the Bombay Presidency, with the result that the revenue that had to be suspended in the famine year was recovered in the year 1920-21. Therefore, the figures that were taken on that year for land revenue and other sources of revenue were very artificial figures indeed and those figures were taken to indicate what the normal expansion of revenue will be, with the result, Sir, that the whole settlement in that manner has been unfair to a degree to industrial provinces like Bombay and Bengal, and more particularly to Bombay. And Sir, Bombay, I venture to say, will never rest satisfied till the whole question has been re-opened and the whole question examined again by an impartial tribunal, and I should think, Sir, that every province ought to join in the demand, because we have Madras dissatisfied with

[Sir Chimanlal Setalvad.]

the arrangement, Bengal was very soon dissatisfied and they got relief from the Central Government by the remission of their contribution for three years, and I believe everybody else is dissatisfied, although they do not join in having a re-examination of the whole question. However, Sir, that is a larger question which may have to be taken up at some date, but, I do feel, Sir, that the difficulties that have arisen with regard to one province after another will never be solved by tinkering like this. They could only be solved, I submit, by having the whole question re-examined at an early date by an impartial tribunal. I mentioned, Sir, that the figures taken for the expansion of revenue of Bombay, Bengal and other provinces, particularly of Bombay, have proved to be fallacious. With regard to Madras, fortunately for them again, their expansion of revenue has been in actual figures much more than the Meston Committee calculated. Therefore, Sir, Madras, which in every way under the additional arrangement which gave them the whole of the land revenue, profited immensely also profited by the actual expansion of revenue. And, as I said in the beginning, it is certainly not Madras that has any reason to complain with regard to these contributions. If anybody has a complaint, Bombay has the most to complain of, so has Bengal, and some of the other provinces. Therefore, Sir, my submission is that it would be adding to the injustice already done to Bombay and Bengal now to accede to the Resolution before us for remission, the benefit of which remission, as my Honourable friend has admitted, will practically go to Madras as the largest contributor. What will be the effect of giving that remission? Three crores of rupees have to be found somewhere. If an additional amount has to be gathered, it can only be by fresh taxation. If there is to be fresh taxation, who will pay? All the other provinces will have to pay for the purpose of relieving Madras. Again, there, in all probability the industrial provinces will have to pay more. For how is the Central Government to increase its income except possibly by adding to the income-tax, by adding to the customs duties, with regard to which it is again Bombay and Bengal that contribute the most. So, the result will be that Bombay and Bengal, which have been so unfairly treated in the manner I have stated, will again have to bear an additional burden in order that Madras, which got such a wind-fall under the Meston Settlement, may still get more. (*A Voice*: "It is still starving".) So is every other province. Bombay is starved with regard to its medical relief, is still starved with regard to education and other national activities of that character. But what has Bombay done? It has shouldered the responsibilities. It has increased taxation, it has agreed to tax itself in order to meet its requirements. Let Madras follow that example. (*Several Honourable Members*: "We have.") If they have, then they have no cause for complaint. You have no cause to come here and say now, "Give us greater relief with the result that the other provinces may contribute to our advantage". I say this in no spirit of inter-provincial jealousy. I welcome the improvement of Madras as much as I welcome the improvement of conditions in Bombay as well as in the other provinces of this country.

But what I do say, Sir, is this, that this House must not do anything which would give an unfair advantage to a province which  
 5 P.M. really does not deserve that advantage to the detriment of provinces which have been most unfairly dealt with in the manner I have submitted, and, as I have said, the only solution of the question is that the whole subject should be re-examined.



Then, Sir, as I have said, it is unfair to the Central Government. You have all these years the difficulty of balancing the budgets. You are not out of the woods yet, and I do not know what the Honourable the Finance Member is going to do to properly balance his budget this year.

