

1st March 1928

# LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

Volume I

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SECOND SESSION

OF THE

THIRD LEGISLATIVE ASSEMBLY, 1928



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1928



# Legislative Assembly.

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THE HONOURABLE MR V. J. PATEL.

## *Deputy President :*

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MR. N. M. JOSHI, M.L.A.

MR. JAMNADAS M. MEHTA, M.L.A.

DR. A. SUHRAWARDY, M.L.A.

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# LEGISLATIVE ASSEMBLY.

Thursday, 1st March, 1928.

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

## QUESTIONS AND ANSWERS.

### PROSCRIPTION OF MR. M. N. ROY'S BOOK "FUTURE OF INDIAN POLITICS".

331. \***Maulvi Abdul Matin Chaudhury**: (a) Will the Government be pleased to state if the book "Future of Indian Politics" by M. N. Roy and published by R. Bishop, 7 Blomfield Crescent, London W.-2 and printed at Dorrit Press Ltd., London, is proscribed in India under any Act?

(b) Is it a fact that the said book has only dealt with the subject of the historic necessity for a People's Party in India?

(c) Is it a fact that the copies of the said book have been seized from the post offices in Bombay and Calcutta by the postal and the police authorities?

(d) Will the Government be pleased to state under what law the police can sort and seize articles in the post offices?

**The Honourable Mr. J. Crerar**: (a) Yes.

(b) No

(c) and (d). Copies have been intercepted by officers of the Post Office in exercise of the powers conferred on them by section 25 of the Post Office Act. No similar power is exercised by police officers.

### THROUGH RAILWAY CONNECTION BETWEEN NAGPUR AND MADRAS.

332. \***Sir Hari Singh Gour**: Will the Government be pleased to state the progress made with the construction of the Nagpur Madras direct railway through Chanda and Warangal, and how long it will be for the line to be completed?

**Mr. A. A. L. Parsons**: The Kazipet-Balharshah Railway is nearly completed. One section of about 93 miles from Warangal to Asifabad Road has already been opened, and the remaining section of about 52 miles from Asifabad Road to Balharshah is expected to be ready for opening by the 15th of April. With the opening of this line the through connection between Nagpur and Madras will be completed.

## UNSTARRED QUESTIONS AND ANSWERS.

### CONSTRUCTION OF A NEW HOSPITAL IN DELHI.

143. **Khan Bahadur Sarfaraz Hussain Khan**: (a) Is the following statement published in the issue of the *Statesman* of the 21st October, 1927, on page 9, under the heading "New Delhi Hospital" correct,

namely:—"the old Civil Hospital near the Juma Masjid having become very inadequate for the growing needs of Delhi, plans are in hand for the construction of a very large and up-to-date hospital with adequate provision for the needs of the Indian and European population of the entire Delhi area. The building of the hospital is likely to be started before long"?

(b) If so, will the Government please state the approximate cost of the new hospital and the time when it is expected to be commenced?

(c) Will the new hospital be a new building or only an addition to or an improvement on the old Hospital?

**Mr. G. S. Bajpai:** (a)—(c). The question of hospital accommodation in Delhi is at present under the consideration of Government but no final decision has yet been arrived at.

#### RE-ORGANISATION OF THE MEDICAL SERVICES.

144. **Khan Bahadur Sarfaraz Hussain Khan:** (a) In the matter of the reorganisation of Medical Services (*vide* question No. 6 (a) and its reply in the meeting of the Council of State on 30th August, 1927), will Government please state if their communication with the Secretary of State has been completed?

(b) If so, will they please announce the result?

(c) If not, by what time is the announcement on the subject expected to be made?

**Mr. G. S. Bajpai:** (a)—(c). Correspondence with the Secretary of State is still proceeding. It is hoped that an announcement will be made shortly.

#### RECOMMENDATIONS OF THE ECONOMIC ENQUIRY COMMITTEE.

145. **Khan Bahadur Sarfaraz Hussain Khan:** (a) Have Government considered the recommendations of the Economic Enquiry Committee?

(b) If so, will they please inform the House as to what, if any, action they intend to take in the matter?

**The Honourable Sir George Rainy:** The recommendations of the Economic Enquiry Committee are still under consideration.

#### THE VIZAGAPATAM HARBOUR.

146. **Khan Bahadur Sarfaraz Hussain Khan:** Will Government please state when the construction of the Vizagapatam Harbour was taken up and by what time is it likely to be completed (*vide* question No. 24 in the meeting of the Council of State on 30th August, 1927)?

**Mr. A. A. L. Parsons:** The construction of the Harbour was sanctioned in October 1925. It is hoped that it will be possible to berth ships in the new harbour in about 4 years' time.

#### INDIA HOUSE, LONDON.

147. **Khan Bahadur Sarfaraz Hussain Khan:** (a) Have the final plans of the India House been received by the Government of India (*vide* question 68 (c) and its reply in the meeting of the Council of State on 30th August, 1927)?

(b) If so, will Government please lay them on the table?

**The Honourable Sir George Rainy:** (a) Yes.

(b) The plans will shortly be placed in the Library of the Legislature for Honourable Members' inspection.

**PUBLICATION OF THE REPORT OF THE TARIFF BOARD ON PROTECTION TO THE WAGON INDUSTRY.**

149. **Khan Bahadur Sarfaraz Hussain Khan:** (a) Have Government come to any decision regarding the Report of the Tariff Board on "Protection for the Locomotive and Wagon Industries" (*vide* question 78 (a) and its reply in the meeting of the Council of State on 30th August, 1927)?

(b) If so, when is the Report expected to be published?

**The Honourable Sir George Rainy:** (a) The attention of the Honourable Member is invited to the Commerce Department Resolution No. 260-T. (92), dated the 25th February, 1928, published in the Gazette of India of the same date.

(b) The Report was published last Saturday, the 25th February.

**PURCHASE OF WAGONS AND LOCOMOTIVES.**

149. **Khan Bahadur Sarfaraz Hussain Khan:** (a) Has any reply been sent to the letter of the Indian Merchants' Chamber, dated 14th April, 1927, regarding "purchase of wagons and locomotives" (*vide* question No. 90 and the reply in the meeting of the Council of State on 30th August, 1927)?

(b) If so, will Government please lay a copy on the table?

**Mr. A. A. L. Parsons:** A copy of the letter is laid on the table.

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No. 134-S.

GOVERNMENT OF INDIA.

RAILWAY DEPARTMENT.

(RAILWAY BOARD).

*Dated New Delhi, the 21st December, 1927.*

To

THE SECRETARY,  
INDIAN MERCHANTS' CHAMBER,

BOMBAY.

SIR,

I am directed to acknowledge the receipt of your letter No. G-759 of the 14th April, 1927, in which the Committee of the Indian Merchants Chamber reference to the allegations that 30,000 more wagons than were needed have been purchased for Indian Railways in recent years, and that the railways are also overstocked with locomotives; and ask for such information as the Government of India may be in a position to supply in order to dispel the apprehensions which these allegations are stated to have caused.

2. In reply, I am to say that the Government of India welcome this opportunity to state fully the facts regarding wagon orders in recent years, and they trust that the explanations now to be given will serve to remove not only the apprehension to which you refer, but also the misconceptions under which your letter was evidently written. They can find no justification for the suggestion in an early part of your

letter that there has been an "attempt to evade the demand for information". Successive annual reports on Indian Railways have given in very full detail statistics of the rolling stock position year by year, and the subject was also examined at length in the speech made by the Chief Commissioner for Railways in the Legislative Assembly when the allegation of overstocking was first made. These sources of information were accessible to the Committee of your Chamber, and their perusal should have gone far to remove any impression either that the railways of India were seriously overstocked with wagons or that there was any desire on the part of Government to withhold information. It is true that, during the debate on the Railway Budget on the 23rd February, 1927, Mr. Jinnah asked for information as to when and where the surplus of 30,000 wagons mentioned by Sir Clement Hindley was purchased but it is not correct that a promise was given that the information asked for would be supplied immediately after lunch. What Sir Charles Innes actually said was that he would try to get the information by the time the House re-assembled, but since it could not be obtained without a reference to railway administrations, it was impossible to give it at the time the debate was continued. I am to add that, as explained by the Financial Commissioner of Railways, when he discussed the subject with your Committee at the beginning of June, it is because, in order to meet your Committee's wishes, statistics for a considerable number of years have had to be collected from railway administrations in a form in which they had not previously been collated, that there has been some delay in replying to your letter.

The Government of India propose to publish this reply.

3. The allegation of overstocking is based on a statement made by Sir Clement Hindley in October, 1926, before the Royal Commission on Agriculture in India, in which he explained that there was then no shortage of wagons in India, as there had been a few years previously, and mentioned as an instance of this that during the previous three or four months—June to September, 1926—there had been 30,000 wagons standing idle. The wagons to which he was then referring, and to which in consequence the allegation relates, were broad gauge general service wagons only; and consequently the figures given in this letter are also of broad gauge general service wagons only. They do not include metre gauge general service wagons or the numerous types of special wagon of both broad and metre gauges which are in use on railways. There has been no charge of extravagance in the purchase of these special types of wagon, or of metre gauge general service wagons, which incidentally have not in the past ordinarily been manufactured by Indian firms; but I am to inform your Committee that the Government of India have no reason to believe that the railways are in any way overstocked with these wagons.

