

Wednesday, 9th September, 1925

THE
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OF THE
COUNCIL OF STATE, 1925



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COUNCIL OF STATE.

Wednesday, the 9th September, 1925.

The Council met in the Council Chamber at Eleven of the Clock, the Honourable the President in the Chair.

QUESTIONS AND ANSWERS.

LEAVE RULES AND FURLOUGH REGULATIONS IN FORCE ON THE BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.

105. THE HONOURABLE SIR DEVA PRASAD SARVADHIKARY :
Would the Government be pleased to state whether the leave rules and revised furlough regulations obtaining in the Bombay, Baroda and Central India Railway are in effect as follows :

- (i) The total amount of furlough, whether ordinary, on medical certificate, or on urgent private affairs with allowances, which may be granted, is limited to six years ;
- (ii) Furlough earned is one-fourth of active service rendered ;
- (iii) Furlough on medical certificate is granted for a period not exceeding two years at any time, on the production of a medical certificate, etc. ;
- (iv) Furlough on urgent private affairs for a period not exceeding six months in all during an employee's whole service, may be granted at any time ;
- (v) Leave without pay may be granted at any time to an employee, to whom no other leave is due ;
- (vi) Under exceptional circumstances, employees who are actually laid up by sickness may be allowed leave of absence, either in instalments, or in one period to the extent of thirty days in each calendar year, without deduction of pay ;
- (vii) Privilege leave on full pay may be granted to the extent of one calendar month for every eleven calendar months on duty without interruption ; and
- (viii) Language examination leave on full pay is granted up to a maximum of two months in all ?

THE HONOURABLE MR. D. T. CHADWICK : Yes.

APPLICABILITY OF THE LEAVE AND FURLOUGH REGULATIONS IN FORCE ON THE BOMBAY, BARODA AND CENTRAL INDIA RAILWAY TO EUROPEAN EMPLOYEES.

106. THE HONOURABLE SIR DEVA PRASAD SARVADHIKARY :
Is it a fact that the above rules are applicable to all Europeans in the superior

grades in the permanent employ, including probationers, and to all European subordinates drawing Rs. 300 per mensem and over, or on incremental pay, the sanctioned maximum of which is Rs. 300 or over, and that since April 1916 the Board have extended the application of these rules to the following employees :—

All European employees, drawing not less than Rs. 150 per mensem who have rendered ten years' continuous good service. In cases of those transferred from other lines ten years' service counts from dates of appointment on other railways ?

THE HONOURABLE MR. D. T. CHADWICK : Yes.

LEAVE RULES APPLICABLE TO INDIAN EMPLOYEES ON THE BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.

107. THE HONOURABLE SIR DEVA PRASAD SARVADHIKARY : Is it also a fact that except where specially mentioned, these rules do not apply to Indians, and that leave to employees to whom the foregoing rules are not applicable are Indian officers, and Indian subordinates who are on incremental pay, the sanctioned maximum of which is Rs. 300 or over ?

THE HONOURABLE MR. D. T. CHADWICK : Yes.

LEAVE RULES AND FURLOUGH REGULATIONS IN FORCE ON THE BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.

108. THE HONOURABLE SIR DEVA PRASAD SARVADHIKARY : Is it also a fact that in the case of sick leave on half pay sixty days in the year may be accumulated to a maximum of six months ; and that leave on half pay may be granted prior to retirement as follows :

4 months after 20 years' continuous service ;

5 months after 22 years' continuous service ;

6 months after 25 years' continuous service ?

THE HONOURABLE MR. D. T. CHADWICK : Sick leave on half pay can be accumulated to the extent of six months at a rate not in excess of 30 days in the calendar year. The reply to the latter part of the question is in the affirmative.

LEAVE RULES AND FURLOUGH REGULATIONS IN FORCE ON THE BOMBAY, BARODA AND CENTRAL INDIA RAILWAY.

109. THE HONOURABLE SIR DEVA PRASAD SARVADHIKARY : Is it a fact that as a consequence of the above rules, even subordinate Europeans and Anglo-Indians enjoy the same rights as European officers which are denied to Indian officers whose subordinates the first mentioned Europeans and Anglo-Indians are ?

THE HONOURABLE MR. D. T. CHADWICK : Yes.

LEAVE RULES IN FORCE ON GOVERNMENT RAILWAYS AND COMPANY-MANAGED RAILWAYS.

110. THE HONOURABLE SIR DEVA PRASAD SARVADHIKARY : Would the Government be pleased to lay on the table the corresponding rules in Government railways and other company-managed railways ?

THE HONOURABLE MR. D. T. CHADWICK : Copies of the Fundamental and Supplementary Rules which apply to State Railway staff and of the rules laying down for the guidance of Railway Companies the limits within which the Boards of Directors of Company-worked lines can frame leave rules for their own employes are in the library.

THE HONOURABLE SIR DEVA PRASAD SARVADHIKARY : Is there any reason why the rules which my Honourable friend has just mentioned and the rules obtaining on the Bombay, Baroda and Central India Railway should not be on the same lines ?

THE HONOURABLE MR. D. T. CHADWICK : We leave the question of fixing the leave rules for their subordinates to the Companies and the Boards of Directors who have been entrusted with the management of the railway. The Government restrict themselves to laying down the maximum leave rules within which the Railway Companies and Board of Directors have free scope.

THE HONOURABLE MR. K. C. ROY : Am I to understand that the Agents have full powers to act as they like under these rules ?

THE HONOURABLE MR. D. T. CHADWICK : Yes, under the control of their Board of Directors.

EXPENDITURE INCURRED BY THE GOVERNMENT OF INDIA ON THE BRITISH EMPIRE EXHIBITION AT WEMBLEY.

111. THE HONOURABLE MR. MANMOHANDAS RAMJI : Will the Government be pleased to state :

- (a) the total actual expense incurred by the Government of India in participating in the Wembley Exhibition, 1924 ;
- (b) the total number of stalls reserved for India ;
- (c) the total amount realised by the Government by the letting out of stalls ;
- (d) the number of stalls let out to Indians ; and
- (e) the total number of Indian exhibitors that participated in the Exhibition ?

THE HONOURABLE MR. D. T. CHADWICK : (a) The total actual expenditure for three years ended 1924-25 was as follows :—

In India	..	..	..	..	Rs. 138,174
In England	..	..	..	..	£ 181,258

In addition, expenditure approximating rupees three lakhs has been incurred by Railways.

(b) India had her own complete pavilion,					
(c) In India	..	..	..	..	Rs. 3,34,825
In England	..	..	..	..	£ 22,019

(d) and (e). The total number of private exhibitors in the Indian pavilion were approximately 500, of whom over 90 per cent. were Indians.

The particulars given in this reply do not cover Burma, which had its own pavilion and made its own arrangements.

THE HONOURABLE DR. DWARKANATH MITTER: Will the Government be pleased to state whether the report on the working of the Exhibition has been received from the Exhibition Commissioner and, if so, whether they would lay it on the table ?

THE HONOURABLE MR. D. T. CHADWICK: The Exhibition Commissioner has just finished his report and it will take some little time to be published. I do not propose to lay it on the table as it will be too bulky, but it will certainly be published.

THE HONOURABLE MR. G. A. NATESAN: Will the Honourable Member tell the House whether the one lakh of total expenditure incurred includes the expenditure incurred by the various Provincial Governments ?

THE HONOURABLE MR. D. T. CHADWICK: That was expenditure incurred by the Central Government. It does not include the expenditure incurred by Provincial Governments or expenditure incurred in England by the Central Government.

RECEIPTS FROM AND EXPENDITURE INCURRED ON THE BRITISH EMPIRE EXHIBITION AT WEMBLEY.

112. **THE HONOURABLE MR. MANMOHANDAS RAMJI:** Will the Government be pleased to lay on the table a detailed statement showing the various items of receipts from and expenditure for the Wembley Exhibition, 1924, classified under separate and distinct heads ?

THE HONOURABLE MR. D. T. CHADWICK: A statement is laid on the table.

STATEMENT.

Receipts in England.

Rents realised .. .. .	..	£	22,019
Sale proceeds of the Indian pavilion ..	..	£	18,383

Receipts in India.

Rents realised .. .. .	..	Rs.	3,34,825
Amount realised from advertisements in the Exhibition Catalogue.	..	Rs.	5,626
Recoveries of service payments .. .. .	..	Rs.	5,522

Expenditure in England.

Building and fixture .. .. .	..	£	131,708
Central exhibits .. .. .	..	£	25,662
Establishment .. .. .	..	£	10,627
Contingent and other charges .. .. .	..	£	11,932
Indian Band .. .. .	..	£	1,329

Expenditure in India.

Establishment, contingent and other charges ..	..	Rs.	86,070
Central exhibits .. .. .	..	Rs.	52,104
Railways .. .. .	..	Rs.	3,04,000 (approx.).

RESOLUTION *RE* FRANCHISE FOR WOMEN.

The HONOURABLE MR. J. CRERAR (Home Secretary): I move :

“That this Council recommends to the Governor General in Council that he do proceed to make the amendments in the Electoral Rules required to give effect to recommendations Nos. 8 and 9 in the Majority Report of the Reforms Inquiry Committee.”

I think, Sir, I shall discharge my obligations in regard to this Resolution if I explain as briefly and concisely as possible, firstly, what the genesis of these recommendations was ; secondly, what the precise effect of the recommendations is, and thirdly, what procedure it would be necessary to adopt in the event of the House accepting this Resolution. Now, Sir, firstly as regards the genesis of these recommendations, we have to go back to the provisions of the Government of India Act and the rules framed thereunder, and the opinions expressed by the Joint Select Committee both on the Bill itself, as it then was, and on the Rules. The first point to observe is that the Government of India Act itself imposes no disqualifications on the ground of sex in the matter of admission to the electoral rolls or in that of the right to stand for a seat either on the Local Legislative Councils or on either Chamber of the Central Legislature. As there is no statutory provision of that character, it is open to the Governor General in Council to make such provisions in that respect as he considers fit. Now, when the rules were first under consideration, the Joint Select Committee expressed their opinion on the general question of franchise for women in the following terms :

“The question whether women should or should not be admitted to the franchise on the same terms as men should be left to the newly elected Legislative Council of each province to settle by Resolution. The Government of India should be instructed to make rules so that, if a Legislative Council so voted, women might be put upon the register of voters in that province. The Committee have not felt able to settle this question themselves, as urged by the majority of witnesses who appeared before them. It seems to them”—

and this is important—

“to go deep into the social system and susceptibilities of India, and therefore, to be a question which can only, with any prudence, be settled in accordance with the wishes of Indians themselves as constitutionally expressed.”