**The Honourable Sir Basil Blackett** (Finance Member): I will tell you on the 29th.

**Sir Ohimanlal Setalvad**: In the meantime he is asked to give up 3 crores of rupees by this Resolution. The difficulties, great as they are in his way, will be further increased by having to find another 3 crores of rupees, to satisfy this Resolution. I therefore submit, Sir, that it is, to say the least, highly inopportune for this House to adopt this Resolution and, as I have said, it will not be in the interests of all the provinces. With these words I beg to oppose the Resolution.

**The Honourable Sir Basil Blackett**: It may possibly be for the convenience of the House if I rise at this early stage in the discussion with a view, I hope, of possibly bringing this discussion to an end. The first speaker said that the Government managed, I think in Simla in 1921 or 1922, to carry a Resolution by trading on the mutual jealousies of the provinces. I shall be very glad if I can stop the continuance of anything like provincial recrimination, for, Sir, it is in my opinion thoroughly bad for the country, for India as a whole, that individual provinces should be in any way disagreeing in public or that there should be this friction between them. This problem has to be solved if only to prevent the growth of that unhappy spirit which is, I fear, an indirect result of the reforms. So I would ask that this problem may be treated in the excellent words of the Honourable Pandit Malaviya as a national problem to be looked at from a national point of view. It is never a convenient date to discuss provincial contributions. If you discuss it before the Budget, the Finance Member has to look wise and say that he will let you know later. If you discuss it after the Budget, the Finance Member will probably tell you that it is no good discussing the subject after the Budget is over. If you discuss it during the Budget, he may have to say—perhaps—"You want to reduce taxation. I cannot afford to give money to the provinces." The Government of India have several times promised that they will shape their financial policy towards the reduction and eventual extinction of the provincial contributions. Last year, on behalf of the Government, I went on to say that that was not merely a promise but was a statement of fact. I repeat that. The Government of India has shaped its policy and will shape its policy towards the reduction and the eventual extinction of the provincial contributions. I do not wish to follow either of the speeches that have been made already. They were so entirely unanimous. The House will observe the complete unanimity with which Bombay and Madras assert that the Meston award was most unfair to their particular province. I have not the least doubt that every one of the other provinces holds the same view equally strongly. (*Cries of "No, no," and Laughter.*) Well, I do not wish to start a scrap. Several other provinces hold similar views. I think that we must try and deal with this question as if there was something settled. The Meston award may or may not have been made at the best possible moment, and it may or may not have been the best possible award at the time, but in the interests of all of us I do think it is desirable that for the time being we should accept it as laying down the relations between the various provinces in so far as that particular side of the financial question is concerned. The last speaker suggests

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that the solution is to re-open the whole question. I should be extraordinarily interested to study the subject scientifically, but I should not care to be a member of the Committee that was appointed to re-open and reconsider the question, because I should be prepared to prophesy in advance that every one would turn on that Committee in the end and say that the Meston award was bad but their's was worse. It is not a problem that is capable of a solution that will appeal to all the nine provinces; I do not think that we can get a solution that will appeal to the majority of them and to the Government of India as well. You will only get your solution now, I submit, by accepting for the time being that the Meston award is the basis on which we must for the time being act. That is the view that has been taken by the Government of India and it is on that view that the promise and the statement of fact as to the policy of the Government of India is based. After all, the problems of federal finance, which have been raised by the Reforms, are extremely intricate and extremely difficult. They were not finally settled by the first instalment of the Reforms and it is my belief that a good deal more thinking about them is needed, and advances in the way of improving the relations between the provinces themselves and between the provinces and the Central Government, offer one of the most hopeful fields for advances within the existing Government of India Act. The theory of the Meston award was that, as soon as possible, the Central Government should raise taxation for central purposes and the Local Governments should raise taxation for local purposes. So long as provincial contributions remain, you cannot get away from the fact that the Local Governments are raising taxation for central purposes. If we can get rid of those contributions, we reach the position where both the Central Government and the Local Government, respectively, has each its own sphere and is not trespassing on the preserve of the other. Therefore, I submit that the position of the Government must be what it is, that its policy ought to be, as it is being, shaped with a view to the extinction and eventual reduction as soon as possible of the provincial contributions, and that in the interests of India as a whole. But that does not mean that the Government can immediately accept the Resolution. The last speaker said that acceptance of it would involve the Government's raising additional taxation. I do not think that is necessarily true. It would necessarily mean that the Government must retain taxation higher than it would if it did not remit the contributions, but it does not necessarily mean that the Government would be unable to meet some portion of a reduction of the contributions without additions to the existing rate of taxation. I remember in the debate last year one of the speakers described me as a dark horse when I made almost my first speech, and I replied that, if he was a betting man, I did not think he ought to judge by my preliminary canter of my form when the Budget came on. I must say the same to-day. I cannot go further into an examination of the position such as it is going to be on the 29th February. It is therefore, I think, quite impossible for the Government, even if it wanted, to accept this Resolution. I think it is equally impossible for the House, even if one came from Madras or, for that matter, from the United Provinces, or the Punjab, or Burma, and had an interest in the first three crores of the reduction of the provincial contributions. Do you think that any of us, as Members of a national Assembly, ought to commit ourselves at the present moment, in the absence of the figures of the Budget, to the statement that three crores ought to be given away this year? The Budget