4. A statement is appended to this letter showing year by year from 1919-20 onwards the number of broad gauge general service wagons for which orders were placed by the Indian Railways, and the sources from which they were obtained. The statement also shows, with as much accuracy as it has been possible to attain with the information available, how many of the wagons ordered up to, and from 1922-23, were required as additions to the stock, and how many were to replace wagons no longer fit for service. It is well known to your Committee that prior to 1922-23 (and even for some time afterwards) there was a definite shortage of wagons which formed the subject of many complaints both from the general public and from leading commercial bodies. The Government of India presume therefore that your Committee will not wish to challenge any purchases of additional wagons made before that year in order to remove the shortage, and they will confine their analysis to the figures for the five years from 1922-23. In these years, as the statement shows, some 15,000 (and not 30,000) additional broad gauge general service wagons were acquired by the railways representing an addition of 12 per cent. to the stock as it stood at the beginning of 1922-23.

5. Your Committee, though they have not asked for the traffic figures for the same series of years, will understand that without them it is impossible to form any opinion whether the purchase of these 15,000 additional wagons was justified in the event. The figures for the broad gauge railways are as follows:

	Net ton miles (in hundreds of millions).
1921-22	139
1922-23	146
1923-24	151
1924-25	175
1925-26	161
1926-27	161

Since a decision as to the number of wagons to be ordered has to be taken at least a year before their receipt, the correct comparison for present purposes is between

the traffic figures of 1921-22 and those of 1925-26. During this period there was a growth of traffic of 16 per cent., a figure which is in excess of the percentage increase in the wagon stock during the same period. It will be evident that, had circumstances remained unchanged, the wagon shortage must have been even more acute in 1925-26 and 1926-27 than it was in 1921-22.

6. The problem with which the Railway Board were faced from 1921-22 onwards was to take such measures as were required to enable the railways of India to deal expeditiously with the full volume of traffic offering at the busiest season of the year. For this purpose, it was essential to provide such additional facilities as were needed to enable the railways to make the fullest possible use of the existing wagon stock. As examples of the measures which it was necessary to take I may mention the remodelling of marshalling yards, the strengthening of bridges and track, the re-organisation of workshops, the introduction of improved methods of train control and of a system of pooling wagons, and the extension of the use of vacuum brakes. These and other measures taken by the Railway Board went to the root of the problem, and were designed to secure the utmost possible economy consistent with the expeditious conveyance of the traffic offering in the busy season, but their effect could not be immediate and it was impossible to forecast how soon an appreciable economy in the use of wagons might be expected. Meanwhile, the existing shortage had to be dealt with and the Board would have exposed themselves to severe and justifiable criticism, had they suspended the purchase of wagons until the effect of the other improvements undertaken could be gauged. In the situation then existing it was necessary to buy wagons, the purchase of which would not have been necessary, had the railways been as well equipped as they are to-day for making the fullest use of their actual wagon stock. It was necessary, of course, to watch developments closely, for as time went on and the measures taken produced their effect, the demand for new wagons was likely to diminish. But it was impossible to suspend purchases until the traffic and wagon user figures made it evident that the existing stock was adequate to meet all requirements.

7. I am now to invite attention to Statement II attached to this letter, which has been prepared to show the seasonal fluctuations of broad gauge traffic in this country, and their effect on the wagon position of the broad gauge railways. It gives month by month from September, 1924 (the earliest month for which the figures are available), first the volume of traffic carried in the month as expressed in net ton miles, and secondly the average number of spare general service wagons on the broad gauge railways during each month. The latter figures have been obtained from the weekly reports of the Director of Wagon Interchange, copies of which are stated in your letter to have been promised to the Committee by the Honourable Member for Railways. I am authorised by him to state that no such promise was made by him at his meeting with your Committee. I am also to explain that the only figures in these weekly reports which have any bearing on the question at present at issue are those that are summarised in this statement.

8. The main facts brought out by this statement are as follows:

- (i) During the busiest month in 1924-25 the margin of surplus wagons fell to a little over 600 as compared with over 5,000 in the previous October.
- (ii) In 1925-26 the volume of traffic was smaller, and even during the busy season the available balance did not fall below 3,000 wagons. The difference between the volume of traffic in the slackest and busiest months amounted to nearly 400 million net ton miles, or over 35 per cent.; and during the slack season the available balance rose to over 20,000 wagons in four months, and in one month to nearly 32,000 wagons.
- (iii) In 1926-27 traffic offered to the broad gauge railways was about the same as in the previous year. The difference between its volume in the slackest and the busiest months was 429 million net ton miles or about 37 per cent. During five months of the slack season the spare wagons exceeded 20,000 in number and in one month exceeded 30,000. At the height of the busy season there was still a balance available for carrying any further traffic that might be offered of rather over 4,000 wagons.

9. It will be seen from statement II that during the busy season of 1924-25 the number of spare wagons fell to a figure as low as 626, the wagon stock being barely adequate for the traffic offering, and the traffic and wagon user figures fully justified the orders to which sanction was given by the Railway Board in that year. By the autumn of 1925, however, a change in the situation was becoming evident. The number of surplus wagons rose to a maximum of nearly 32,000 in August and still exceeded 11,000 in November, as against a little over 5,000 in November, 1924. There

were, therefore, reasons for considering whether the time had not come to restrict the purchases of new wagons. On the other hand, the Railway Board had to take into account the traffic figures which showed that for three years in succession the volume of traffic had increased on the average by 5 per cent. per annum, that the traffic of the four months, September to December, 1925, was not less than the traffic carried in the corresponding months of 1924, and that in the busy season of 1926-27 it might be necessary to carry a volume of traffic substantially in excess of that carried in 1924-25. Had these expectations been fulfilled, the new wagons, the purchase of which was sanctioned in (December, 1925, would actually have been required. As it happened, the total traffic carried was about 8 per cent. lower both in 1925-26 and in 1926-27 than it was in 1924-25, and in each year there was a surplus of 3,000 or 4,000 wagons in the busiest month. But it does not in the least follow that the set back in traffic could have been foreseen, or that the Railway Board committed an error of judgment in sanctioning the purchase of additional wagons for supply in 1926-27. Your Committee will realise that the authorities responsible for the efficient management of railways are, almost always faced when ordering rolling stock, with a choice between two risks, the risk that they may fail to provide sufficient stock for the carriage of all the traffic that will be offered to them, and the risk of traffic declining or failing to develop according to expectations, and thus leaving them overstocked. And owing to the time which it takes to build rolling stock, the choice has ordinarily to be made before there are any clear indications of the trend of traffic. As a general rule, it is to the advantage of railway revenues, as it is certainly to the benefit of the trade of the country as a whole, that any shortage of rolling stock should be avoided, even though this will occasionally involve a temporary excess of wagons when expectations of traffic fail to materialise. For, even if traffic does not recover within a reasonable period, the excess can always be absorbed by not replacing wagons, which are no longer fit for service.

10. Your Committee will now be able to realise the exact position. In a country like India, where a difference of over 30 per cent. in the volume of traffic offering in the slack and busy seasons is by no means uncommon, if the stock of wagons is sufficient to meet the demands of trade in the busy season a considerable number of wagons must inevitably lie idle during the slack months. If, for example, the wagon stock on the broad gauge railways had in 1926-27 been 30,000 less than it actually was (so that the surplus which Sir Clement Hindley mentioned to the Royal Commission on Agriculture as existing during the summer months of that year would not have existed,) the railways would have been short of about 25,000 wagons, representing about 500,000 tons of carrying capacity in February and March, 1927; and they would have had to refuse traffic to the detriment of their revenues, and to the great loss and inconvenience of Indian trade. It is because the effect of seasonal fluctuations in traffic on the quantity of wagon stock needed by railways has not been clearly recognised that the misapprehension that 30,000 wagons have been unnecessarily purchased, has arisen: but it is a complete misapprehension, which the Government of India trust this letter will dispel.

11. There are two further explanations which they think it desirable to give before leaving the subject. First it is their aim, in the interests of both trade in general and of their railway revenues to provide sufficient wagon stock to carry traffic with reasonable expedition in the busy season; but it is not their aim to hold a surplus or reserve of wagons in addition, through it should be recognised that a sufficiency of wagons for the busy season will mean a surplus of wagons in the slack season in reserve for use when later on traffic increases. Secondly when traffic declines, as in 1925-26 and 1926-27, it is impossible to prevent the occurrence of a temporary surplus of wagon stock, possibly increased by the delivery of additional wagons ordered when the decline could not be foreseen, and in any case enhanced if at the same time a more economical use of wagons is being attained. But the risk arising in this way is one which no railway administration can avoid; and it is minimised by the ability to absorb such temporary excesses of stock by scrapping worn out wagons without replacement.

12. I am now to turn to the question of locomotives. Your letter states that according to Mr. Parsons a surplus of locomotives exists with every State Railway. No such statement was ever made by him; nor are the Government of India aware of any reasons for holding that this is the case. What Mr. Parsons did say in reply to a supplementary question put by Mr. Neogy on the 28th March, 1927, was that at various times of the year there was certainly a surplus of tractive power on a good many railways, and that it depended on the amount of traffic offering. It is unnecessary to do more than point out that the number of locomotives, as of wagons, needed by railways is affected by seasonal fluctuations in traffic.