The matter was further dealt with by the Joint Select Committee in their Report on the draft Rules, and they observed as follows. Their observation which I am about to quote relates to the electoral rules for the Legislative Councils of the provinces :

“The second proviso to Rule 7 for all Councils carries out the recommendation of the Committee in connection with the Bill relating to Women's Franchise. Without in any way modifying their views on this subject, the Committee think it essential that a constitutional change of this importance should be effected only as the result of a genuine and considered opinion of the majority of the Council, and they have therefore provided that before a Resolution on the subject can be moved, the mover must give not less than one month's notice of his intention to move.”

Now, Sir, that is a reference—I should make this perfectly clear—to the electoral rules of the Local Legislative Councils, and the proviso referred to by the Committee stands in those rules in the following terms :

“Provided further that if a Resolution is passed by the Council, after not less than one month's notice has been given of an intention to move such a Resolution, recommending

[Mr. J. Crerar.]

that the sex disqualification for registration should be removed either in respect of women generally or any class of women, the Local Government shall make regulations providing that women or a class of women, as the case may be, shall not be disqualified for registration by reason only of their sex."

The House will observe that this proviso contemplates that if a Resolution of the character described is passed by a local Legislative Council, the Local Government are bound to give effect to it by regulation. Now, Sir, from the case of the local Legislative Councils we pass on to the case of the Indian Legislature, and, in particular, to what we are directly concerned with to-day, namely, the Council of State.

The Joint Select Committee observe as follows :

"Changes have been made in the rules for the Indian Legislature similar to those described in paragraphs 8, 9 and 10. But with regard to women's franchise the Committee have thought it desirable to safeguard their original intention that the decision of this question for each province should rest with the Provincial Legislature, and they have accordingly provided that a Resolution by either Chamber of the Indian Legislature in favour of enfranchising women as voters for that Chamber shall have effect in a province only if the province has itself already taken this step for its own Council.

Now there are two points which I wish to emphasise arising out of this. The first is that these recommendations refer solely to the franchise, that is to say, to the admission of women to the electoral rolls as voters; they do not relate to the admission of women to the right to stand as candidates for either local Legislative Councils or for the Indian Legislature. That is a separate issue which I shall deal with separately. The second point to which I wish to invite the very close attention of the House is this, that the Joint Select Committee expressly contemplated that the initiative in this matter should lie firstly in the hands of the local Legislature, and, when the question developed into a question of whether women should be entitled to vote for a constituency of the Council of State, it should be necessary that there should be agreement between the local Legislative Council concerned and the Council of State. Effect has duly been given to the recommendations of the Joint Select Committee on this point. I read a few moments ago the proviso relating to women's franchise as it appears in the electoral rules of the local Legislative Councils. I will now read the proviso to electoral rule No. 7 as it affects the constitution of this House. It is as follows :

"Provided further that, if a Resolution is passed by the Council of State after not less than one month's notice has been given of an intention to move such a Resolution, recommending that the sex disqualification for registration should be removed either in respect of women generally or any class of women, the Governor General in Council shall make regulations providing that women or a class of women, as the case may be, shall not be disqualified for registration by reason only of their sex, if they are not so disqualified for registration as electors for the Legislative Council of their province."

The effect of that is that before any Resolution of this Council admitting women to the franchise can be effective, it must be preceded or followed by a Resolution in the local Legislative Council concerned; that is to say, the Legislative Council of the province in which the constituency in point is situated. I hope that is clear. I will repeat once more that the recommendations of the Joint Select Committee and the rules which were passed in accordance with those recommendations deal only with the question of the vote, not with the

question of the right to sit, and in so far as the admission of women to the vote is concerned, no further amendment of the electoral rules of any province or either Chamber of the Central Legislature is necessary.

I pass next to the actual recommendation made by the Reforms Inquiry Committee. The recommendation made in paragraph 66 of their Report is not at the present moment any immediate concern of this Council. It refers to the two constituencies of Delhi and Ajmer-Merwara which return Members to the Legislative Assembly.

We are not therefore directly concerned with that question. If at any time in the future these constituencies were given the privilege of returning a member to this Council, then the question might conceivably arise. It is not at the present moment a practical issue. The recommendation of the Reforms Inquiry Committee which does directly concern this House is contained in paragraph 67 of their report and the effect of that is that electoral rule 5 which prescribes the qualifications of persons eligible to sit as Members of this Council should be amended on the lines of electoral rule 7, so that in the event of this Council passing a Resolution affirming that women ought to be permitted to sit as Members of this Council and of a similar Resolution being passed in the Legislative Council of the province concerned, effect will then be given to it in the same manner as it may now be given in the matter of right to vote. That, Sir, is the recommendation before the House.

I shall now briefly state what the present situation is. As regards the removal of the disqualification of women to vote, Resolutions of the character contemplated in the proviso have been passed by the Legislative Councils of Madras, Bombay, the United Provinces, and, I believe, recently of Bengal. In the other provinces either such Resolutions have not been moved or they have been moved and have been rejected. The case of Burma stands on a somewhat different footing. In view of the position traditionally occupied by Burmese women in Burma, when the electoral rules for that province were framed no disqualification in the matter of the right of women to vote was set up and the Legislative Council of Burma was given the same prerogative with regard to the admission of women for membership of that Council which will be the prerogative of this House and the Legislative Councils if this Resolution is carried; but no such Resolution, to the best of my knowledge and belief, has so far been moved and passed by the Legislative Council of Burma. The situation then in Burma is that women are qualified to vote in the constituencies for the Legislative Councils, but they are not as yet qualified to be candidates. If then the House approves of the Resolution which I have moved, the consequential procedure will be as follows. The Governor General in Council will proceed to amend the electoral rules of this House in order to enable the removal of the sex disqualification on women to stand for election which at present subsists. Thereafter, it will be necessary, after one month's notice has been given, for a Resolution to be moved in this Council confirming and taking advantage of the procedure allowed by the electoral rules and concurrently it will be necessary that a similar Resolution in the local Legislative Councils be passed. The consequential regulations having been made the procedure will then be complete and women, so far as this Council

[Mr. J. Crerar.]

is concerned and in so far as the provinces which have taken advantage of the provision of the rules are concerned, will be entitled to vote in constituencies of this Council and to sit as candidates for membership of this Council. I should remark that what I have narrated to the House applies not only to election but also to nomination, that is to say, women otherwise possessing the necessary qualifications for election to the House would also be eligible for nomination. And I further wish to point out that on the very important matter of procedure the Reforms Inquiry Committee say:—

“ We would require that the Resolutions to be passed for the purpose should be in addition to the Resolutions necessary for the removal of the disqualification for being an elector in any of the legislative bodies concerned.”

In other words, in order that the issues may be perfectly clear and precise, the question of the admission of women to vote and the question of their admission to candidature for the Legislatures should be considered and debated as separate issues. The question then before the House is that they do endorse these recommendations of the Reforms Inquiry Committee and they do move the Governor General in Council to amend electoral rule 5 in such manner that, if the Council subsequently affirms its desire that the restriction on women standing as candidates for election to this Council be removed, and if the necessary concurrent Resolutions are passed by the local Legislatures concerned, then that restriction will be removed. That is the issue before the House. I do not intend to say anything on the merits. I have contented myself with explaining the situation as it stands, the situation which this House must take into account. The object of this Resolution is not in any way to deflect or guide the conclusions of Honourable Members but simply to ascertain the sense of the House. I move, Sir, the Resolution standing in my name.

THE HONOURABLE MR. V. RAMADAS PANTULU (Madras: Non-Muhammadan): Sir, while thanking the Honourable Mr. Crerar for the Resolution he has brought forward to amend the electoral rules in regard to women franchise, I beg with your leave to move an amendment to that Resolution. I shall first read the amendment and then explain my position. The amendment is:—

“ That the following words be added at the end of the Resolution, namely:

‘ And to remove the sex disqualification in the matter of registration on the Electoral Roll of persons who are otherwise qualified to vote in the election to the Council of State.’”

Sir, on the 24th March 1925 I asked this question:—

“ Will the Government be pleased to state whether any proposal is under consideration to amend the rules relating to election to the Council of State with a view to enable women who otherwise possess the prescribed qualification to vote and stand as candidates at the next election to the Council of State.”

And the Honourable Mr. Crerar replied:

“ Under Rule 7 (1) (b) of the Council of State Electoral Rules. . . .”

THE HONOURABLE MR. J. CRERAR: I rise to a point of order, Sir. I much regret interrupting the Honourable Member, but I fear there is some misapprehension with regard to the amendment. I submit, Sir, that the second part of the Honourable Member's amendment is outside the scope of my

Resolution. If I understand the Honourable Member's amendment correctly, it is intended to be a Resolution of the kind provided for in the second proviso to rule 7 of the electoral rules. My Resolution does not refer to the second proviso to rule 7. It is an entirely separate issue raising chiefly, as I have already explained, the question not of the right of women to vote but the right of women to be candidates for election. I submit, therefore, that the second part of the Honourable Member's amendment ought to be moved as a separate Resolution and that it is not within the scope of the Resolution which I have placed before the House.

THE HONOURABLE THE PRESIDENT: Will the Honourable the Home Secretary say exactly what he means by the second part of the Honourable Mr. Ramadas Pantulu's amendment?

THE HONOURABLE MR. J. CRERAR: I understood, Sir, that the Honourable Member moved this as the second part of his amendment.

"and to remove the sex disqualification in the matter of registration on the Electoral roll of persons who are otherwise qualified to vote in the election to the Council of State."

THE HONOURABLE THE PRESIDENT: That is in fact the whole of the amendment moved by the Honourable Mr. Ramadas Pantulu.

THE HONOURABLE MR. J. CRERAR: That is the material part of it.

THE HONOURABLE THE PRESIDENT: The whole of it. The Honourable Member did not move the portion which possibly is in the Honourable Home Secretary's hands.

It seems to be very difficult for me to rule that the Honourable Member's amendment which he proposes to move to the Resolution is not within the scope of the Resolution. There are after all two parts of the Resolution moved by the Honourable the Home Secretary. The first part of it deals with the right to vote; but, as the remainder of the Resolution brings in both aspects of the case—the right to vote and the right to stand as a candidate—I think the Honourable Mr. Ramadas's amendment must be held to be within the scope of the Resolution. I find a little difficulty, I must confess, in understanding it, but perhaps the Honourable Member will explain it. He suggests the removal of the sex disqualification. The sex disqualification for voting has, as he is probably aware, already been removed in some cases, and it can be removed in others. I understand that his intention is to remove the sex disqualification absolutely and not leave it to the happening of certain contingencies. Perhaps the Honourable Member will explain that in his speech.