figures cannot be produced and cannot be known. When they are before this House, this House will necessarily wish to examine them and to express its views as to what is the best use for three crores of surplus, if available, or whether it is desirable to raise three crores of additional taxation if a surplus is not available. Is the House justified, or wise, in accepting a Resolution of this sort now and committing itself in advance? Sir, in view of the late hour, I do not think I need say more than I have said, but I would suggest to the House that it is not profitable that we should continue this discussion, because I can say no more in the absence of the Budget figures: all that we can do is to discuss amongst ourselves whether the Meston award is a good one, and possibly we might raise a certain amount of friction. I would therefore suggest to the House—I will not move, unless I am asked to by the House—I would suggest that the simplest way of dealing with this would be that we should adjourn the debate *sine die*. If that is not in accordance with the wishes of the House, I do not propose to move that motion.

**Pandit Madan Mohan Malaviya** (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): Sir, I agree with the Honourable the Finance Member that this question ought to be dealt with as a national problem. But perhaps the points of view which he and I have taken are not quite identical and, in order that we should look at the problem from an identical point of view, I would draw attention to a few facts. I fully realise the difficulties to which the Honourable the Finance Member has referred. A few days before the Budget comes on to bring forward a motion for a reduction of three crores of rupees is not a light matter. At the same time we have to remember what the Honourable the Mover of the Resolution said, that this is the only time when the matter can with any reasonableness be placed before the House. Now we all agree with what the Honourable the Finance Member has said—at least many provinces have complained of it—that the Meston award is a bad one. The Honourable the Finance Member has advised us to accept it for the time being as a matter of necessity, as a necessary evil. Well, I wish to draw attention to what that evil inflicts upon the provinces. I wish the Honourable Member and all the Honourable Members of the House to realise what this award meant. It was an award based on no principle; it was based upon a calculation of what each province was expending. You will find in the Report of the Financial Relations Committee that they stated:

“That in making our recommendation as to the initial contributions we have had to consider the established programmes of taxation and expenditure and legislative and administrative expectations and habits that cannot, without serious mischief, be suddenly adjusted to a new and more equitable ratio of contribution.”