In the circumstances the Government of India think it unnecessary to supplement the information with regard to the stock of locomotives already given in successive

reports on Indian Railways, except in one particular. On the North Western Railway it was in the past the practice to maintain a stock of locomotives surplus to actual requirements in order to meet mobilisation demands. This was necessary because, when they were originally opened, the traffic on many of the lines in the probable mobilisation area was small, and the locomotives needed to haul it were quite insufficient for mobilisation purposes. Moreover these lines were originally laid with very light rails on which only light axle locomotives could be used, and these light types of engine were uneconomical and unsuitable for use for the heavier services running on the main line. Conditions have, however, changed and these factors have now less weight. Some of the lines have been strengthened so that heavier locomotives can be run on them and a smaller number of light locomotives need therefore be kept in reserve for mobilisation; traffic has also increased, and it is therefore possible to provide power for a large proportion of mobilisation demands by merely turning over locomotives from ordinary traffic to mobilisation; the power of locomotives has increased enabling them to haul heavier loads, so that the number required for mobilisation has been reduced; and finally with the larger total stock of locomotives on broad gauge Indian Railways required for serving new lines and hauling growing traffic on existing lines it has become possible to contemplate the withdrawal of more engines for mobilisation demands without crippling the essential services on other lines. For these reasons it is now considered unnecessary to maintain a surplus stock of locomotives on the North Western Railway over and above that required for ordinary train services. The actual position on the North Western Railway is as follows. It appears likely that the North Western Railway will require in accordance with the criteria now imposed by the Railway Board, 1,328, locomotives to deal with the goods and passenger traffic which it is at present reasonable to assume will be offered to it in 1928-29. At the beginning of 1925, the stock of locomotives on the North Western Railway was 1,619, a figure 291 in excess of the number now expected to be required in 1928-29. Of this excess 102 locomotives have been transferred to other lines, thus avoiding fresh purchases on those lines, while 172 locomotives, which would otherwise have had to be replaced on the North Western Railway, have been sold or scrapped without replacement. According to the latest information in the possession of the Railway Board the stock on the North Western Railway at the end of June was 1,345 locomotives. The surplus now existing on the North Western Railway does not consequently exceed 17 locomotives, and it will probably be absorbed in a very short time by the methods which have already been described.

13. It remains to consider how the position of the Indian wagon building industry has been affected by the purchase of wagons sanctioned at the end of 1925. The number of broad gauge general service wagons of which the purchase was sanctioned by the Railway Board in December, 1925, was 4,685 and of these, orders for 3,244 were placed in India and orders for 1,441 were placed abroad. Had it been possible at that time to forecast the set back in traffic which was imminent, it is most unlikely that any orders for wagons would have been placed abroad, but it does not follow that the orders placed with the Indian wagon building firms in the following year could have been increased to a corresponding extent, for it would still have been unnecessary to purchase any additional broad gauge general service wagons for supply in 1927-28. The present position of the Indian wagon building industry has not, therefore, been prejudiced by the orders placed abroad at the end of 1925. It is necessary to remember also that, if in December, 1925 it had been known that the volume of traffic in 1925-26 and 1926-27, would be less by 8 per cent. than in 1924-25, in all probability no orders at all would have been placed for additional broad gauge general service wagons either in India or abroad with the result that the crisis in the wagon building industry would have occurred a year earlier than it actually did. The Indian wagon building firms have been affected by the orders placed abroad for wagons to be supplied in 1926-27 only to this extent that, if these orders had not been given it would be possible to resume the purchase of broad gauge general service wagons in India a few months sooner than is likely to be the case.

I have the honour to be,

Sr,

Your most obedient servant,

J. C. HIGHET,  
Secretary, Railway Board.

D. A.--

Statements referred to.

*Statement showing the monthly volume of traffic and the average monthly number of spare wagons on broad gauge railways from September, 1924.*

	Net ton miles (in millions).	Wagons, spare.
September, 1924 . . . . .	1,410	2,995
October, 1924 . . . . .	1,339	5,375
November, 1924 . . . . .	1,382	5,105
December, 1924 . . . . .	1,500	3,039
January, 1925 . . . . .	1,638	1,367
February, 1925 . . . . .	1,480	626
March, 1925 . . . . .	1,436	2,938
April, 1925 . . . . .	1,429	5,577
May, 1925 . . . . .	1,501	7,080
June, 1925 . . . . .	1,252	17,224
July, 1925 . . . . .	1,123	29,074
August, 1925 . . . . .	1,109	31,763
September, 1925 . . . . .	1,208	24,581
October, 1925 . . . . .	1,336	21,166
November, 1925 . . . . .	1,408	11,208
December, 1925 . . . . .	1,504	9,044
January, 1926 . . . . .	1,496	11,041
February, 1926 . . . . .	1,421	3,296
March, 1926 . . . . .	1,377	13,612
April, 1926 . . . . .	1,380	15,561
May, 1926 . . . . .	1,478	15,303
June, 1926 . . . . .	1,390	15,496
July, 1926 . . . . .	1,282	25,817
August, 1926 . . . . .	1,165	30,586
September, 1926 . . . . .	1,218	28,869
October, 1926 . . . . .	1,310	27,107
November, 1926 . . . . .	1,332	24,400
December, 1926 . . . . .	1,475	13,483
January, 1927 . . . . .	1,565	16,305
February, 1927 . . . . .	1,438	5,564
March, 1927 . . . . .	1,595	4,247

*Numbers of wagons ordered by Railway Administrations.*

	Broad Gauge General Service.		Purchased in India from Indian firms only.
	Total Number.	Obtained in India.	
1919-20 . . . . .	8,017	4,125	4,100
1920-21 . . . . .	6,248	1,368	1,258
1921-22 . . . . .	1,742	306	290
Total . . . . .	16,007	5,799	5,648

Of these 16,007 wagons 8,911 were additions to the stock.

1922-23 . . . . .	5,790	333	333
1923-24 . . . . .	5,028	7	7
1924-25 . . . . .	7,509	2,715	2,715
1925-26 . . . . .	3,635	1,260	1,155
1926-27 . . . . .	3,485	3,001	2,984
Total . . . . .	25,447	7,316	7,194

Of these 25,447 wagons 15,015 were additions to the stock.

NOTE.—The dates on which orders are placed by Railway Administrations do not correspond with, and are later than those on which sanctions to purchase are given by the Railway Board. The figures in this table do not therefore show the number of wagons, the purchase of which was sanctioned by the Railway Board in each year.

#### REPORTS OF THE PROVINCIAL GOVERNMENTS IN RESPECT OF THE INDIAN TAXATION ENQUIRY COMMITTEE.

150. **Khan Bahadur Sarfaraz Hussain Khan:** (a) Will Government please state whether they have received reports from all the Provincial Governments in respect of the Indian Taxation Enquiry Committee?

(b) If so, will they please state which Local Government have submitted their reports and which of them have not?

**The Honourable Sir Basil Blackett:** The attention of the Honourable Member is invited to Mr. McWatters' reply to the question asked in the Council of State by the Honourable Mr. Suhrawardy on the 30th August, 1927. That reply gave a full account of the general position and since then there has been no new development of special importance to record.

#### WITHDRAWAL OF THE EIGHT-ANNA NICKEL PIECE.

151. **Khan Bahadur Sarfaraz Hussain Khan:** Will Government please give the reason for the withdrawal of the eight-anna nickel piece only (vide Government reply to question 31 in the meeting of the Council of State on 30th August, 1927)?

**The Honourable Sir Basil Blackett:** It had come prominently to the notice of Government that large numbers of counterfeits of the eight-anna nickel piece were in circulation, and in order to protect the public effectively it was found necessary to withdraw the coin altogether.

#### QUALIFICATION OF INDIANS AS ROYAL ENGINEERS IN ENGLAND.

152. **Khan Bahadur Sarfaraz Hussain Khan:** (a) Is it not a fact that Indians are not allowed to qualify themselves as Royal Engineers in England?

(b) If so, will Government please give reasons?

**Mr. G. M. Young:** (a) Yes

(b) Because the Royal Engineers are a corps of the British Army.

#### THE CENTRAL MALARIA BUREAU.

153. **Khan Bahadur Sarfaraz Hussain Khan:** (a) Is it not a fact that a Central Malaria Bureau exists in India?

(b) If so, where are its headquarters, and under whose direct control is it?

(c) Do provincial Bureaux also exist and, if so, whether in all Provinces or only in some?

**Mr. G. S. Bajpai:** (a) Yes. The Central Malaria Bureau has recently been absorbed in the Central Malaria Organisation.

(b) At Kasauli; under the control of the Governing Body of the Indian Research Fund Association.

(c) The Provincial Public Health reports show that malaria bureaux are in existence in Bengal, the United Provinces and the Punjab. The Government of Burma are understood to be considering the establishment of a similar bureau within their territories. The Government of India do not know whether malaria bureaux have been opened in other provinces but anti-malarial measures are being carried on in all parts of British India.

#### DEATHS FROM MALARIA.

154. **Khan Bahadur Sarfaraz Hussain Khan:** Will Government make a statement showing province by province the total number of deaths caused by malaria during the years 1924-25, 1925-26, and 1926-27, respectively?

**Mr. G. S. Bajpai:** The annual Public Health reports of Local Governments do not in all cases distinguish between deaths from malaria and deaths from fevers generally. Such information as is available has, however, been embodied in a statement which has been placed in the Library of the House.

#### THE CENTRAL MALARIA ORGANISATION.

155. **Khan Bahadur Sarfaraz Hussain Khan:** (a) Has the Central Malaria Organisation referred to in the Government statement laid on the table in reply to question 109 in the meeting of the Council of State on 12th September, 1927 been created and is it in working order?

(b) If so, will Government please give some information as to its work since its creation?