THE HONOURABLE MR. V. RAMADAS PANTULU: Sir, I shall just continue what I was saying. The Honourable Mr. Crerar gave the following reply to my question:

"Under rule 7 (1) (b) of the Council of State electoral rules, women are not entitled to have their names registered on the electoral roll of that body; but if a Resolution is passed by this House after not less than one month's notice has been given recommending the removal of the sex disqualification for registration, the Governor General in Council, under the second proviso to the said sub-rule, is required to make regulations providing that women or a class of women shall not be disqualified for registration as electors for the Legislative Council of their province. This question is therefore one for action by this Council and not by the Government of India. As the Honourable Member is aware such a Resolution was passed by the Legislative Assembly in February 1922, but that Resolution

[Mr. V. Ramadas Pantulu.]

affects electors for that body only. As regards the disqualification from being a candidate I refer the Honourable Member to paragraph 67 of the Report of the Reforms Inquiry Committee. The recommendation contained in this paragraph is at present under the consideration of the Government of India."

Sir, in pursuance of this reply, I sent a Resolution asking Government to amend the electoral rules so as to make it permissible for every woman to vote and stand as a candidate. The position is this. Under rule 5 of the electoral rules it is necessary to change the rules in order to remove sex disqualification against candidature. Under rule 7 all that is necessary is to pass a Resolution in this House in order to remove sex disqualification against voting and after that Resolution is passed the Governor General in Council is required to make regulations. Therefore, I am now moving in the form of an amendment the Resolution of which I gave one month's notice, by sending it on the 13th July, as the Honourable Mr. Crerar has himself brought a Resolution which is germane to my Resolution.

The Legislatures of four provinces have removed the disqualification so far as their provinces are concerned. But the Council of State has not yet removed this disqualification and it cannot be so done unless a Resolution for removing this disqualification is passed under the second proviso to the electoral rule 7, which runs as follows :

" Provided further that, if a Resolution is passed by the Council of State after not less than one month's notice has been given of an intention to move such a Resolution, recommending that the sex disqualification for registration should be removed either in respect of women generally or any class of women, the Governor General in Council shall make regulations providing that women or a class of women, as the case may be, shall not be disqualified for registration by reason only of their sex, if they are not so disqualified for registration as electors for the Legislative Council of their province."

Therefore, Sir, the position is this. With regard to the five provinces, namely, Bengal, Bombay, the United Provinces, Madras and Burma, there is no disqualification for women so far as their local Legislatures are concerned. If my amendment is passed, the Council of State electoral rolls will be so revised as to include women of all these provinces. It does not impose any obligation upon the other provinces to do so unless they are so pleased. It would be open to any other provinces besides these five provinces to pass Resolutions later on to remove this sex disqualification in their provinces. Then the women of all these provinces by virtue of this Resolution, as the Honourable Mr. Crerar was pleased to observe, will be entitled to be registered on the electoral rolls of the Council of State. Therefore, my amendment only covers one part, namely, the disqualification covered by rule 7. That is what I venture to do.

I do not think many words are necessary to commend this Resolution as amended by me, for the acceptance of the House. The Honourable Mr. Crerar has not raised any difficulties with regard to women being enfranchised, and I hope this House, which consists of so many gallant men, will also not see any difficulty in enfranchising women. The argument, Sir, which is generally advanced that the women of India are illiterate and are not in a position to exercise the franchise is not now accepted. There recently appeared in the

editorial of an Anglo-Indian journal, which is of a great standing in this country, the *Statesman*, a passage to this effect :

“The women of India as a rule are illiterate but illiteracy and ignorance are not the same and it is not necessary to suppose that Indian women are wanting in shrewdness or capacity. The whole history of the land is testimony to the contrary.”

Therefore, that view is not really held by many. The other argument that is advanced is that men are superior to women in wisdom or capacity. It is now as dead as a door nail. I do not think this House will revive this argument. I therefore do not see any difficulty in commending this Resolution to this House. So far as my European colleagues are concerned, they know how their own women fought for political liberty in recent years in England. We remember very distinctly the vivid scenes described in English papers some time ago as to how those women “marched in resolute processions, chained themselves to railings at Westminster and were forcibly fed at Holloway.” Therefore, my English brothers will certainly sympathise. To my Muslim brethren I will only say one word. This clause is an optional and enabling clause and it will not compel any Mussalman lady who observes *Gosha* either to attend a polling-booth or to record her vote. There are Hindu ladies who do not observe *Gosha* and who are willing to attend polling-booths and participate in the political life of the country, and I hope that Moslem brethren will not stand in their way.

I have not come across any other argument against this liberty. Only I heard the other day one Member remark—I thought it was a jocular remark—that I was trying to create more rivals in the field of election than there are already there. They think that their wives will be rivals in the election and their position will become difficult. Sir, the proceedings of our House are often very dull, and, if women are allowed to come in and sit as Members of this House, it will tend to enliven the proceedings of this House greatly. I think their presence in the Chamber will attract more visitors to the Visitor’s Gallery than this House generally does. Women are very useful now-a-days as members of various bodies. I am myself a member of some bodies in which women sit with great advantage.

In the Madras Presidency we have in our university Women Senators who enlighten us with views which are worthy of consideration and which carry great weight with the Senate. In the Corporation of Madras we have lady councillors who render very valuable help to the citizens of Madras. Therefore I think that on the Councils also there ought to be women who will render very great help in politics. In fact only yesterday I came across a little poem which said that there is no place in which a woman is not and ought not to be. The poet said :—

They talk about a woman’s sphere
As though it had a limit
There’s not a place in earth or heaven
There is not a task to mankind given
There is not a blessing or a woe
There is not a whisper “Yes” or “No”
There is not a life or death or birth
That has a feather weight of worth,
Without a woman in it.

[Mr. V. Ramadas Pantulu.]

If she can be everywhere, I do not see why she cannot be in this Council. I am told however that she is not in one particular place. A clergyman, addressing a large audience of women in America, remarked, all of a sudden in the course of the sermon, while the ladies were conversing, that there was one place where women were not to be found and that was Heaven. When the women looked aghast he quoted the following passage from the Bible as his authority :

“ Then there was silence in Heaven for one moment. ”

There may be no silence where there are women. But silence is not a virtue which this House need encourage. We are accused of recording many silent votes for Government. Women may relieve us in this matter.

Women are everywhere. We cannot get on without them and if we do not yield to them now of our own choice, we may have to do so out of necessity later on. Women have a right to rule this land along with men. The old saying is that the hand that rocks the cradle rules the world. If any great Kings ruled and misruled Empires women ruled and misruled great Kings. As a Councillor woman had a great past and has a great future. So let us have women in this House and they will be able to persuade us to do what is best for this country. I hope that the House will not raise any difficulties in the matter of enfranchising women both as voters and as persons entitled to sit in this House. With these words I commend my motion.

The HONOURABLE THE PRESIDENT: The Honourable Member's speech has placed me somewhat in a difficulty, and his speech makes it necessary for me to revise something of what I said to the Council a short time ago. I asked the Honourable Member to explain exactly what his amendment meant. I understood that he was suggesting an amendment which would remove either absolutely or in some qualified manner the disqualification of the female sex for registration as electors in the Council of State constituencies. Rule 7, which is the rule which he must be referring to, in the first place absolutely disqualifies a female for registration as an elector, and the proviso which has already been quoted two or three times provides for the removal of that disqualification, where the disqualification has already been removed in a province for registration as an elector in the local Councils and a Resolution is passed thereafter in this Council. The Honourable Mr. Ramadas has explained to the Council that his amendment is really in the same terms as a Resolution of which he gave notice over a month ago, and that that Resolution was intended to be the Resolution contemplated by the proviso to Electoral Rule 7. I have certainly never regarded the Resolution of which he gave notice in that light. In the first place he made no reference whatever to any province in which the sex disqualification had been removed. But I understand from his remarks now that he regards the passing of his amendment by the Council as equivalent to the passing of a Resolution by the Council, as contemplated by the second proviso to Electoral Rule 7. That being so, I am afraid I must rule his amendment entirely out of order. He has tried to bring before us what the electoral rules regard as a substantive Resolution after one month's notice

by means of an amendment to a motion of which I personally had about ten minutes' notice. In that case, I am afraid the Honourable Member will have to bring up the matter in a different manner. I do not say his speech is wasted. No doubt the Council will not regard his speech as wasted. He has so ably and eloquently advocated the claims of the other sex.

THE HONOURABLE MR. RAMADAS PANTULU : On a point of information may I know, Sir, whether my Resolution just tabled for to-morrow the 10th, will be blocked by this Resolution, or whether I will be in order in moving it ?

THE HONOURABLE THE PRESIDENT : I do not think the Honourable Member's point really arises on the motion before the House, but I may point out that the carrying of that Resolution will not be equivalent to the carrying of the Resolution contemplated by the second proviso. His Resolution recommends an amendment to the electoral rule. The Resolution which he should move is a recommendation to the Governor General in Council to make regulations to remove the sex disqualification in certain provinces where that has now been done in regard to the local Councils.

THE HONOURABLE SIR DEVA PRASAD SARVADHIKARY (West Bengal : Non-Muhammadan) : The amendment being somewhat ungallantly out of the way, I desire to support the motion of the Honourable the Home Secretary, for the reasons that he has adduced, and for the further reason that the Minority Report has also supported this recommendation at page 188. It says :

“ We recommend that women should be enfranchised by rules in every province and also should have the right to stand for election.”

That is directly no doubt on the question of provincial franchise. The Minority Report is silent with regard to the question of the Central Legislature but by more than implication is in favour of the idea underlying the notion of the Honourable Mr. Crerar. When the proper time comes I have not the least doubt that the arguments and sentiments set out in the speech of my Honourable friend Mr. Ramadas with which not even the most ungallant of us will venture to disagree, will carry the day. In connection with this Resolution it is noteworthy that Government have not waited for the previous approval of the Legislative Assembly or this House for giving practical effect to the recommendation made in the Reforms Inquiry Committee's report. This is right from the point of view of the canon that I should like to have laid down and accepted, namely, that where the Majority and the Minority Reports do not disagree and where they do agree, Government should forthwith proceed to take action. It has already anticipated matters by moving a Bill for the removal of certain disabilities of members of various Legislatures, and to-day the moving of this Resolution also gives effect to another recommendation of the Reforms Inquiry Committee's Report.

That recommendation, as we have seen, is supported by the Minority Report, and I have great pleasure in supporting this motion,

THE HONOURABLE THE PRESIDENT: The question is:—

“That the following Resolution be adopted:

‘This Council recommends to the Governor General in Council that he do proceed to make the amendments in the electoral rules required to give effect to recommendations Nos. 8 and 9 in the Majority Report of the Reforms Inquiry Committee’.”

The motion was adopted.

RESOLUTION *RE* BOUNTY ON STEEL MANUFACTURED IN INDIA.