It was the established programme of taxation and expenditure which was the main basis of the award. Indeed, the existing scale of expenditure varied in various provinces, not because it had been based upon any principle or proportion but because the Governments of some provinces were more eager, more vigorous, more alert than the Governments of other provinces. The Governments which could get at the Government of India more readily than others succeeded in obtaining a larger scale of expenditure. They profited; they progressed. We rejoice in their progress, but other provinces were not allowed to progress at the same rate. This was the complaint which we made in the old Councils on the question of the provincial contracts. That complaint was repeated

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ad nauseam and, when the time came for these contributions to be adjusted, the country hoped that they would be placed on a sound and sensible footing. That was not done. It was an award passed, if I may say so, in defiance of all principles. It followed none, and now we are told, three years after this has been in operation that we cannot but take it for the time being as inevitable. Lord Meston's Committee themselves stated:

"It is necessary to accept it for the present but it is necessary in order to give time to the provinces to adjust their budgets to a new state of affairs and we are clearly of opinion that no scheme of contribution can be satisfactory that does not provide for a more equitable distribution of the burden of the taxation within a reasonable time."

When is that 'reasonable time' to come? Since this arrangement was arrived at, the Government of India have added 28 crores to the general taxation. We have not yet been able, with all that taxation, to remit the burden, to relieve the provinces, to give them what was their due. When will you do it and what is the consequence of this delay? My Honourable friend, the Finance Member, very rightly stated, as being in charge of Finance and also as being responsible for expenditure and income, that we must be content for the present because, otherwise, there might be two difficulties to face. First, there might be a surplus available and then the question will be as to the best way of using it. Secondly, if a surplus was not available, should taxation be maintained at a high level in order that this relief be given. Now, we are not in a position to know what the budget will disclose to us on the 29th. But are we to exercise our judgment as to the utilisation of the surplus if there be any. If there is no surplus, if taxation must be maintained at a high level in order that relief should be given, when will there be an opportunity to discuss that question except now. I wish all the Members of this House to realise what the refusal to accede to the reasonable demand of Madras and the United Provinces and the Punjab means. Expenditure—useful and beneficial expenditure—has been stopped. Progress has been arrested. The most backward province in the country in the matter of education, I am sorry to say, is my own province. We have not been helped. (*Khan Bahadur Sarfaraz Hussain Khan*: "Not more than Bihar and Orissa".) I am sorry to say that we were beaten even by Bihar; but we have not been given an opportunity to improve our position with regard to education. We lose vast numbers of people owing to want of sanitary measures and sufficient medical aid and the general condition of the people is deplorably bad. We have been deprived for several decades—not for one year, not for one quinquennium, but for several decades. Ever since 1870, when the first provincial contracts were agreed upon, we were forced to make larger contributions to the Central Government than could be justified under any rule or under any principle. We protested against it and we thought that justice would be done. It has been perpetuated, made worse by the Western war. We feel that they have recognised that it was our right to get what we asked for, but they said: "We cannot give it to you. If you have this much, you will have a very large amount and you will not be able to spend it, you will not know what to do with it." That was utterly unjust. Here, on one side, you have the question whether three crores can be found by the Central Government, the total amount to be spread over a certain number of years, or whether the Central Government is to watch simply while the