**Mr. G. S. Bajpai:** (a) Yes.

(b) The organisation was established only in September last and has not as yet submitted an annual report. The Government of India understand, however, that it conducted a malaria survey of Coorg and Vizagapatam during 1927 and that enquiries on the subject of malaria have been instituted by it, and are now proceeding at Delhi, Karnal, Larkana and Kasauli.

#### ABOLITION OF FORCED LABOUR.

153. **Khan Bahadur Sarfaraz Hussain Khan:** Will Government please state:

(a) if they are prepared sooner or later to abolish forced labour for public purposes in connection with Forestry and Irrigation in places where it exists?

(b) In which parts of Bihar and Orissa, and in what form or forms forced labour for private purposes survives (*vide* Government reply to question 116 in the meeting of the Council of State on the 12th September, 1927)?

**Mr. G. S. Bajpai:** (a) The Honourable Member's attention is invited to the answer given by Sir (then Mr.) Montagu Butler to the Honourable Mr. Patel's question No. 276 on 11th February, 1924. As regards the third part of the answer, it may be stated that, after consideration of the replies received from Local Governments, the Government of India have decided to take no action.

(b) So far as the Government of India are aware, forced labour for private purposes exists in Bihar and Orissa principally in Chota Nagpur, where it is customary for landlords to take part of their rent in this way. The Kamiauti system, under which a labourer in return for a small advance undertakes to labour, is also to be found in that province generally.

#### USE OF THE LETTERS I. C. S. BY A MEMBER OF THE PROVINCIAL CIVIL SERVICE WHEN PROMOTED TO A LISTED CIVIL SERVICE POST.

157. **Khan Bahadur Sarfaraz Hussain Khan:** Will the Government please state if a member of the Provincial Civil Service, when promoted substantively to a listed Civil Service post is entitled to use the letters I. C. S. against his name?

**The Honourable Mr. J. Orerar:** The answer is in the negative.

#### WAITING ROOMS AT STATIONS ON THE BENGAL AND NORTH WESTERN RAILWAY.

158. **Khan Bahadur Sarfaraz Hussain Khan:** (a) With reference to Government reply "I am obtaining the information for the Honourable Member" in reply to question 183 in the meeting of the Council of State on the 12th September, 1927, regarding waiting rooms at stations on the Bengal and North Western Railway, will Government please state if they have obtained the information?

(b) If so, will they please lay it on the table?

**Mr. A. A. L. Parsons:** (a) Yes.

(b) I am having a copy of the information obtained sent to the Honourable Member.

**APPOINTMENT OF INDIANS IN THE TECHNICAL AND MINISTERIAL ESTABLISHMENTS OF THE FOREST RESEARCH INSTITUTE, DEHRA DUN.**

159. **Khan Bahadur Sarfaraz Hussain Khan:** Will Government please state the number of Indians out of the total number of 86 appointments made in the technical and ministerial establishment at the Forest Research Institute, Dehra Dun, during the years 1924-25, 1925-26 and 1926-27, as shewn in the statement laid on the table in reply to question 204 in the meeting of the Council of State on the 17th September, 1927?

**Mr. G. S. Bajpai:** Out of the 86 appointments included in the statement referred to by the Honourable Member, 73 were filled by Indians.

**RESULTS OF THE THREE CASES INSTITUTED AGAINST MEMBERS OF THE CREW SYSTEM.**

160. **Khan Bahadur Sarfaraz Hussain Khan:** Will Government please state (i) the results of the three court cases instituted against members of the Crew System and (ii) whether cases have also been instituted against those regarding which they have received two reports as referred to in their reply to starred question 1 (e) in the Legislative Assembly on the 18th August, 1927?

**Mr. A. A. L. Parsons:** Government are not in possession of the information for which the Honourable Member asks.

**DISPOSAL OF THE STOCKS OF THE ARMY CANTEN BOARD.**

161. **Khan Bahadur Sarfaraz Hussain Khan:** (a) Will Government please state whether the stocks of the Army Canteen Board have been finally disposed of?

(b) If so, will they please state the actual extent of the losses?

(c) If not, by what time are the Board's stock likely to be disposed of (*vide* starred question 12 and Government's reply in the Legislative Assembly on the 18th August, 1927)?

**Mr. G. M. Young:** (a) Yes, except for a few minor items, which are at present under negotiation.

(b) The total loss is estimated at Rs. 98 lakhs.

(c) Does not arise.

**RECOMMENDATIONS AND CONVENTIONS ON UNEMPLOYMENT ADOPTED BY THE INTERNATIONAL LABOUR CONFERENCE.**

162. **Khan Bahadur Sarfaraz Hussain Khan:** (a) Have Government received authoritative reports from Geneva (*vide* Government reply to the supplementary question to starred question 26, regarding Recommendations and Conventions on unemployment adopted by the International Labour Conference asked in the meeting of the Legislative Assembly on 18th August, 1927)?

(b) If so, will they please lay a copy of the reports on the table?

**The Honourable Sir Bhupendra Nath Mitra:** (a) The answer is in the affirmative.

(b) The Honourable Member's attention is invited to paragraph 10 of the Report of the Delegates of the Government of India to the Tenth International Labour Conference, a copy of which has already been supplied to the Honourable Member.

#### COST OF THE SIMLA EXODUS.

163. **Khan Bahadur Sarfaraz Hussain Khan:** (a) Will Government please state if they have collected the information regarding "cost of the Simla exodus" (*vide* Government reply to starred question 34 asked in meeting of the Legislative Assembly on the 18th August, 1927)?

(b) If so, are they prepared to lay it on the table?

**The Honourable Mr. J. Orerar:** Yes. Mr. Gaya Prasad Singh has been furnished with the necessary information. A copy of the letter addressed to him is being sent to the Honourable Member also.

#### EMPLOYMENT OF LEAVE RESERVES IN THE REGISTRATION AND PARCEL DEPARTMENTS OF THE CALCUTTA GENERAL POST OFFICE.

164. **Mr. Amar Nath Dutt:** With reference to the answer from Sir Ganesh Roy to the starred question No. 1003, dated the 21st March, 1927, will the Government please say whether they enquired into the grievances? If so, with what result?

**Mr. H. A. Sams:** The Honourable Member apparently refers to his question No. 1002, dated 21st March, 1927, and not to No. 1003 of the same date as the latter question did not refer to any grievances about which Government promised to make enquiries.

Government enquired into the grievances alleged in question No. 1002 and found them to be groundless.

#### ARTICLE IN *LABOUR* OF JANUARY, 1928, ENTITLED "SAD PLIGHT OF SORTERS DURING FLOOD".

165. **Mr. Amar Nath Dutt:** (a) Has the attention of the Government been drawn to the article published in page 448 of *Labour* of January, 1928, under the heading "Sad plight of sorters during flood"?

(b) Is it not a fact that sorters were left to their fate at great risk not only to their lives but also to the safety of the mails while the passengers were sent back to Howrah?

(c) Is it not a fact that the sorters sent several telegrams to the R. M. S. authorities?

(d) Will the Government please say what action was taken by the R. M. S. authorities on the telegrams?

**Mr. H. A. Sams:** (a) Yes.

(b) to (d). An enquiry is being made.

## INSPECTION OF RURAL POST OFFICES BY AUDIT OFFICERS.

166. **Mr. Amar Nath Dutt:** (a) Will Government now be pleased to state the result of enquiries which the Honourable the Finance Member said he would make into the points raised in question No. 93 (b) and (d) dated the 30th August, 1927?

(b) Is it a fact that an enquiry into the allegations made in letter No. P. R.-21, dated the 18th December, 1926, by the Secretary, Dacca District Postal and R. M. S. Association, addressed to the Postmaster General, Bengal and Assam Circle, was instituted by the Deputy Postmaster General, Dacca Bange, during August, 1927? If the reply be in the affirmative, is it a fact that as a result of enquiry it was found (1) that the Sub-Postmaster, Nababganj, was compelled to pay the charges of expense of Munshi Raisuddi Ahmed, Signaller, Nababganj Post Office, and that the Sub-Postmaster, Nababganj, was compelled to pay the charges of their noon meals at the Nababganj school boarding house; (2) that they travelled from Joydebpur to Dacca in a lower class, if so, did they draw their travelling allowances in accordance with the fare of the actual class in which they travelled? (3) That their journey was in contravention of Article 995 of C. S. R. inasmuch as there is a Dak Bungalow at Sripur and a Rest House at Joydebpur?

(c) If the reply to (b) be in the affirmative, is it a fact that the Government reply made on the 6th May, 1927, regarding the aforesaid allegations was based on wrong information obtained from the Audit officers concerned?

(d) Will Government be pleased to state the number of serious irregularities detected by the Audit officers during their inspection?

(e) Will Government be pleased to state the year from which the system of Audit inspection of rural post offices was introduced?

(f) Will the Government state what efficiency in the administration has been gained by the introduction of Audit inspection?

**The Honourable Sir Basil Blakett:** (a) A complete reply to parts (b) and (d) of the Honourable Member's question No. 93, containing the results of the enquiry referred to by him, was sent to him on the 2nd December, 1927. A copy of the reply is in the Library of the House.

(b) to (f). Enquiry is being made and a reply will be sent to the Honourable Member in due course.

## NATURE OF WORK DONE IN AUDIT OFFICES, ETC.

167. **Mr. Amar Nath Dutt:** (a) Will Government be pleased to state the number of staff and scale of pay in Audit Offices and the number of passed accountants and scale of pay in Post Offices?