THE HONOURABLE MR. D. T. CHADWICK (Commerce Secretary): Sir, I beg to move:—

“That this Council recommends to the Governor General in Council that a bounty should be paid on steel manufactured in India between the 1st of October 1925 and the 31st of March 1927, subject to the following conditions:

- (1) The bounty should be paid only to firms or companies manufacturing, mainly from pig-iron made in India from Indian ores, steel ingots suitable for rolling or forging into any of the kinds of steel articles specified in Part VII of Schedule II to the Indian Tariff Act, 1894.
- (2) The bounty should be paid on steel ingots manufactured by such firms or companies, and the bounty should be paid at the rate of Rs. 12 a ton on 70 per cent. of the total weight of the ingots manufactured in each month.
- (3) The total amount of the bounty payable under this Resolution in the 6 months ending the 31st March of 1926 should be 18½ lakhs and in the year commencing the 1st of April 1926 and ending the 31st of March 1927 should not exceed 41½ lakhs, making a maximum total in all of 60 lakhs.”

I will endeavour, Sir, not to occupy the time of the House too long, but I hope above all to make myself clear in moving this Resolution which I have just read out. The first point I want to make clear to the House is that the principle of giving protection to the steel industry is not now in issue. Last year in June this Council accepted that by passing the Steel Protection Act. All that we are doing to-day is considering measures concerted to meet unexpected circumstances which have subsequently arisen. To make the recommendations clear, it is necessary however to hark back to the first report of the Tariff Board very briefly. The House will recollect that after the steel industry had made out a case for protection, the Tariff Board had then to determine what rates it should recommend to the Government and to the Legislature as protective duties. For this purpose it had to determine what it considered to be a fair basic selling price for manufacturers to tide them over a period of difficulty. It also had to make a forecast of the prices at which imported steel was likely to enter India, and thereby it got a lower limit. Its upper limits were Rs. 180 for ordinary steel bars and Rs. 175 for steel structural sections, and its lower limit was Rs. 140 for steel bars. In doing so the Board did not say that the company or the industry should be given a guarantee that they would always obtain the upper prices. The Board made no such statement or recommendation and such a statement would certainly not be endorsed; it would be entirely wrong to endorse a minimum price. Unfortunately, shortly after the passing of the Act, the unexpected happened: Continental prices

broke and proved the forecast of Rs. 140 as the price of imported steel to be wrong. A fresh inquiry was necessary in September and October last year. The report the Board then sent in was very dismal reading. It reported that prices of steel bars had fallen by 35 shillings a ton, steel beams by 30 shillings a ton and plates by some 24 shillings a ton below the figures that it had anticipated. It reported that imports had been on a very large scale, that the markets were depressed, that the stocks were large. It also reported that the Tata Iron and Steel Company was unable to sell its products freely. That was a disappointment to the Board as well as a disappointment to the Legislature, which had so recently voted heavy protective duties. Now, Sir, disappointments often have their consolations, and here there was, if not a golden at least a silvern consolation in the form of bounties to the extent of 50 lakhs. This was to be paid out through the year ending with the last day of the current month. A promise was also given that a fresh inquiry would be held and the position would again come under the consideration of the Legislature before the end of September. The Board's inquiry has been held, and its report is before you.

I should explain that the terms of reference to the Board on this occasion were wider than on the last. During the year Government had also received applications for a further inquiry from other industries which had received protection under the Steel Industry Protection Act, 1924. The Board was therefore authorised to inquire into all the industries which had been protected under that Act and to determine whether conditions were such that any supplementary assistance was needed. I therefore bring up to-day only a part of the final report. I have to thank you, Sir, for allowing me to bring up this Resolution before the Council within the period of notice, and I trust that the House will not complain that they have had a short time in which to read it. That arises from circumstances over which neither the Government nor the Tariff Board had any control. The House knows that one of the members of the Board, Mr. Kale, was called away by the Society of which he is an honoured member; Mr. Ginwala went on leave early in the year, and Sir George Rainy himself was seriously ill in hospital in June. The result was that in June the Tariff Board had practically disappeared. Sir George Rainy happily recovered but the commencement of the inquiry was delayed. He and Dr. Matthai have given us a report which is up to the high standard of the former reports of the Tariff Board, a standard which this Council I am sure expects to be maintained in future, however the Board may be constituted. The second portion of the Board's Report dealing with tinplate, fabricated steel and wagons, has only been received in instalments during the last 10 days, and it has been impossible to deal with them yet. They must wait. The report before us now is complete, it deals with raw steel and all forms of steel covered by last year's bounty. I described the report of last year as dismal reading; again the Board has recommended supplementary assistance, but this is not such dismal reading. It is much more cheerful reading. It reports an entirely different state of affairs from that of a year ago. Then stocks were heavy, the markets depressed, and the imports had been on a very large scale. Imports have continued on a large scale, but instead of the markets being depressed, their condition is healthy, stocks are normal, and the Steel Company, instead of being unable to sell their products, are

[Mr. D. T. Chadwick.]

selling well. I will just give one or two figures to let the Council realize what this means. The pre-war average imports of these articles of steel of which we are now speaking were about 636,000 tons a year. On account of the rise of prices, after the war, in 1921-22 they fell to 446,000 tons. In 1923-24 the prices were falling and including local consumption the quantity on the Indian market rose to 626,000 tons. The Board anticipated in its first inquiry that as a result of the enhanced duty which they were then recommending imports would fall in the following year, that is 1924-25, to 559,000 tons. As a matter of fact the imports and local production of these kinds of steel on the Indian market last year, in 1924-25, exceeded 808,000 tons, and the Board reports that all that quantity has gone into consumption. Markets are now healthy, they are not congested. The figure is a record. I think, Sir, the Council will realise that this is a striking illustration of the effect of a stabilisation of prices after a heavy fall in stimulating consumption. If so, it may not be without a message of hope to other industries now in difficulties through falling prices..

So, Sir, the general conditions are better, but still the Board reports that current prices are from Rs. 30 to Rs. 48 per ton below what they had originally anticipated in their first report. The majority of these disparities are round about 34-35. The Rs. 48 drop a ton is on galvanised sheets, which is one of the smaller articles which the Iron and Steel Company make. Now, Sir, the disparities are large. It is clear that some supplementary aid is required to carry out the intention of the original Act of last year. There are two other points which the Board has dealt with in its report. It recommends that that aid be given by bounties for the next 18 months and not merely for a year. Eighteen months hence the Steel Industry Act will itself expire, and before that there must be a full and complete inquiry into the conditions of the industry to determine what further protection is required and for how long. There will be no point in hampering those industries by any additional supplementary inquiry within the same period. Therefore, I trust the Council will not expect me to argue the case for bounties *versus* duties or the period of 18 months or the fact that additional assistance must be continued.

The question is at what rate the help should be given. That is the most interesting portion of this Resolution. I would like the Council to keep in mind for purposes of this Protection Act, the kind of steel which the Tata Iron and Steel Company manufacture fall into two classes. First, there is the large number of miscellaneous articles, bars, angles, plates, sheets, structural iron, etc., which they sell in open market in competition with imports. It is in that class of article and in that class of article only that it is feeling the force of competition. There is another class of article, namely, rails, which are still being supplied under old contracts, and tinplate bars, which were not included in the Act for direct protection, as they got their protection through that afforded to tinplate itself. In this last class, namely, in rails and tinplates, the Company is immune, or practically immune, from the effects of foreign competition. It has sold its output under long contracts. The Government and the Legislature have given bounties on rails. The difficulty experienced in selling is in regard to the first

group of articles, to which, if the House will allow me to do so, I will apply the description "bounty steel" as these are the articles which are sold in open market in competition with imports and any case for supplementary assistance must rest and rest only upon the prices obtained for these goods.

THE HONOURABLE SIR MANECKJI DADABHOY: Have these long contracts now expired?

THE HONOURABLE MR. D. T. CHADWICK: No, Sir. They are expiring gradually in time. The Bengal Nagpur Railway contract expired last March, the Palmer group contract expires next March, and the contracts of the Railway Board run to the end of the Act, 18 months hence. As they expire the new contracts for rails have to be made in competition with the open market. Therefore in the figures which I will give for bounty steel I shall include rails for which new contracts are being or will be made. That is, bounty steel includes these miscellaneous articles, and also rails, for which the Company will be making new contracts in the course of the next 18 months. The total output of finished steel in the next 18 months is estimated by the Board to be 524,000 tons, of which 315,000 tons will be bounty steel, that is, practically three-fifths. The case for bounties then rests on this three-fifths of the output. For administrative convenience and not to interfere with the Works any more than is necessary and to allow the Works absolute freedom to make their steel into whatever form of steel article they think will be most profitable to them, we however spread the bounty over the whole steel production, but of course, at a lower rate. Therefore the figure of Rs. 12 per ton on finished steel which is proposed in my Resolution is in fact a bounty of Rs. 20 a ton on the production of those classes of steel for which any claim for supplementary help can be made out. I am in fact recommending bounties of Rs. 20 per ton on all steel sold in open competition.

The House will see from the report that the Board recommended a maximum bounty should be fixed at Rs. 90 lakhs. The question is how it got that figure. It got it by straightforward arithmetic. I have already mentioned that the gaps that it discovered to exist between the prices that it had anticipated and those now ruling were between Rs. 30 and Rs. 48, mostly about Rs. 34. It found that the effect of exchange on internal prices, which was one of the unforeseen things which it could not count on when making its first report, had caused reductions in cost of production of steel of Rs. 5 a ton: and taking that reduction on the bounty steel alone it reduced the gap to 25 and 43 mostly round about 30. The Board then multiplied these figures by the anticipated outturn of each class of article and added up the result. It came to Rs. 90 lakhs. That is a straightforward way of working it out. I think myself that this maximum is Rs. 10 lakhs too high, because the effect of exchange on internal prices affects equally the cost of production not merely on the bounty steel but of all the steel produced; and if at this stage the State is asked to give extra money, hard cash, on account of the unforeseen circumstances, of which this is one, we ought also to take credit for the advantages derived on the whole of their production from the same unforeseen causes. Taking that course, this reduces the maximum by 10 lakhs to 80 lakhs.

[Mr. D. T. Chadwick.]