Provinces are suffering in matters essential to the welfare of the people. I submit this is the national problem, the question of finding a few crores more for the Provinces is the national problem before the country. It is the national problem in the sense that millions of people of these Provinces are being kept out of education, are being kept out of the benefit of sanitary measures, are being kept out of the general advancement which would be promoted by the provincial Governments if the funds they are entitled to were made available to them. It is a question which involves the life and death of millions of people in these Provinces. I suggest it is a national problem. What does it matter whether expenditure is limited in other directions or not? Money must be found in order to help the Provinces to do their duty by the people who toil and moil and contribute to the exchequers, both Provincial and Central; the money must be found to improve their lot, and I submit that, so long as the Central Government refuses to look at the problem in this way, this injustice will be inflicted on the people. I therefore would request the Honourable the Finance Member and the whole House to consider the suggestion thrown out by Sir Chimanlal Setalvad. I agree that the proposal, as it has been put forward, would require further consideration. I do agree that a re-adjustment of the whole financial relations between the provincial and Central Governments is desirable, it is not only desirable, it is a pressing necessity, if the people in the Provinces, the people who dwell in their huts, if they are to benefit by the taxation that is raised for them. What is the good of going on with the construction of a huge Imperial City like Delhi while millions are dying for want of food (*The Honourable Sir Malcolm Hailey*: "Millions?"), for want of economic necessity; while millions are growing up in ignorance, which is unfortunately accompanied by crime. Where is the justification for spending millions and millions upon increasing the salaries and pensions of the higher services, when millions of people are in that condition. (*The Honourable Sir Malcolm Hailey*: "Millions?") These are problems that require to be faced boldly, honestly and honourably, and I ask the Government of India to face those problems now. This is the time to make up their minds whether this problem does or does not deserve consideration. It is no answer to the Resolution to say, "We are not in a position to do that just now. For some time we shall not be in a position to do so." Your refusal, your unwillingness, to tackle the problem now does not mean merely keeping a creditor out of the money that is his due, it means that the people who are our care and your care, for whose welfare we meet here, those people are deprived of the prime necessities of life, which every civilized Government has made available for the people for whose welfare it is responsible. Russia has educated its millions. The United Provinces, the Punjab, Madras, very many Provinces, in this country are waiting for money. You have introduced the Reforms, you have appointed Ministers and put them in charge of education and taxation and other measures, but there is no money available! The Reforms become a mockery. While the Central Government has added 28 crores of taxation in the last three years and has added to its expenditure to the huge extent it has, the failure of the Government to adjust these provincial financial relations, the failure of the Government to give to the provinces the milk that the children need is deplorable, is tragic, and I ask the Government now to consider whether the question should not be taken up. My Honourable friend the Finance Member said that he would not like to be a member of the Committee which would sit to consider this question. I would request him to reconsider that opinion. I know he will reconsider it, I expect, I believe, he will reconsider

[Pandit Madan Mohan Malaviya.]

it. It is not a matter merely of adjusting the financial relations in the country; it is a matter which affects vital issues upon which depend the life and death, the happiness or unhappiness, of millions of people. I therefore strongly appeal to him and the whole House to accept this Resolution with the understanding that it is not to be given effect to immediately in this year's Budget but as an assurance on the part of Government to this House that this matter will be looked into at an early date. If it be necessary, I can, Sir, if you will permit me, move that the matter be referred to a Committee and that the Committee report early to this House. I do not wish this matter to be entirely shelved as it would be under the proposal of the Honourable the Finance Minister. I want it to be referred to a Committee of this House to be gone into fully and reported upon. If it be necessary, I would move a definite amendment to that effect.

**Mr. President:** I am not quite sure in what form the Honourable Member (Pandit Madan Mohan Malaviya) proposes to put this amendment.

**Pandit Madan Mohan Malaviya:** In this form, Sir:

"That a Committee of this House be appointed to examine and report upon the financial relations between the Central Government and the provincial Governments" if that commends itself to you.

**The Honourable Sir Malcolm Hailey** (Home Member): I rise purely on a point of order. I would invite your attention to the fact that this Resolution refers entirely to the framing of the Budget of 1924-25 and for providing not less than 3 crores to the Provinces in 1924-25. The proposition that the Honourable Member has put forward as an amendment refers apparently to an entire reconstruction of the Meston Award,—a proposition which has no reference to the present Resolution.

**Pandit Madan Mohan Malaviya:** My Honourable friend is mistaken. I do not move this amendment in the pious hope that the matter will be considered after 12 months. I meant that this matter should be referred to a Committee, which Committee would go into it and put forward definite proposals before the Budget is presented. That is what I submit, and, in view of the seriousness of the questions involved, the Committee may be able to report in time so that before recommendations are made it may be possible to consider them along with the Budget. The Committee will be a Committee of this Assembly and it will meet early and probably when we meet together, the representatives of the different Provinces, we may be able to make some recommendations as to how the matter should be dealt within the next Budget.