(b) Will Government be pleased to state the nature of work done in Audit Offices and the nature of work done by the Audit Offices in mufasil Post Offices? Is it a fact that financial accounts, bills, money orders and savings bank transactions are audited in the Audit Offices and that service books, service rolls, verification of cash, registration and parcel accounts are audited in Post Offices?

(c) Is it a fact that the audit work of money orders and calculation of savings bank interest were transferred to Post Offices and the untrained

people in the Post Offices were to undertake the work and no additional hands, excepting in a few large Post offices, were sanctioned for the heavy responsible work?

**The Honourable Sir Basil Blackett:** Information is being collected and will be supplied to the Honourable Member in due course.

**TOTAL REVENUE FROM ADVERTISEMENTS ON POSTAL TELEGRAPH BOOKS AND FORMS, ETC.**

168. **Mr. Amar Nath Dutt:** Will the Government be pleased to state the total revenue, for the last three years from advertisements (i) on the postal and telegraph books and forms; and (ii) on the post and telegraph office premises?

\* **Mr. H. A. Sams:** The information asked for by the Honourable Member is being obtained and will be furnished to him in due course.

**REVISION OF THE PAY OF THE STAFF OF THE CHIEF ACCOUNTS OFFICE, EAST INDIAN RAILWAY, CALCUTTA.**

169. **Mr. Amar Nath Dutt:** (a) Is it a fact that the staff of the Chief Accounts Office, East Indian Railway, Calcutta, submitted a memorial to H. E. the Viceroy and Governor General of India praying for the revision of their pay and redress of other grievances? If so, will the Government please state what decisions have been arrived at?

(b) Will the Government please state if the staff of the East Indian and other Railways got an assurance from the Government during the East Indian Railway Conference held in 1924 that their pay and other conditions of service would not be affected, on the Government's taking over the charge of the Railway Administration? If so, will the Government please state the reasons why the staff of the Accounts Department, East Indian Railway, Calcutta, are being treated as temporary ones?

**Mr. A. A. L. Parsons:** (a) The memorials referred to are under the consideration of the Government.

(b) The Accounts Department of the East Indian Railway is at present on a temporary footing pending examination of the results of working the experimental scheme of separation of audit from accounts in that Railway. The staff continue, so far as I am aware, to enjoy the privileges which they were entitled to as permanent servants of the old East Indian Railway Company.

**GRANT OF CONCESSIONS TO THE STAFF OF THE RAILWAY CLEARING ACCOUNTS OFFICE ON THEIR TRANSFER FROM CALCUTTA TO DELHI.**

170. **Mr. Amar Nath Dutt:** (a) Is it a fact that the staff of the Accountant General, Central Revenues, Accountant General, Posts and Telegraphs, Director-General, Posts and Telegraphs, etc., got some concessions on their transfer from Calcutta to Delhi? Will the Government please state the reasons why similar concessions were denied to the staff of the Clearing Accounts Office, Railways, on their transfer from Calcutta to Delhi?

(b) Is it a fact that the staff recruited by the Director are getting their regular increment of pay and other advantages and that the old East Indian Railway staff are being denied the same?

(c) Has the attention of the Government been drawn to the correspondence published in the *Amrita Bazar Patrika*, dated 11th January, 1928, under the caption "East Indian Railway Account Department"? If so, will the Government please state the action taken or that they propose to take on the grievances stated therein?

**Mr. A. A. L. Parsons:** (a) The answer to the first part of the question is in the affirmative; to the second that the clerks transferred from Calcutta to the Clearing Accounts Office at Delhi did get concessions.

(b) I have not been able to ascertain exactly what advantages the Honourable Member refers to, but I understand from the Chief Accounts Officer that all outstanding difficulties have been settled.

(c) Yes. The enquiries made did not suggest that it was necessary to take any action on the point.

#### AMOUNT OF FINES REALISED FROM THE WORKMEN OF LILLOOAH, EAST INDIAN RAILWAY.

171. **Mr. Amar Nath Dutt:** (a) Will Government please lay on the table a detailed list of realisation of fines from the workmen of Lillooah, East Indian Railway during the year 1927?

(b) Will Government please state the particulars of disbursement of such fund under their respective heads for which the money has been disbursed?

(c) Will Government lay on the table the particulars of the expenditure incurred in building the European Institute of Lillooah and to furnish it with the valuable furniture and instruments for enjoyment? How and from what fund has such expenditure been met and what amount is sanctioned for its maintenance from the Fines Fund?

**Mr. A. A. L. Parsons:** (a), (b) and (c). I regret that the information is not procurable. The fines collected from employees at particular stations or workshops are not kept in separate funds, but are merged in the general Fines Fund of the Railway.

#### PROVISION OF QUARTERS FOR CLERKS WORKING IN DIFFERENT OFFICES AT JAMALPUR ON THE EAST INDIAN RAILWAY.

172. **Mr. Amar Nath Dutt:** (a) Will the Government lay on the table a statement shewing the number of clerks working in different offices at Jamalpur on the East Indian Railway and the number of quarters allotted to them?

(b) Will the Government state what steps have been taken for the accommodation of the clerks who have not been provided with quarters?

**Mr. A. A. L. Parsons:** (a) I would refer the Honourable Member to part (b) of Mr. Gaya Prasad Singh's unstarred question No. 112 to which I replied on 16th February, 1928. The information which I am obtaining for Mr. Gaya Prasad Singh and which should cover the bulk of the clerks at Jamalpur will be supplied to the Honourable Member also and will I trust be sufficient for his purpose.

(b) Government are not aware that any steps have been taken to add to the quarters already provided at Jamalpur for the accommodation of clerks. I may, however, inform the Honourable Member that railway administrations do not as a rule provide quarters for clerks.

**LONG HOURS OF WORK OF CLERKS EMPLOYED AT JAMALPUR ON THE EAST INDIAN RAILWAY, ETC.**

173. **Mr. Amar Nath Dutt:** (a) Will the Government state why the clerks working at Jamalpur are required to attend office at 8 o'clock in the morning, although the usual working hours in other offices on East Indian Railway are from 10 or 10-30 A.M. to 4 or 4-30 P.M.?

(b) Do the Government realise the difficulties of the clerks in attending office at 8 o'clock in the morning and working till 4 P.M. with one hour's recess?

(c) Are the Government aware that there is serious discontent amongst the clerical staff at Jamalpur for such unusual working hours and do the Government propose to make the working hours at Jamalpur office similar to other offices in the East Indian Railway? If not, why not?

(d) What amount is spent monthly for the education of children of the European and Anglo-Indian officers of Lillooah workshop and from which fund is it met?

(e) What are the percentages of the European subscribers towards the Fines Fund as well as Indian?

(f) Are Government aware that since the inauguration of the East Indian Railway in India not a single penny has been spent towards the beneficial purposes and education of the children of the workmen at Lillooah?

(g) Do Government propose to start primary and middle vernacular schools in the colony of workmen or in a suitable place close to the workshop?

**Mr. A. A. L. Parsons:** (a) I would refer the Honourable Member to part (a) of Mr. Gaya Prasad Singh's unstarred question No. 112, to which I replied on 16th February, 1928. When I have obtained the information I shall inform the Honourable Member.

(b) No.

(c) Government propose to leave the fixation of office hours of individual offices to the local authorities.

(d) So far as Government is aware no contribution is made from any railway fund towards the education of children of officers.

(e) Contributions to the Fines Fund are not made in the form of regular subscriptions.

(f) No.

(g) Government are not aware that the East Indian Railway Administration contemplates any such action, but the whole question of the assistance which Railways should give to the education of children and the form it should take, is under the consideration of Government.

**ALLEGATIONS AGAINST TWO OFFICERS OF THE EAST INDIAN RAILWAY EMPLOYED AT LILLOOAH.**

174. **Mr. Amar Nath Dutt:** Has the attention of the Government been drawn to the publication of the *Weekly Mazdoor*, dated 11th January, under the heading "A mass meeting at Lillooah"? Is it a fact that in a mass meeting of twelve thousand workmen the two officials referred to

therein were condemned and their immediate removal was demanded by all unanimously? If it is a fact, will Government please state what steps have been taken in this matter? Do Government propose to ask these officers to clear their position in a court of law? If not, why not?

**Mr. A. A. L. Parsons:** Government have seen the announcement referred to but have no other information and do not propose to take any action.

**SCALES OF PAY OF WORKMEN OF THE EAST INDIAN RAILWAY EMPLOYED AT LILLOOAH, JAMALPUR AND LUCKNOW, RESPECTIVELY.**

175. **Mr. Amar Nath Dutt:** (a) Will Government please lay on the table the scale of pay of the workmen of Lillooah, Jamalpur and Lucknow and their service conditions?

(b) Is it a fact that the workmen of Jamalpur are monthly paid and those of Lillooah and Lucknow are daily paid staff?

(c) Is it also a fact that the scale of pay at Lucknow is much superior to that at Lillooah?

(d) Is it also a fact that cost of living at Lucknow is much cheaper than at Calcutta and Lillooah?

If it is a fact, will Government please state the reasons for such differential treatment?

**Mr. A. A. L. Parsons:** (a) There are in railway workshops numerous different classes of workmen whose pay and other service conditions vary, and Government regret that they cannot undertake the extensive tabulation for which the Honourable Member asks.

(b) All staff are paid monthly.

(c) The scales of pay and hours of work of a good many classes of workmen are not the same at Lucknow as at Lillooah, but it would not be correct to say that the Lucknow scales are generally superior.