Now, Sir, I have described the method and I have described how the Board obtained the figure. I admit, Sir, that that was the method that Government themselves followed last year in determining the 50 lakhs. The Board report that that 50 lakhs was too generous. After a full year's working, for which the accounts are available, the Board have shown that the State then gave more than was justified by arithmetic. I make no apology for that. The circumstances were then special. The company and the industry were then passing through probably the most difficult and critical moment that they have ever had, and I sincerely hope and trust that they will never again experience a time of difficulty similar to that. The Chairman in his last speech to the shareholders said that that action and the previous action taken by the State had saved the industry. Therefore, Sir, we were perfectly justified then in going right up to the full limit and I do not mind if we got a little above it. To-day the circumstances are not the same. They are better and it is only right that this Council should pause for a moment to examine the implications of a system of imposing protective duties and then supplementing them by bounties calculated by arithmetic up to a certain arbitrary figure. What is the idea underlying a scheme of protection? Under any scheme of protection, the country or the State impose certain duties, in a way they may be said to set the field or conditions within which industrial enterprise may have free scope. It is no part of a scheme of protection to guarantee prices to an industry; to say to it, whatever happens, come misfortune, come good luck—you shall always get for anything you sell at least so many rupees. A guaranteed minimum price for commodities is no part of a scheme of protection. It is not inherent in the scheme; it is not contained in the scheme and it is very dangerous to give currency to any such idea. It will only stifle effort and lead to stagnation and ultimately to waste. We are in danger of giving currency to such an idea. We fixed protective duties and then a few months after held an inquiry with the result that we made up in cash to the company the probable difference between prices likely to be realized and a certain fixed price. It is now proposed that we should do the same again for another 18 months. This is getting very close in practice to guaranteeing the industry a fixed minimum price. We have definitely given protection to these commodities for three years. Had events gone differently and had the price of those commodities risen, would the surplus have been returned to the State or could we ever have asked for it? The State could not and would not have done so. That was not in the Act. It was not, so to speak, in the bond, nor was it in the bond that we should guarantee a minimum price. So much for the theoretical effect of supplementing duties by bounties calculated in this manner. There is also a practical side. In any protective scheme it is left to the industry to manufacture its products within those conditions set by the duties. Its receipts depend on its own efforts. It takes the risk of defaulting and defaulting buyers, it also takes the risk of the market. It is left to its own energy and the energy of its salesmen to push its commodities. Bounties are on a very different footing. Month by month a certain sum comes in. The bounty is paid on production and before the article is sold. I am sure every business man will admit that this characteristic of bounties

has a definite cash value and is a much more comfortable state of affairs than to have to rely for receipts when the customer pays. Bounties, in fact in comparison with what happens under an ordinary protective scheme, have a real business value, that is a cash value, above their actual cash figure. Therefore in using bounties to restore the equilibrium of a protective scheme it is justifiable and right to fix them at some figure below that given by straightforward arithmetical calculations.

The Government have given their careful consideration as to what that figure should be, and the figure that is put forward in my Resolution is a maximum of 60 lakhs. Now, Sir, I hope I have carried the House with me so far. There are many, I dare say, who will endorse me as far as I have gone and yet they will hesitate and say; "Are you sure that 60 lakhs is enough? We do not altogether like this paying out of large sums of money to one industry in addition to high protective duties. But at the same time we wish to see this industry established, if it can be established." I think many Honourable Members of this Council who have that feeling will probably go further and rightly say that they would also like to see that industry developed under the auspices of those who are the successors in name and also in title of the grand old man who had the imagination to conceive this great industry and who had the courage to attempt it. Therefore, I dare say the House will need some assurance. Although they may hesitate about these large sums, they will want some assurance that this 60 lakhs is a reasonable amount.

Now, the House will find in the first Annexure to the report of the Tariff Board a careful analysis of probable course of works costs and of the effects of their proposals both on a Company economically capitalised and financed and on the Company with its present financial commitments. They have there put forward points which are of vital interest to this Council and to the Legislature in giving this protection. The ultimate object of protection of the industry, namely, that it may meet competition unaided, cannot be attained without a very considerable reduction in works costs. And therefore this is a point to which this Council ought to pay close attention. I will give you the figures as reported by the Tariff Board. Following the method adopted by the Company the average works cost of production of finished steel in 1923-24 was Rs. 124 a ton, and the Company at the time of the first report expected in three years to bring it down to Rs. 106. The actual works cost in 1923-24 was Rs. 122-8-0, a reduction of Rs. 1½ per ton. In the first five months of this year they brought it down to Rs. 115, that is to say, they reduced it by Rs. 7. They have still therefore another Rs. 9 to reduce to reach their original figure which they expect to reach before the 31st of March 1927. The Board has gone very carefully into this question and it has pointed out that the Company ought to aim at a reduction which should be beyond that of the Rs. 9 which the Company hoped to achieve. The Board is more cautious in this report than it was in its first report and yet still considers that the Company ought to be able to obtain a reduction of Rs. 15 in the next year's working cost. I am perfectly certain that this Council will sincerely hope that the industry will be able to do so and I am also confident that the industry will attempt to do so. I am not however going to rely on these figures of future ~~probable~~

[Mr. D. T. Chadwick.]

ties. I am going to be more careful. I am going to assume that the works cost during this year is not brought down any further, that it is not brought down below the average figure for the first five months. I am going to assume that the works cost next year is only reduced by Rs. 5 instead of Rs. 9 which the Company originally said they will be able to do and instead of the Rs. 15 which the Board considers feasible.

On these conservative assumptions I have made, which the Council sees are below those of the Board and of the Company, this grant of sixty lakhs would mean that, next year, after allowing for depreciation and overhead charges, there would be a net profit for the steel industry of nearly 6 per cent., if it had been on the economical and careful financial basis at which the Board in its first report values the property. That is if the Company were clear of debt and capitalized at 15 crores. The Board in its first report calculates that Government help should be calculated on the assumption that a company or industry itself is on a sound financial footing and that its finances are carefully managed. But I do not say that these 60 lakhs will give the present company that return next year. It will not. The real fact is that for many reasons—I make no criticisms—I merely state a fact—the company is burdened with heavy charges on account of debenture and loan interest which have to be paid. It will be a very serious matter if it were unable to meet those charges. That fact has to be taken into consideration. The bounty of 60 lakhs will allow all these charges to be met and, provided nothing unforeseen happens, leave a surplus next year of 50 lakhs. If, however, the Board's anticipation of a reduction next year in working cost of Rs. 15, instead of the mere 5 which I have taken, is realised, the position is very much better. That reduction of Rs. 15 I hope will be realised. I put it to you that this is a time of depression, when the steel industry throughout the world is experiencing the most difficult times that it has ever passed through during the last 40 years, and if the State assistance given to this industry in India can bring it or ought to bring it from the condition in which it was three years ago into the condition which I have just described, it is as ample and as far as any State can reasonably be expected to go. For the industry to be placed on an entirely sound and healthy footing, its loan and arrear dividend position demands most careful attention. I am not now going into that matter. It is for the owners and the management to retrieve that position and clear up their arrear dividend position. That is a domestic matter. I will not go further into that. If the State is asked to help an industry, we can rightly expect large efforts from all interested in that industry including the shareholders no less than any else. That aspect of the question has been most admirably expressed by the Chairman at the last annual meeting. I cannot do better than repeat his words. After giving particulars of the bounties he said :

“ And in addition we have the benefit of the tariff on other steel. In return for this the country expects us and you to build up as soon as practicable a strong and healthy industry able in course of time to stand without protection, capable of strengthening and supporting the industrial development of India.”

I thoroughly endorse that and the aid that I am proposing should now be given to this industry will help them very much and very considerably in that object, I would ask the House that this aid should not be reduced further.

And now, Sir, it is only fair to let the House know the total extent of State aid that has been given.

THE HONOURABLE THE PRESIDENT: I would ask the Honourable Member to be brief. He has already considerably exceeded his time limit.

THE HONOURABLE MR. D. T. CHADWICK: The protective duties on steel bars are now 40 per cent. which are high. In addition we have given cash bounties on rails 93 lakhs, special bounties 50 lakhs and we now propose to give 60 lakhs. That gives us a total exceeding 2 crores 3 lakhs. This with the 21 lakhs for bounties for wagons brings the total figure to 324 lakhs. The question is where does this money come from? Last year there was a windfall due to the heavy imports. Over the full three years the higher rates on steel goods will probably bring in 280 lakhs. I assume in that figure imports will keep up but that 280 lakhs is not a windfall. The revenue derived from the higher rates in the current year are included in the ordinary budget receipts of this year and no expenditure has been entered on behalf of this new bounty. Therefore the 18½ lakhs that I now recommend for this year is an additional and unforeseen charge on the expenses of this year and the 41½ lakhs is a commitment against next year.

I hope that I have made the point clear and I shall close by saying that the position of the industry is better than it was but the struggle is not yet over. The country has given aid freely, amply and sufficiently in the past and that now proposed is fair and reasonable. I thank the House for the patience with which they have heard me.

THE HONOURABLE SIR WILLIAM CURRIE (Bengal Chamber of Commerce): Sir, my constituency is in the main a free trade one; we are not lovers of tariffs nor of artificial assistance. We prefer free competition and let the best man win. There are many pitfalls in a system of protection, the full effects of which are not always visible when the protective steps are taken, and the original request, of which the present Resolution is a continuation, is a case in point. Exchange upsets all the careful calculations on which the original protective duties were based.

When, however, the original proposals for protection to the Steel Industry were made, my constituency came to the conclusion that it ought to be assisted. For the great firm of Tatas had shown an initiative which commanded the highest respect and had rendered invaluable assistance to the State in times of stress which deserved the greatest consideration from the country. We therefore acquiesced in the grant of assistance, though criticising the form such assistance should take. And I am glad to say that our view that a bounty was the preferable form of assistance was eventually accepted by the Government of India.

Sir, we are now asked to continue the assistance for another 18 months. This I do not think is unreasonable, for trade conditions since May, 1924, when the original protection was granted, have been such that the process of putting one's house in order could only be effected to a moderate degree. And protection, if granted for a short period, cannot give the necessary confidence to the management for domestic reconstruction, whilst it must be most inconvenient

[Sir William Currie.]

to the Finance Department of the Government of India to be called upon to produce in the middle of a budgeted year a large sum for a bounty.

At the same time, Sir, I think it was very necessary for this House to have had the assurance of the Honourable Mover that they are definitely satisfied that, with the bounty now proposed and for the period requested, there is no reason to doubt that the industry will not pull through.

One of the conditions for protection laid down in the Fiscal Commission's Report was that the industry claiming protection must be one which will eventually be able to face world competition without protection; with the Honourable Mr. Chadwick's assurance on this point, I am satisfied. For I feel certain that, if at the end of this period of 18 months, further protection be required, there will be great difficulty in obtaining the tax-payer's consent.

If this Resolution be passed by this House, I would like to suggest to the Honourable Mover that he should consider whether it would not be reasonable for the State to have a nominee on the Board of Directors of Messrs. Tatas whose particular duty it would be to see that every effort is being made by the management to justify the burden which is being placed on the tax-payer.