**Mr. M. K. Jinnah** (Bombay City: Muhammadan Urban): Sir, I rise to a point of order. Is this really an amendment under the rules?

**The Honourable Sir Malcolm Hailey:** That is my point.

**Mr. President:** That is precisely why I asked the Honourable Member to give me the specific terms of his motion. The Resolution specifically refers to the Budget of this year and therefore it is a very restricted proposal though I understood this proposal for a Committee which he wishes to substitute for the Resolution is intended to refer the matter for examination to that Committee.

**Pandit Madan Mohan Malaviya:** This is a particular Resolution which will enable us to examine the whole question. This will be the basis upon which we shall go into the question and make our report.

**Mr. President:** I am not quite sure how to make the amendment fit into the Resolution. If I put it as an amendment, that will be to omit all the words after the words "Governor General in Council" in order to insert it. That would be the ordinary form of an amendment. It would mean that the Resolution itself would disappear.

**The Honourable Sir Malcolm Hailey:** Perhaps the Honourable Member would kindly give us the concrete form of his amendment together with the date on which the Committee will report. I may point out that there are only twenty-two days before the Budget; and it is only fair to the Honourable the Finance Member that he should have these recommendations some days at least before he makes his Budget speech.

**Diwan Bahadur M. Ramachandra Rao:** May I continue the discussion now, Sir?

**Mr. President:** I do not propose to carry on this debate much longer, but to adjourn the House almost immediately. It is already half-past five; and as Honourable Members are aware, the business having been commenced will pass on to the next day upon which business of this character will be set down.

**The Honourable Sir Basil Blackett:** I suggest, Sir, that it will be for the convenience of the House if we adjourned now to give us time to consider the amendment proposed by the Honourable Pandit. I move therefore that the House be adjourned.

**Mr. President:** I cannot accept a motion that the House do now adjourn, because the House is adjourned by the Chair. I understand the Honourable Member threw out a suggestion that the consideration of this matter be adjourned *sine die* but he did not move it. Do I understand the Honourable Member moves it now?

*An Honourable Member:* I understood the Honourable Member to say that it should be adjourned till to-morrow. That is the latest suggestion.

**Mr. President:** I would point out to the House that if I adjourn the consideration of this Resolution now, the Resolution and any amendment that is moved and accepted by the Chair passes to the head of the list of business on the next day upon which business of this class is set down, namely, the next day upon which non-official Resolutions will be discussed, namely, Tuesday next.

**Pandit Madan Mohan Malaviya:** That will suit us, Sir.

**The Honourable Sir Basil Blackett:** Perhaps it would be more convenient if I moved, Sir, that this debate be adjourned *sine die*; then we can get the opinion of the House as to whether they desire to continue the debate or not. At present it seems to be doubtful.

**Mr. President:** The question is that the debate be adjourned *sine die*, and in accepting that motion I would point out to the House that if it is carried this business will not be discussed on Tuesday.

**Diwan Bahadur M. Ramachandra Rao:** Sir, I am afraid that I must oppose the motion of my friend, the Finance Member. It seems to me that there are many considerations of which he should be aware before coming to a decision before the 29th February. If this motion is not accepted the consideration of this Resolution could be adjourned to Tuesday and we could bring to his notice several considerations which will probably induce him to take a view of the case more consonant with our wishes. I do not wish to go into those considerations at this late stage of the proceedings. I may say that some time after the debate in 1922 and before the debate of 1923 many provincial Governments appointed provincial retrenchment committees. Sir, from the statement made yesterday about provincial taxation we are also led to believe that the Government of India is not in full possession of the financial difficulties of the provinces. I should place before this House several considerations why some urgent action is necessary in regard to provincial contributions; and from that point of view I would suggest that this debate be adjourned till Tuesday and that it should not be adjourned *sine die*.

**Mr. President:** The question is that this debate be adjourned *sine die*.  
The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Friday, the 8th February, 1924.

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