(d) Government are not in a position to express an opinion.

**GRIEVANCES OF THE WORKMEN OF THE EAST INDIAN RAILWAY EMPLOYED AT LILLOOAH.**

176. **Mr. Amar Nath Dutt:** (a) Is it a fact that in the last winter Sessions of the Legislative Assembly during the course of discussions on the Railway Budget, the Honourable Sir Charles Innes admitted that the pay of the workmen is regulated according to the cost of living of the province? On this admission, do Government propose to revise the scale of pay of the workmen of Lillooah in comparison with Lucknow? If not, why not?

(b) Are Government aware that the Agent, East Indian Railway, refused to listen to the grievances of the workmen of Lillooah? Are Government aware that the workmen are labouring under various grievances and untold miseries? If so, do Government propose to take any step in the matter? If not, why not?

(c) Are Government aware that the workmen of Lillooah have been greatly agitated over their troubles and they could not avail themselves of the sympathy of the officials? If it is a fact, will Government please

state what further action they may take to draw the attention of the East Indian Railway authorities to listen to their genuine grievances?

**Mr. A. A. L. Parsons:** (a) I have been unable to trace the passage in the discussion on the Railway Budget last year to which the Honourable Member refers.

Government do not consider it necessary to revise the scales of pay of workmen at either Lucknow or Lillooah in order to secure uniformity.

(b) No.

(c) Government are aware that there has been some agitation amongst the workmen at Lillooah. The alleged grievance are within the competence of the Agent, East Indian Railway, to deal with and Government do not propose to interfere.

#### DENIAL OF THEIR LAST YEARLY INCREMENT TO THE WORKMEN OF THE EAST INDIAN RAILWAY EMPLOYED AT LILLOOAH.

177. **Mr. Amar Nath Dutt:** Are Government aware that about seven thousand workmen of Lillooah were deprived of their last yearly increment for the simple reason that they could not please their immediate superior officials? Is it a fact that it was an open business in the workshop with the knowledge of the topmost officials and thus several thousands of rupees were realised and distributed amongst the interested persons concerned? If it is a fact, do Government propose to institute an enquiry into the matter? If not, why not?

**Mr. A. A. L. Parsons:** Government have no reason to believe that these allegations have any foundation, and do not propose to institute any enquiry into them.

#### INDIAN, ANGLO-INDIAN AND EUROPEAN GRADE I GUARDS OF THE EAST INDIAN RAILWAY.

178. **Mr. Amar Nath Dutt:** (a) Will the Government please state how many Indians, Anglo-Indians and Europeans have been appointed as guards direct in Grade I on the East Indian Railway since the transfer of its management to the State?

**Mr. A. A. L. Parsons:** I am obtaining the information for the Honourable Member.

#### SUPERSESSION OF SENIOR INDIAN GUARDS ON THE EAST INDIAN RAILWAY.

179. **Mr. Amar Nath Dutt:** (a) Is it a fact that the Divisional Superintendents of the East Indian Railway have ignored the instructions of the Government of India about 75 per cent. Indianisation of railway services by direct appointment of non-Indians to the higher grades in supersession of the claims of senior Indian guards working in the lower grade?

(b) If the answer be in the affirmative, what steps do Government propose to take to stop such appointment of outsiders to the higher grade?

**Mr. A. A. L. Parsons:** I must point out that the recommendation of the Lee Commission which was accepted by the Government of India relates only to the superior services and not to appointments of guards. I

am however obtaining information from the Agent of the East Indian Railway about direct appointments to the higher grade of guards, and will communicate later with the Honourable Member.

#### PROMOTION OF INDIAN GUARDS ON THE EAST INDIAN RAILWAY.

180. **Mr. Amar Nath Dutt:** (a) Will Government lay on the table a statement showing the number of Indian guards drawing the maximum pay of the lower grade?

(b) Will Government please state what steps are proposed to be taken for the promotion of these men to the higher grade?

**Mr. A. A. L. Parsons:** I am making enquiries and will communicate with the Honourable Member later.

#### PROMOTION IN ORDER OF SENIORITY OF STAFF OF THE EAST INDIAN RAILWAY.

181. **Mr. Amar Nath Dutt:** (a) Is it a fact that the Agent of the East Indian Railway issued an order to the effect that promotion of staff should be made by selection and not in order of seniority, and are the Government aware that this has opened the door for corruption and bribery amongst the Railway officials?

(b) Do the Government propose to instruct the Agent to cancel his orders and sanction promotion of staff in order of seniority irrespective of caste, colour or creed? If not, why not?

**Mr. A. A. L. Parsons:** Government are not aware of the exact orders to which the Honourable Member refers, and they are certainly not prepared to interfere with any instructions which the Agent may have given that promotion should be by merit and not by seniority—a principle of which they thoroughly approve. The Agent is fully aware of the views of Government that neither caste, colour or creed should, in any way, influence such promotion.

#### GRANT OF SUNDAY ALLOWANCE TO INDIAN GUARDS OF THE EAST INDIAN RAILWAY.

182. **Mr. Amar Nath Dutt:** (a) Is it a fact that Indian guards are not given Sunday allowance which is allowed to Europeans and Anglo-Indians?

(b) Are Government prepared to extend the privilege to all classes of guards with immediate effect?

**Mr. A. A. L. Parsons:** I presume the Honourable Member is referring to the East Indian Railway; if so, the answer to the first part of his question is "yes" and to the second part "no".

I should add that the whole matter is being considered in connection with the question of a weekly rest day for railway staff.

#### DIFFERENT SCALES OF PAY OF GUARDS WORKING ON THE EAST INDIAN RAILWAY AND THE OUDH AND ROHILKHAND SECTION OF THAT RAILWAY.

183. **Mr. Amar Nath Dutt:** (a) Is it a fact that there are two scales of pay for Indian guards working on the East Indian Railway and Oudh and Rohilkhand Railway sections and that they get allowance at different rates?

(b) Do Government propose to consolidate the grade prevalent on the one and the same Railway and sanction allowance at uniform rates? If not, why not?

**Mr. A. A. L. Parsons:** (a) and (b). Differences between the scales of pay which prevailed on the former Oudh and Rohilkhand Railway and those of the East Indian Railway have not yet been removed, but proposals to this end are now under consideration.

**REFUSAL TO ALLOW INDIAN ASSISTANT STATION MASTERS TO OFFICIATE FOR EUROPEAN AND ANGLO-INDIAN STATION MASTERS ON LEAVE.**

184. **Mr. Amar Nath Dutt:** (a) Is it a fact that Indian assistant station masters of over 20 years standing are not allowed to officiate for European and Anglo-Indian station masters even for short period, and that junior Anglo-Indians are brought from outstations to act in place of the station masters during their absence on leave?

(b) Do the Government propose to stop such racial discrimination at once? If not, why not?

**Mr. A. A. L. Parsons:** No instance of this kind has been brought to the notice of Government. I am enquiring from the Agent, East Indian Railway, what the practice is and will communicate later with the Honourable Member.

**APPOINTMENT OF INDIANS AS STATION MASTERS AT IMPORTANT STATIONS ON THE EAST INDIAN RAILWAY.**

185. **Mr. Amar Nath Dutt:** (a) Is it a fact that Indians are not eligible for appointment as station masters at important stations like Dinaporé, Patna, Mokameh, Jajha, Kiul, Madhupur, Mirzapur, Burdwan, Rampurhaut, etc.?

(b) Do Government propose to Indianise these posts? If not, why not?

**Mr. A. A. L. Parsons:** I am making enquiries from the Agent and will communicate later with the Honourable Member.

**PAY OF STATION MASTERS' CLERKS AND CORRESPONDENCE CLERKS ON THE EAST INDIAN RAILWAY.**

186. **Mr. Amar Nath Dutt:** (a) Are Government aware that station masters' clerks and correspondence clerks attached to stations on the East Indian Railway are graded at Rs. 30—4—70 whereas clerks of the same class working under Running Shed Foremen, P. W. Inspector, Signal Inspectors and Inspectors of Works are graded at Rs. 100 and Rs. 80 respectively? Do Government propose to put these men in the same grade? If not, why not?

**Mr. A. A. L. Parsons:** Government are not aware of the exact scales of pay for the classes of clerks mentioned by the Honourable Member,

but it may be presumed that the rates have been fixed with due regard to the qualifications required, and they know of no reason for making a change in the scales for either of the classes mentioned.

#### PAY OF STATION MASTERS' CLERKS ON THE EAST INDIAN RAILWAY.

187. **Mr. Amar Nath Dutt:** (a) Are Government aware that a joint petition was sent to the Agent by the station masters' clerks of Dinapur Division and no action was taken on it on the plea of economy?

(b) Are Government aware that several new posts have recently been created such as Office Superintendent, Fuel Checkers and Fuel Clerks, etc., without considering the question of economy?

(c) If the reply to (a) and (b) be in the negative, do Government propose to enquire into the matter and ask the Agent to bring all the station masters' clerks in the office clerks' grade. If not, why not?

**Mr. A. A. L. Parsons:** (a) and (b). No.

(c) No. The matter is entirely for the Agent.

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#### STATEMENT OF BUSINESS.

**The Honourable Sir Basil Blackett** (Leader of the House): Sir, with your permission I desire to make a statement of the probable course of business in the week beginning from Monday, March the 5th. Monday and Tuesday, the 5th and 6th, are gazetted holidays on account of Holi. Wednesday and Thursday, the 7th and 8th, are allotted for the general discussion of the Budget, and Saturday, the 10th, is the first of the five days allotted for the voting on Demands for Grants. I am not yet in a position to say whether the House will be asked to sit on Friday, the 9th.