THE HONOURABLE COLONEL NAWAB SIR UMAR HAYAT KHAN (West Punjab : Muhammadan) : Sir, I think Honourable Members are aware that last time I was very much against protection to this industry on the ground that the public should not lose for the benefit of one company or certain individuals. Also, as we know in the Punjab which has not got this industry of its own, it is practically the same to us being so far away whether we pay for the protection to an industry on this side of the ocean or to an industry across the ocean. But as this time I have changed my views to a certain extent and would be voting on the other side, it is better that I should say why I do so. I have changed my views for this reason, Sir, that if anything big happens in the East, as it did happen in the West, like the World War, then there is danger to India because it is surrounded by the sea on three sides and if blockaded, articles of commerce may not come in freely from outside; and then if we have not got a big industry like Tatas or some other in the country, we may not have certain things which we require. As this is essential, I support the Resolution this time.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces : General) : Sir, I have great pleasure in supporting this Resolution because it gives effect to a principle laid down by the Fiscal Commission. One important principle among many others which the Fiscal Commission enunciated was that in cases where protection was necessary for the preservation and maintenance of key and national industries, such protection should be given irrespective of the limit of time, and should be given to such an extent and for such period as would be necessary to enable the industry to maintain its position without the aid of financial crutches. This Resolution therefore is acceptable because, as I have pointed out, not that it effectively puts into operation a very important principle, but because the Government, aided by the advice of the Tariff Board, have come to the conclusion that further relief is necessary. The Honourable Commerce Secretary has rightly pointed out that the issue

before the Council is no longer whether protection should be given or not. That question, to use a legal terminology, is *res judicata*. The point has been decided by the Fiscal Commission and was given effect to by Resolutions both in the Legislative Assembly and in the Council of State, and in pursuance of the Steel Industries Protection Bill, a Bill permitting a composite system of tariffs and bounties was passed in the Legislature. My friend, the Honourable Sir William Currie, has referred to his constituency as a free trade one, and as I understood his speech, he has supported the proposition, though maintaining that such a policy of State aid is opposed to free trade principles. I shall not dilate on the subject, but I would remind my Honourable colleague that England also laid the foundations of her industries first by resorting to a policy of protection, and when she was strong enough and in a position to compete with the world, she went in for the free trade policy. Indian politicians have consistently claimed for India a protective policy for the last 40 years. That policy of protection to India has come unfortunately too late. If that policy had been brought into operation in this country 25 years ago, India would have been a very great nation industrially and would have been in a much stronger position financially than she is to-day. My Honourable friend, Sir William Currie, has also referred to a remark that in the middle of the year it is somewhat unfortunate for a large sum of bounty to be provided by Government. I wish I could see the validity of that argument. Unfortunately the same argument has been lately urged from a much higher and exalted quarter against the suspension of the cotton excise duty. I wish in that connection to point out one significant fact, a fact of recent date. My Honourable colleague knows that in the matter of the coal industry in England when the disputes could not be settled, the British Parliament gallantly came to the rescue of the coal industry in England only six weeks ago, and in the middle of the year promised a subvention of £10 millions to remove all tension between the coal owners and the miners and assist in the negotiations between them. Sir, it is a very gratifying feature of this Resolution to have the assurance of the Honourable the Commerce Secretary that the public money which is being earmarked is well spent, and that the amount which we shall now sanction has every prospect of being spent in the right direction and in such a way as to rehabilitate this tottering industry during a period of acute steel and iron trade depression. I think this assurance of the Honourable Mr. Chadwick will go no doubt a great way towards dispelling future anxieties in this connection.

Sir, another important feature of this Resolution is that the additional supplementary aid is sought to be given by way of bounties and not by an increase in the customs duties, and I congratulate the Government on coming to that decision.

That is a decision which was recommended by the Fiscal Commission in the case of all key and national industries requiring protection that the State aid should be in the nature and character of bounties and not by increase in customs duties. The Fiscal Commission laid down in unequivocal language that in all such matters the aid should be by way of bounties. When the Bill came up before the Council last year for discussion and when the aid was given, it comprised both in the nature of an increase in tariffs and a partial bounty.

[Sir Maneckji Dadabhoy.]

But on this occasion I am glad to see that it has been right'y decided that the aid should only be by way of bounties. The great objection to increase in customs duties is that once customs duties on any article are fixed at an enhanced rate, there is always a great temptation in the way of Government to maintain those duties either permanently or as long as it is possible. No Finance Member or Minister likes to sacrifice his revenues. He is very chary about losing any portion of the revenue and he sticks to increased duties as long as it is possible. But in the case of bounties, it is the general tax-payer who pays the money and not the private consumer who uses the commodity. It would be unfair in the case of industries requiring national aid that the individual tax-payer, individual consumer, should be indefinitely called upon to pay and not the general body of tax-payers. The principle of assistance which the Fiscal Commission recommended was aid from the collective body, the Government, in matters of this kind, and not that the interests of individual consumers should be sacrificed. I am also very glad to hear the assurance given by the Honourable Mr. Chadwick and which will weigh very heavily with any Member who may be opposed to the grant of this protection, namely, that the Directors have done their best to reduce the works cost and there is going to be a very substantial reduction in future in the general working cost. The Tariff Board has come to the conclusion that the works cost is likely to be reduced very considerably during the next 12 months. Mr. Chadwick has also given a satisfactory explanation why he thought it necessary not to give the full measure of protection recommended by the Tariff Board, which was 90 lakhs. I should have on this occasion preferred that the full amount of the sum recommended by the Tariff Board had been sanctioned because the industry is one which has done, as you all know, considerable service during the war; but for the existence of that industry I do not know how we would have carried on our military operations in Mesopotamia and in other places nearer India.

THE HONOURABLE SAIYID RAZA ALI (United Provinces East; Muhammadan): What about the huge profits they made during the war?

THE HONOURABLE SIR MANECKJI DADABHOY: My friend here speaks of the huge profits made by the industry during the war. My friend forgets that those profits were of an ephemeral character, and that it was not the steel industry alone that made those profits. The jute industry, the cotton industry, and other industries made large sums of money and very probably my friend at the bar also made large sums of money....

THE HONOURABLE SAIYID RAZA ALI: At the bar it was the other way about.

THE HONOURABLE SIR MANECKJI DADABHOY: No. Because people were well off during the boom and lawyers also got something out of that by a prolific crop of litigation which then followed.

THE HONOURABLE MR. MANMOHANDAS RAMJI (Bombay: Non-Muhammadan): How were those huge profits used?

THE HONOURABLE SIR MANECKJI DADABHOY: It is too late to discuss that subject now, how those profits were used. It is all right to be

wise after the event. May I ask my Honourable friend there who is connected with the mill industry how

THE HONOURABLE THE PRESIDENT : We had better confine ourselves to steel.

THE HONOURABLE SIR MANECKJI DADABHOY : I will do so, Sir, but the Honourable Member has questioned me, and I would ask him to tell me how the profits were utilized by the mills at that time.

Sir, the object of this Resolution is to extend the period of protection from the 1st of October 1925 till the 31st of March 1927. That is the period when the Protection of Industries Act becomes extinct unless it is revived by further legislation, and I am glad that the period of protection has been decided to be 18 months. If any measure of protection should be given, it should be full and adequate and it should extend to the right period ; and I do not think any objection will be taken to extending the period to 31st March 1927. I am much in sympathy with the Honourable Member in connection with one pertinent observation. But I have very little doubt that before the next 18 months expire we shall not only see a revival in the general trade of the country—and I take a very optimistic view in that connection—but I have no doubt that Tatas themselves will justify the grant we are now making by resourceful, judicious, prudent and skilful management of their big works and by production of actual facts and figures, if necessary. If they at all again come up for aid, if any protection is ever demanded, it should be based on circumstances which will justify both the tax-payer and their representatives in this Council to consenting to it. I shall probably not take such a hopeful view as the Honourable Mr. Chadwick has taken. I hope his prophecy that the surplus profits, if this protection is given for the steel industry, will ensure a return of 6 per cent. after the debenture interest has been paid.

THE HONOURABLE MR. D. T. CHADWICK : I must have been indistinct. I did not say that it would give the Company in the present state of its finances 6 per cent. It will not. But it is sufficient, after meeting all charges, also all loans and debentures, to leave a margin on all reasonable probabilities.

THE HONOURABLE SIR MANECKJI DADABHOY : I am very pleased to hear that. But I hope we will be in a position to save this great industry. The question of immediate dividends should not trouble us in this matter. I should certainly like the shareholders to receive a dividend. I am glad to say I am not a shareholder, but at the same time I must point out that this protection is being sanctioned by us not because we are anxious that the shareholders should receive a dividend, but we are anxious that a national industry should not be destroyed and that it should be maintained and because it is an industry which is of great natural strength to the Government and the people of this country. It is for these reasons, Sir, that I support the recommendation underlying this Resolution.

THE HONOURABLE MR. PHIROZE C. SETHNA (Bombay : Non-Muham-madan) : Sir, for the information of the House, or at least of those Honourable Members who know it not, I have to state that I happen to be a Director of the Tata Iron and Steel Company, Limited, and as such, in accordance with the Parliamentary practice, I shall certainly abstain from voting. But I hope,

[Mr. Phiroze C. Sethna.]

Sir, that it is quite in accordance with the rules if I offer any remarks from the point of view of the Company itself. I hope I have your permission, Sir.

THE HONOURABLE THE PRESIDENT : I think the Honourable Member is quite in order. So far as I am aware this point has not arisen in this House before. But in accordance with the practice adopted in the other Chamber of the Legislature, I think the Honourable Member is in order.

THE HONOURABLE MR. PHIROZE C. SETHNA : Thank you, Sir. My Honourable friend, Sir William Currie, informed us that his constituency consists of free traders, but his constituency has recommended bounties and Government have accepted its recommendation. So far as the country is concerned, as the result of the Fiscal Commission, India is committed to a protection policy. It is in consequence of that and of the recommendation made in the Fiscal Commission's report that the Tariff Board has been appointed. That Tariff Board, as pointed out by the Honourable Mr. Chadwick, has done most excellent work both in the opinion of the general public and of the Government. Mr. Chadwick told us that their report has given satisfaction. But we also have had testimony from no less a person than His Excellency the Viceroy himself who, in the speech which he made at the opening of the two Houses on the 20th of last month, observed with regard to the Tariff Board "that its reports were marked with that thoroughness which I have learnt to expect from its work." That is so, Sir. The present report is also marked by the same thoroughness, but it appears that the recommendation made by them has not been fully accepted by Government inasmuch as they have reduced their recommendation from Rs. 90 lakhs to Rs. 60 lakhs, and the Honourable Mr. Chadwick has given some reasons for this change.