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#### THE INDIAN MERCHANT SHIPPING (AMENDMENT) BILL.

##### PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

**The Honourable Sir George Rainy** (Member for Commerce and Railways): Sir, I beg to present the Report of the Select Committee on the Bill further to amend the Indian Merchant Shipping Act, 1923, in order to vest in the Governor General in Council the control of matters covered by that Act.

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#### THE INDIAN LAW REPORTS BILL.

##### PRESENTATION OF THE REPORT OF THE COMMITTEE ON PETITIONS.

**Maulvi Muhammad Yakub** (Rohilkhand and Kumaon Divisions: Muhammadan Rural): Sir I beg to present the Report of the Committee on Petitions relating to the Bill to regulate and improve the Law Reports.

## THE BURMA SALT (AMENDMENT) BILL.

**Mr. V. K. Aravamudha Ayangar** (Finance Department: Nominated Official): Sir, I beg to move that the Bill to amend the Burma Salt Act, 1917, for a certain purpose, as passed by the Council of State, be taken into consideration.

The object of this Bill is to transfer the administration of the Salt Department in Burma to the direct control of the Government of India. Although under the Devolution Rules Salt is a central subject, except in the Northern India Salt Revenue Department, the administration of Salt has everywhere till recently been under the control of Local Governments who have been carrying on that function as an agency function on behalf of the Central Government. In January 1926 we transferred the control in Madras and Bombay to the Government of India and it is now proposed to complete that change as regards Burma. The necessity for this transfer has been emphasised by a recent report of an officer on special duty in the Finance Department who was appointed to investigate various problems connected with the salt administration. He went to Burma; he made various local inspections; he discussed with various officers and he came to the conclusion that the present system of administration was obsolete, that the methods of manufacture were wasteful and expensive and that there was scope for illicit manufacture and revenue was not amply protected.

The present proposal therefore is to transfer the work from the Local Government to the Government of India. The functions hitherto performed by the Local Government will be performed by the Central Board of Revenue and the Government of India. The powers exercised by the local officers of the Provincial Government will in future be exercised by the Commissioner of Income-tax, the Collector of Salt Revenue and his subordinate officers. It is proposed to have a junior officer with experience of salt work as Collector of Salt Revenue, and the object of placing the Commissioner of Income-tax over him with powers of general supervision is partly for the purpose of economy and partly to have an appellate authority on the spot to whom appeals from the decision of the Collector may be made, instead of leaving the parties to come to the Central Board of Revenue in Simla or Delhi for those appeals.

Under the present system although the Local Government carry on that work as an agency function, they do not do it for nothing. We pay them for it. We pay them a certain percentage of the total expenditure under Excise. The cost has worked out in the past to a lakh and a half of rupees and if the present proposals are agreed to it will slightly increase the cost by some Rs. 25,000 or Rs. 30,000. It is expected that this small increase in expenditure will be more than recouped by an increase of efficiency in the administration, by improved methods of manufacture and by ample protection to the revenue. The proposals have been placed before the Standing Finance Committee and they have approved of them. The Government of Burma have also been consulted in the matter and they have also acquiesced in the proposals. I trust that the House will also agree.

**U. Tok Kyi** (Burma: Non-European): Sir, I feel that it is my duty to oppose the motion moved by the Honourable Member opposite. In doing so, I should like to bring to the notice of the House a point which

[U. Tok Kyi.]

the Government have ignored, or rather which seems to have escaped their attention. Sir, the salt industry in Burma, and for the matter of that in Madras and Bombay as well, is closely bound up with the life of the poorer classes, specially those who live on the sea coast and the deltas of big rivers. The salt boilers in Burma are in sore need of encouragement and help from the Government. But the Government to whom they have to pay their taxes is far away while the Government which is nearer to them cannot look after them properly because the latter do not gain anything for the work they do and the trouble they take. At any rate they lack interest, they lack incentive. The people of Burma as well as the officers of the Local Government are in favour of making Salt a provincial subject rather than a central subject as it is at present. An important body of men were of the same opinion. Your distinguished predecessor, Sir Frederick Whyte, who was Chairman of the Burma Reforms Committee, was of the same opinion, and that Committee has recommended that Salt should be made a provincial subject. This is their recommendation:

"The question of the transfer of salt to the provincial list was not raised by the Local Government but was pressed strongly by some of its officers. We consider that both for the encouragement of the local industry in salt as well as on other grounds this subject might well be given over to the Local Government."

Sir, this is a point I want to bring to the notice of the House. This recommendation of the Burma Reforms Committee is very important with regard to our local interests and it is a pity that it seems to have escaped the attention of the Government of India. I think that not only in Burma but also in Madras, Bombay and Bihar and Orissa Salt should be made a provincial subject. But unfortunately for India the Government happens to be the greatest manufacturer of salt in Northern India. This is the main reason I think why they have made Salt a central subject. The Government of India have not given up trading but are still going on trading in salt and opium, as they used to do in the old Company days. I think from the point of view of the people's interests this practice is rather unsound and should be given up. But I realize that to give up the practice at present is not within the bounds of practical politics. So far as Burma is concerned, however, if Salt be made a provincial subject, it will involve only a matter of six lakhs of rupees. The revenues of the Government of India would not suffer much. It would be a mere drop in the ocean. Sir, I think—I speak subject to correction—that the measure before the House concerns the excise duty on salt only and that it has nothing to do with the import duty. But that excise duty on salt in Burma, as I have said, is only a matter of six lakhs of rupees, and I think the Government might very well afford to give it up and give effect to the recommendation made by your predecessor. Sir, it is said that a body of men from this side of the Bay would be able to look after the salt administration in Burma better than the local agency there. I however think it is not reasonable to expect that strangers from India or aliens from any country will prove more efficient than officers in Burma administering the Department of Salt. Besides, it is expected by the Government that they will be able by this measure to suppress the illicit manufacture of salt over there. But if local men, with local knowledge and local experience, cannot prevent such illicit manufactures,

I am afraid people from this side of the Bay will find it very difficult if not impossible to do so. And with a view to suppressing the illicit manufacture, the Government now propose to spend more money than they are spending at present; I think they are going to spend no less than 20 per cent. of the present expenditure in addition. Sir, as I have said, it is absurd to expect that people from this side of the Bay will be able to administer the Salt Department there more efficiently than the officers in Burma. Apart from this practical objection, there are two other grounds, and I think equally valid grounds on which this measure should be opposed. In the first place, Sir, it proposes to give more strength and more life to dyarchy—a system for which neither Members on this side of the House nor those opposite have any good word to say. The Honourable Mr. Burdon, while introducing the same measure in another place, said:

‘The step now proposed is merely one of the changes of system which flow from the Reforms and from the policy of the Government of India to separate, as far as possible, central and provincial functions.’

Sir, from this it is quite clear that the intention of the Government is to make dyarchy as stable as possible in this country. I was one of those who have no love for that system of government; in fact one of the reasons why I voted against the Simon Commission two weeks ago was that I have had an instinctive feeling that Sir John Simon and his colleagues have come here to give fresh life to that system of government. And in the second place, the proposed measure goes right against the principle of decentralization which has been consistently followed by the Government of India all these years. I believe, Sir, that you yourself were one of those who in the old Imperial Councils fought for the principle of decentralization. I hope that this House will not give support to the present measure, which seems to me reactionary and injurious to the interests of the people, especially the poorer classes of the people.

Sir, I oppose the motion.

**Mr. B. Das** (Orissa Division: Non-Muhammadan): Sir, coming as I do from Orissa, where the salt industry used to be a great local industry which used to support millions of people whose livelihood was destroyed by the apathy of the then Bengal Government and the Government of India, I have a great deal of sympathy with what fell from the lips of my Honourable friend, Mr. Tok Kyi, and I rise to support him in his opposition. Sir, my friend rightly pointed out that the salt tax is an excise duty on a local industry that used to be a thriving industry in India before the British occupation and therefore in the matter of the readjustment of provincial and central finances—it is rumoured that sooner or later there will be a committee which will go into the financial relations of the provinces and of the Central Government—all revenues derived from any industry, where it is a provincial industry but is at present in the hauds of the Central Government, should be allocated to the Provincial Government. If that be done, then the salt industry in Burma and also in Orissa will thrive very much. I may inform the Honourable the Finance Member that during the last floods with which Orissa was disastrously stricken the people who live on the sea coasts managed to eke out a small living from the collection of salt in spite of police *zoolum* and Government vigilance.

[Mr. B. Das.]

There was police *zoolum* and police vigilance, and yet when people had nothing to live on, they had to take a bucket of sea water and make salt out of it. I know, Sir, that people were sent to jail and were fined, but that is a small matter when people are dying of starvation. (*An Honourable Member*: "How do they live on the salt? They cannot eat the salt.") On the sale of salt they live. My friends may be surprised to hear that if one boils two buckets of water, he gets 11 seers of salt, worth about 6 to 8 annas, quite a good income in a place where 2 or 3 annas is the daily wage of ordinary labourers and at times no work is available. Sir, in the adjustment of finances between the Central Government and the Provincial Governments, some of the provinces were hit hard. I am talking of my own province, Bihar and Orissa, which was attached to tail end of Bengal. When we got separated, the Central Government took all the resources that are productive and paying and left my province with a small income from the land revenue and excise duties. In Bihar and Orissa, thanks to the owners of coal mines, people drink a lot and the Government of Bihar and Orissa derive a good revenue, nearly 40 per cent. of the State revenue, from drinking and opium smoking. Here is the excise duty on salt and if the local industry is handed over to my Government, it may be that the Government of Bihar and Orissa may give remission of part of this duty and encourage people to manufacture salt and thereby revive the old home industry on the sea coast of Orissa; incidentally it will mean

- reviving the profession of lakhs and lakhs of people who are at present living on the barren sea coast of Orissa and have no other source of livelihood. Sir, it is on this ground that I support my friend Maung Tok Kyi and I do hope that the Central Government will not make any industry of India a central subject and derive revenue out of it and destroy that industry in certain parts of India.