In the first place, let me assure this House that the Tata Iron and Steel Company are most grateful to Government for the most timely help they extended to them in their hour of trial, if I may so call it. Were it not for the help rendered at that time, more than 20 crores of public money which has been sunk in the concern would have been at stake, more than 40,000 labourers would have been thrown out of employment and the city of Jamshedpur, which 20 years ago was a jungle and a place for wild game, would have again been reduced to the same state. All that, thanks to Government, has been avoided and the help that they gave them has enabled them to go on till now. The Company will surely cease to ask for protection the moment it is on its legs again. It is not so now, and I for one as a Director am not in a position to prophesy whether it will be so on the 31st of March 1927. But we hope that, if this is so, the Company will not come to Government and to the tax-payer for any further help or for help to the same extent.

My Honourable friend Mr. Chadwick endeavoured to give reasons as to why the amount Government proposed in this Resolution is not the same as recommended by the Tariff Board. May I be allowed to draw the attention of the House to very pertinent passages in the same Tariff Board Report which my friend Mr. Chadwick has so strongly approved of. In paragraph after

paragraph they give their reasons as to why the amount should not be less than what they have recommended. In paragraph 15 they say :

“ We have considered the evidence bearing on this point and our view is that conditions are not likely to vary materially during the next two years. There is, as yet, no sign of reviving prosperity in the Iron and Steel Industry of Europe, and the excess of productive capacity over consumption still dominates the situation. We can find no ground for expecting that steel process will rise appreciably for many months.”

In paragraph 17 they say :

“ The additional bounty is limited to Rs. 50 lakhs, and the average amount received per ton of ‘ bounty ’ steel is Rs. 38·5. This figure is a little higher than can be justified by the output of ‘ bounty ’ steel October 1924 and September 1925 and the actual prices realised. The average difference between the realised prices and the standard prices is about Rs. 35 a ton for the twelve months, and on that basis a total bounty of Rs. 45·5 lakhs would have sufficed. It is, however, to be remembered that during the first 3½ months after the passing of the Seteel Industry (Protection) Act the prices received by the Company for all classes of steel were much below the standard prices, and a sum of Rs. 4·5 lakhs will not go far to cover the losses incurred during that period.”

As one possessing inside knowledge, let me assure the House that the losses did not amount to 4½ lakhs but very much more.

Again, Sir, in paragraph 19 the Tariff Board say :

“ So far as can be foreseen, it is not likely that conditions will change materially, either for the better or for the worse, before the spring of 1927, and there is therefore no valid reason for planning for a shorter period than eighteen months.”

One more quotation, Sir, and that is from paragraph 21 which is headed “ Necessity for making sure that the supplementary protection proposed is not excessive.” They consider this from 4 different points and the first point is :

“ The prices which the manufacturer is likely to realise.”

And their comment is as follows :

“ On this point we have nothing to add to what has been said in the section relating to prices, for we can find no reason for anticipating that the manufacturer will obtain, on the average, higher prices than those we have taken.”

Sir, this shows conclusively that in the mind of the Tariff Board, at any rate, their recommendation is by no means excessive. But my Honourable friend opposite has given his reasons as to why Government have reduced the figure. He says that the Company is committed to reduce its cost in five years' time to Rs. 115. He himself admits that in the first year they were only able to reduce it by Rs. 1½. He expects the price of coal to go down so low that the cost of production would next year be reduced by Rs. 15. If that were so, surely the Company itself would be prepared to receive a lower rate of bounty. But, on the other hand, may I ask the Honourable the Commerce Secretary that if his expectations are not realised and coal prices do not go down and the cost of production is not reduced to the extent upon which he has based his figures, will Government agree to allow the Company to approach him again because of this important point? Similarly, on the last occasion figures were based on a certain rate of exchange. Exchange jumped up with a bound with the result that all calculations were upset and the Company had to approach Government again. At the present moment it does not appear to be likely that exchange will go up and let us hope that the recommendations of the Royal Currency Commission just appointed will

[Mr. Phiroze C. Sethna.]

help to stabilize exchange. But if exchange by some accident goes up again from 1s. 6d. to say 1s. 8d., as it did before and the Company has to compete with imported steel which will be laid down at far lower prices than what the Tariff Board have based their figures on, may I ask Government if the Company will be permitted to make a fresh representation and if Government will entertain it favourably? I quite realise that the Company—and I say so as a Director of the concern—is most grateful to both the Government and to the tax-payer. But the Government and the tax-payer do recognise that it is a basic industry and most certainly requires to be protected. We are to-day unfortunately in the position of a beggar and a beggar cannot be a chooser.

We cannot look a gift horse in the mouth. Government have extended a helping hand but Government might well have given the full amount recommended by the Tariff Board as pointed out by Sir Maneckji Dadabhoj. If they had done so they would have enabled the company to turn the corner earlier than it might now be expected to do.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : I rise to support this Resolution. I hold it is needless for me to say that our country is deeply grateful to the Government of India for coming to the rescue of our greatest commercial enterprises in basic industry. In case the needed protection had not been extended to the Tata Company in time, it would have ended in a great commercial disaster and would have put back our Indian industry perhaps a century at least. My friend the Honourable Sir William Currie has mentioned that the community which he represents, i.e., the Europeans, are free traders. The Honourable Sir Maneckji Dadabhoj has given him a reply that the British industries in England started with protection. I wish to add that even now after the Great War the British Parliament by its enacting the Industries Safeguarding Act has advocated the policy of protection in the interests of British commerce and industry, and if I mistake not that Act is still in force. I may mention that although we are giving a direct aid to the Tata Steel Company our railways are being greatly benefited indirectly by the traffic that the Tata Company offers. According to my calculations which are subject to correction, it offers something like 4 crores of maunds of traffic which certainly adds to the revenues of India derived from Railways. I hope, Sir, that this policy of protection will continue and it will be extended to other industries also which may be facing crises and are thus greatly deserving help.

THE HONOURABLE SIR ARTHUR FROMM (Bombay Chamber of Commerce) : Sir, I feel quite convinced that the Honourable the Commerce Secretary must experience a keen sense of gratification at the approval with which his Resolution has met and I am not going to utter any note of discord. For that reason I propose to be particularly brief. The Honourable Sir William Currie was the first Member of this Council to rise after the Honourable the Commerce Secretary and on that account, as is frequently the case, he has been quoted by the following speakers. I too wish to quote him because I lay great emphasis on condition 17 of the first report of the

Tariff Board. The Honourable Sir William Curria has quoted that condition which, Honourable Members will recollect, is that the industry which is aided must be one which will eventually be able to face worldwide competition without protection. Well, Sir, in accepting this Resolution, as I have no doubt this Honourable Council will accept it, we are committing Government to further expenditure in aid of the steel industry for another 18 months. With that I have no quarrel. I supported the Steel Protection Bill in June last year and I do not propose to withdraw my support or rather the support of my constituency on this occasion, but as I mentioned then in supporting it, I do not in any way bind my constituency to a policy of protection and bounties. To both, in principle, I am strongly opposed. When you give bounties you take away from one class of people and give to a particular class.

THE HONOURABLE SAVID RAZA ALI: Rob Peter to pay Paul.

THE HONOURABLE SIR ARTHUR FROOM: That is what it amounts to. One industry which perhaps is prospering because it has been well managed has to pay for another industry. That is what bounties amount to. In fact, bounties are dangerous. I should not at all be surprised if my Honourable friend on my left (the Honourable Mr. Ramji) put in an amendment that the mill industry might receive a bounty. They also are going through a bad time. The mill industry employs labourers to the number of 200,000 men.

THE HONOURABLE SIR MANECKJI DADABHOY: We want justice done.

THE HONOURABLE SIR ARTHUR FROOM: The mill industry in Nagpur is probably in a happier position than that in Bombay. I am not going to vote against the Resolution, because, as I said in June last year, I should like to see the steel industry put on its feet, but what I do want to lay emphasis on, is that if in a few years it does not show that it can stand by itself, it is not worth spending further money on it.

THE HONOURABLE MR. MANMOHANDAS RAMJI (Bombay: Non-Muhammadan): I rise to support the motion that is before the House and in doing so I want to make a very few observations. I congratulate Government on their present proposal to give a bounty instead of raising tariff values. The principle of raising tariff values whenever protection is intended to be given to an industry means a rise in the price of commodities to the consumers who form a large class of the population, but in the case of a protection to an industry, when that industry is a national industry, it is right that the nation should contribute towards that protection and towards fostering that industry. Therefore the present action of the Government is a right one and I support it and I congratulate them for taking this action.

Then, Sir, the Honourable Sir Arthur Froom said that this system of bounties means taking away from one and giving to another. It is quite necessary when you want to introduce industries in a country, when the industry that you want to foster has to face competition with properly and well organised and thriving industries in other parts of the world. Under those conditions it would be impossible for any country to start an industry without

[Mr. Manmohandas Ramji.]

State aid and of course when I advocate that idea, I advocate it with certain reservations. My suggestion is that when an industry is to be protected the thing first to be taken into consideration is how long it will require protection. I am not one of those who advocate that such industries which would require help for 15 or 20 years should be encouraged readily ; but those industries which are likely to develop to such an extent that they would need no protection beyond a period, say, up to 7 or 10 years. I should not go beyond a longer period.

The Honourable Sir Arthur Froom indirectly suggested something about the Bombay mill industry. I say, Sir, that the Bombay mill industry does not require any protection ; they have never claimed any protection, and even at this moment they do not claim any protection. With these few remarks, Sir, I support the motion.

THE HONOURABLE MR. G. A. NATESAN (Madras : Nominated Non-Official) : Sir, as one who gave his support on the last occasion to the protection of steel, I feel called upon to give my support to this motion also under the circumstances narrated to us. But I feel at the same time compelled to make a few observations so that my support and the support of those one or two Honourable Members who sat on this side on the last occasion may not be misunderstood. They are not here. We wish that it should be made perfectly clear that the protection or bounty is given from the revenues of India, and the revenues of India come from the pockets of the people of India, and they are mostly poor ; that therefore when Government with the aid of the Legislature are giving a protection or bounty, it should be definitely understood, and that is what is accepted in every other civilized country where protection or bounties are given that it should be given only to key industries, national industries and on the distinct understanding arrived at after a full and careful inquiry into the merits of the case that but for that help, but for the protection or bounty the industry in question would collapse. It is equally necessary for the Legislature which is a party to this and for the Government and others who urge such protection or bounty that they should understand they could claim it only for a very short time, and that the Government or the Legislature which gives that protection for a moment more than is necessary would not be discharging their duty to the people. I am obliged to make this remark because the moment the Government began giving protection to this industry, there have been similar applications from others. We therefore expect that the Tata Iron & Steel Company must during the period of protection and during the period of bounties make every strenuous and honest endeavour to see that a policy of retrenchment is thoroughly pursued, that expenses are reduced, and that they will so manage their affairs that they do not have to come to us again after the expiry of this period. I make these observations because one of my Honourable friends spoke as if the public wanted an assurance from the Commerce Secretary whether he would again consider applications from the Tata Company for further help. Yes, he would be bound to consider, and others would be bound to consider, such applications, only if we are thoroughly satisfied that every possible and genuine effort has been made by them to manage their affairs efficiently and that only as a last desperate step they should come to us for help.

My Honourable friend, Mr. Sethna—I am sorry he is not here—said that they had come as beggars. But let us realize what we realize every day that nobody likes beggars coming in again and again, and that there are beggars of different descriptions. I feel constrained to make this remark because I am quite sure and many others are also convinced that there are other industries which deserve help, and the revenues of India are limited: and those here and elsewhere who have so often pleaded for the proper administration of the revenues of India of this country must equally be careful that in voting for things like this, they are satisfied that there has been no other alternative. I hope that after the 31st March 1927 we shall not be put to the necessity of considering any other application from the Tata Iron and Steel industry; that by that time this Company would have made every possible effort to manage its affairs without coming to us. Sir, I feel compelled to make these observations because I do not want that in this matter, in which the Government have behaved very well in helping a great national industry, and have shown that in the matter of industrial development the interests of the people of India and of the Government are identical, there should be any abuse of the help given. No one with any sense of responsibility must make any proposals to the Government or to the Tariff Board pleading for protection or a bounty without feeling every moment of his life that when he asks for protection or a bounty, he is asking for money which is wrung from the tax-payers of India.

THE HONOURABLE MR. R. P. KARANDIKAR (Bombay: Non-Muhamadan): Sir, I do not wish to give a silent vote on this point. Some months ago I sent in a few questions concerning the expenditure of the Tata Iron and Steel Works. The object of these questions was to find out how far the attention of the Government is devoted to the consideration of the question as to whether the bounty that is being extended to that concern.....

THE HONOURABLE THE PRESIDENT: Is the Honourable Member referring to questions that were disallowed?

THE HONOURABLE MR. R. P. KARANDIKAR: My point in referring to those questions is not to.....

THE HONOURABLE THE PRESIDENT: I must ask the Honourable Member to give me an answer. Is the Honourable Member referring to questions which were disallowed?

THE HONOURABLE MR. R. P. KARANDIKAR: Not to the questions but to the object in sending in those questions. With your permission, Sir, I shall proceed. My object in sending in those questions was to direct the attention of the Government to the desirability of seeing that when they extend bounties to such concerns, the latter must exercise the utmost discretion in the matter, that they do not make the management top-heavy, so that the articles that they send down are not of the quality which can be secured for the same price in the open market. My object in rising just now is the same. I am not opposed to bounties; I am in favour of bounties as I was in favour of protection. That is the only object which I have in view, and if I succeed in directing the attention of this House to the object with which I sent in my questions, I shall have gained my point. I am not opposed to this Resolution.

THE HONOURABLE SIR DEVA PRASAD SARVADHIKARY (West Bengal: Non-Muhammadan): Sir, my Honourable friend Mr. Natesan's charitable propensities are somewhat of the order that prevails in the riverside of Benares where old ladies are seen to go out in the morning with a handful of rice and giving grain to each in a row of beggars who spread their dirty bits of cloth before them for receiving alms. If there were many charitable ladies in the train, each giving a grain, the beggar in time might have a plateful. But the row of industrial beggars is large and the donor is one in this particular instance. I do not think, Sir, that any protection can be afforded to many industries on these lines. Nor do I think that there is any reason or sense in trying to run up credit ledgers with the Recording Angel in this style. We are in for protecting this industry within the limitations laid down by the conditions suggested in the original report of the Tariff Board to one of which reference has been made both by the Honourable Sir William Currie and the Honourable Sir Arthur Froom, namely, that the industry should be in a position in a given time to fulfil certain conditions. It must however be fully assisted to do so. We are now proposing to give to it 60 lakhs instead of 90, recommended by the Tariff Board in its report before us, a retrenchment that is difficult to follow even for the reasons that have been given by the Honourable Mr. Chadwick. I quite agree with the Honourable Mr. Karandikar that the working charges should be the minimum and the Company would be reducing the working charges further in the way proposed by it as appearing from the report of the Tariff Board. Sir William Currie has suggested, Sir, that the Government might have a nominee of their own on the Board. That is a suggestion that had been made before, but did not find acceptance and I do not think it will find acceptance now. To try to interfere with the management of a company in this inconsequential way is not likely to be helpful, but will on the other hand divest the company to a certain extent of its responsibility. The company had certain proposals for reduction of working charges. It proposed to add a third steel furnace to the duplex plant for which it wanted more than the amount that has been recommended and much more than is to be paid under the present proposal. That suggestion of its has not been acceded to, for reasons, I think, that will bear questioning.

"The Indian Iron and Steel Company, in a representation addressed to the Tariff Board,"—the report says—"have suggested that the supplementary protection needed for steel should be given in the form of an advance of the capital required to erect the third tilting furnace instead of by the payment of bounties. We were unable to entertain this suggestion for two reasons. In the first place, it would take at least a year, and probably longer, to construct the furnace, and it is most unlikely that it would add appreciably to the steel ingot production until January or February 1927, so that the benefit the Iron and Steel Company could derive from it before the 31st of March 1927 would be negligible."

I need not proceed with the second reason that has been given. I ask this House and the Government whether the 27th of March 1927 is the ultima Thule so far as the prospects and possibilities of this company are concerned. That may be the limit of the time for granting of the Government bounty, but the company have got to grow from more to more in order that the conditions that have been laid down in the clause to which reference has been made

might be possible of attainment. This kind of objection might not be out of place on the basis of what I may call liquidation arrangements for 1927, and not on the basis of assumption and the desire that many more years of a useful career should lie before the company. The Tariff Board have reproduced the cogent arguments put forward by the Company in regard to this matter. They say :

“The actual output in 1924-25 was close to the estimate, but the output for the next two years will, it is expected, be somewhat below it. In these circumstances, the Directors of the Iron and Steel Company have been considering the question whether it might not be advisable to instal a third tilting furnace in the duplex plant, so as to increase the steel production substantially in the near future. The plant has been so designed that this third furnace can be added with the minimum of fresh capital expenditure, and the consequent increase in the output of finished steel would not only lighten the burden of the overhead charges, but would tend to bring down the works costs, because the rolling mills would be more fully employed.”

But due effect has not been given to this reasoning and the possibilities of reducing overhead charges have not been availed of. We are all interested in bringing the works charges to the lowest level, but reasonable assistance has to be given in this direction. The Honourable Mr. Chadwick has told us that the charges have to a certain extent come down, and I hope they will come down more, for there is undoubted room for retrenchment. What the company proposed would however have been a fair way of helping the company in keeping down charges further and it would add to the usefulness and ultimate prestige and stability of the company. That, however, has been denied and what more has been denied has been brought out by the Honourable Mr. Sethna in the various paragraphs that he read out, with which I need not weary the House. It is therefore, Sir, why we want to have it laid down in advance that, although we are to a certain extent handicapping the Company, we shall when the year of grace, 1927, comes round refuse further assistance irrespective of circumstances that would then prevail. Sir, if you do give a bounty, give it well, give it adequately, give it in time, so that it may really help the industry in being set up as it ought to be. I am relieved to find that one Honourable Member from the Punjab does not share the views of another Honourable Member, and suggests refusal of the bounty because the industry does not happen to be within the jurisdiction of the Punjab Government and because a vast tract of country lies between the Punjab and the seat of this industry for which reason he thinks that protection ought to be charily given. We have also heard the ill expressed and worse explained story of robbing Peter to pay Paul. We have also heard various other stories about one pocket being benefited to the prejudice of another. I do not think, Sir, that raising of questions like these at the present moment and in the present state of our deliberation should cloud the issues, particularly as shareholders are not to have *interim* dividends. Changing of horses midstream is never a practical and paying proposition. I certainly think that interference, or call it assistance of the kind that Sir William Currie has proposed, will help the company. For the present, we cannot go beyond the Government proposal, and although I should have liked to go a little further, I support the proposal of the Honourable Mr. Chadwick.

THE HONOURABLE MR. D. T. CHADWICK : I do not think that many points have been raised in the course of the debate to which I need reply. I thank Honourable Members of the Council for the generous view they have

[Mr. D. T. Chadwick.]

taken of this Resolution and the universal support given to it. Putting a Government nominee on the Board of the Company is really one point that has been largely answered by Sir Deva Prasad Sarvadhikary. It is very useful to have a watch-dog on a Board to see what is being done with the Government monies or rather with the monies that the State has given to the Company. On the other hand, we do not wish to get too closely entangled in the affairs of any one company.

THE HONOURABLE SIR ARTHUR FROOM: A debenture director is quite usual.

THE HONOURABLE MR. D. T. CHADWICK: There have been many suggestions of that kind made. I do not propose to give any definite answer for all time. There is, however, the difficulty that we foresee of being mixed up too closely with the management of a particular company. I did not follow my Honourable friend Sir Deva Prasad Sarvadhikary. The proposal to put in a new furnace is under consideration by the Tata Iron and Steel Company itself. The proposal which was put before the Board by another witness was that instead of giving any bounties now Government should give the Tata Company capital with which to build the furnace. The Board quite readily said that they were unable to entertain the proposal in the present situation. It afforded no relief for the present situation, which is the need to help next month. The Tata Iron and Steel Company did not ask for a furnace instead of bounties. Government do not put capital into companies. The question is only about bounties. I have also tried to make it clear that in taking Rs. 60 lakhs, I justified that not on the figures that the Board hoped works costs might be reduced to, but on the most conservative figures given in the Board's report. If the Company can get the reduction of Rs. 15 per ton in works cost, they will be so much better off. I did not count that reduction as being a safe asset. Sir, I move my motion.

THE HONOURABLE THE PRESIDENT: The question is:

“That the following Resolution be adopted:

‘This Council recommends to the Governor General in Council that a bounty should be paid on steel manufactured in India between the 1st of October 1925 and the 31st of March 1927, subject to the following conditions:—

- (1) The bounty should be paid only to firms or companies manufacturing, mainly from pig-iron made in India from Indian ores, steel ingots suitable for rolling or forging into any of the kinds of steel articles specified in Part VII of Schedule II to the Indian Tariff Act, 1894.
- (2) The bounty should be paid on steel ingots manufactured by such firms or companies, and the bounty should be paid at the rate of Rs. 12 a ton on 70 per cent. of the total weight of the ingots manufactured in each month.
- (3) The total amount of the bounty payable under this Resolution in the 6 months ending the 31st of March 1926 should be 18½ lakhs and in the year commencing the 1st of April 1926 and ending the 31st of March 1927, should not exceed 41½ lakhs, making a maximum total in all of 60 lakhs.’

The motion was adopted.

The Council then adjourned till Eleven of the Clock on Thursday, the 10th September, 1925.