**Mr. V. K. Aravamudha Ayangar**: Sir, I am very much flattered by the objections raised by the Honourable Members from Burma and Bihar and Orissa. I thought it was a very simple and formal Bill, but they were trying by their objections to increase my importance. The first objection raised by the Honourable Member from Burma was that this Bill proposed to make Salt a central subject and by opposing it he thought he would make it a provincial subject. I think . . .

**Sir Purshotamdas Thakurdas** (Indian Merchants' Chamber: Indian Commerce): Will the Honourable Member mind speaking louder?

**Mr. V. K. Aravamudha Ayangar**: The Honourable Member from Burma was under a misapprehension that by opposing this Bill he could make Salt a provincial subject. What is proposed in this Bill is only to change the agency of administration. Whether it is carried on by the Local Government as agents on behalf of the Central Government or by the Central Government directly, the subject will continue to be a central subject under the Devolution Rules. The question of the readjustment of the financial relations between the Central and Provincial Governments is a big question which cannot be settled on this Bill.

The second point that the Honourable Member from Burma raised was that by this Bill we were proposing to substitute for local men with local knowledge who were in charge of the salt administration at present foreigners from the wrong side of the Bay. I can assure him, Sir, that with

the transfer of the control of the salt administration in Burma to the Central Government, it is not the Honourable the Finance Member who is going to work it from top to bottom. These local men will continue to do the work. Instead of district officers who now do it as a side occupation along with other more important land revenue, magisterial and other functions, these duties in regard to the salt administration will be entrusted to a separate staff who will be simply carrying on the salt administration and nothing else.

The Honourable Member also talked about the increase of cost. As mentioned to the House, the increase in cost will be about Rs. 25,000 to Rs. 30,000 and we expect we shall earn more than Rs. 2 or Rs. 3 lakhs of additional revenue from the efficient administration that we are going to introduce.

He also referred to more life being given to dyarchy by this Bill. I am sorry I cannot understand the Honourable Member. He was confusing the distinction between central and provincial finances and the distinction between transferred and reserved subjects. My friend Mr. Das raised some questions in regard to Bihar and Orissa. I am sure he will raise the same questions with more relevance in connection with the debate on the Budget and Demands for Grants and the Honourable the Finance Member will answer them. Sir, I hope that the Honourable Member will withdraw his objections.

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

"That the Bill to amend the Burma Salt Act, 1917, for a certain purpose, as passed by the Council of State, be taken into consideration."

The motion was adopted.

Clauses 2 and 3 were added to the Bill.

The Schedule was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

**Mr. V. K. Aravamudha Ayangar:** Sir, I move that the Bill, as passed by the Council of State, be passed.

The motion was adopted.

### THE INDIAN SECURITIES (AMENDMENT) BILL.

**Mr. V. K. Aravamudha Ayangar** (Finance Department: Nominated Official): Sir, I move that the Bill further to amend the Indian Securities Act, 1920, for a certain purpose, as passed by the Council of State, be taken into consideration.

Under section 4 (1) (a) of the Indian Securities Act, 1920, when a Government security is payable to two or more persons jointly, and either or any of them dies, the security is payable to the survivor or survivors of those persons. Although under the General Clauses Act "person" includes a company or association or body of individuals whether incorporated or not, that definition has been held to be repugnant to section 4 of the Indian Securities Act, as a corporation may be dissolved but cannot die. The effect of the present law is that endorsements on promissory notes conferring ownership on a corporation jointly with a private

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individual are held to be invalid. The Public Debt Office, Bombay, have brought to our notice various instances where such endorsements have been held to be invalid and the Controller of the Currency has told us that such instances are on the increase. The position was similar in England before the passing of the Bodies Corporate (Joint Tenancy) Act, 1899, but the difficulty which existed in England has been got over with the passing of that Act. The object of the Bill, therefore, is to provide for the holding of Government securities jointly by a private individual or a corporate body and another corporate body and to empower the Government to pay the amount of the security to the surviving joint holder in any case that may arise. It is a real convenience to companies and associations and I move, Sir, that the Bill be taken into consideration.

The motion was adopted.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

**Mr. V. K. Aravamudha Ayangar:** Sir, I move that the Bill, as passed by the Council of State, be passed.

The motion was adopted.

### THE PLY-WOOD INDUSTRY (PROTECTION) BILL.

**The Honourable Sir George Rainy** (Member for Commerce and Railways): Sir, I move for leave to introduce a Bill to provide for the fostering and development of the manufacture of ply-wood tea-chests in British India.

The Bill is quite a short one and contains only two operative provisions. In the first place, it proposes to increase the customs duty on ply-wood boards, panels and chests, and battens and corner pieces, such as are ordinarily used in ply-wood chests, from 15 to 30 per cent. In the second place, it proposes to abolish the drawback which is at present permissible on the re-export of imported chests. That, I think, sufficiently explains the object of the Bill.

Before I sit down, Sir, I should like to add one word of explanation. It has been my intention to move to-day, if leave was given to introduce the Bill, that it be taken into consideration. It has been brought to my notice, however, that some Members of this House feel that the time since the publication of the Tariff Board Report and the announcement of the decision of the Government of India has been too short to make it possible for them to deal adequately with the Bill if it were taken into consideration at once. I think, Sir, that the feelings they have expressed are reasonable and for that reason I do not propose to move for its consideration.

The motion was adopted.

**The Honourable Sir George Rainy:** Sir, I introduce the Bill.

## THE STEEL INDUSTRY (PROTECTION) BILL.

**The Honourable Sir George Rainy:** Sir, I move for leave to introduce a Bill to provide for the modification of certain import duties relating to the protection of the steel industry in British India.

This Bill, Sir, does three things. In the first place, it makes wagons and underframes and some of their component parts subject to the protective rate of duty applicable to fabricated steel generally. In the second place, it substitutes for the 10 per cent duty applicable to iron and steel bolts and nuts a specific duty of Rs. 2 per hundredweight. In the third place, it discontinues the protective duty imposed in 1924 on wire and wire-nails and makes them subject once more to the 10 per cent. revenue duty. I do not think I need add anything else in explanation of the Bill and I move the motion standing in my name.

The motion was adopted.

**The Honourable Sir George Rainy:** Sir, I introduce the Bill.

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**The Honourable Sir George Rainy** (Member for Commerce and Railways): Sir, I rise to move that the Bill to provide for the modification of certain import duties relating to the protection of the steel industry in British India, be referred to a Select Committee.

With your permission, Sir, I should like to add three names to those which appear on the notice paper as the members to be appointed to the Select Committee. The Select Committee will then consist of the following members:

Sir Purshotamdas Thakurdas, Mr. Fazal Ibrahim Rahimtulla, Khan Bahadur Haji Abdullah Haji Kasim, Sir Walter Willson, Mr. W. S. Lamb, Mr. G. D. Birla, Mr. K. C. Neogy, Pandit Thakur Das Bhargava, Mr. Muhammad Yamin Khan, Haji Chaudhury Mohammad Ismail Khan, Mr. Jamnadas M. Mehta, Mr. R. K. Shanmukham Chetty, Mr. Rafi, Mr. Ahmad Kidwai and the Mover, with instructions to report not later than the 8th March, 1928: and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be six.

I have already explained, Sir, in moving my motion for leave to introduce the Bill that there were three main proposals in it. It will be convenient, I think, for the House if I dispose first of the two proposals which are of rather less importance, and then turn to the most important proposal in the Bill, namely, the protection of the manufacture of wagons and underframes. First of all, the proposed increase in the duty on bolts and nuts merely redresses an inequality which exists under the present tariff. The Indian manufacturer pays about Rs. 40 a ton, when allowance is made for wastage on the bars that he uses as his raw material, whereas the duty on imported bolts and nuts is only 10 per cent. *ad valorem*. The average value of the bolts and nuts which compete with the Indian manufactures is from Rs. 200 to Rs. 300 a ton, and the 10 per cent. duty, therefore, is from Rs. 20 to Rs. 30 a ton. It will be seen that the Indian manufacturer is under a definite handicap owing to the operation of the duties. The Bill substitutes a specific duty

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of Rs. 40 a ton on imported bolts and nuts, and if this duty is imposed, the Indian manufacturer will be in the same position as he would be if there were no duty at all on either the steel bars he imports or on the bolts and nuts which compete with his production. The proposal, therefore, is not one for granting substantive protection to the manufacturer of bolts and nuts but merely, as I have said, for giving equality of tariff treatment. The Tariff Board have explained that to get economical production of bolts and nuts mass production is necessary, and that has not as yet been undertaken in India. There are, therefore, no materials at present which would enable the Tariff Board or anybody else to calculate what a reasonable cost of production might be and therefore what amount of protection was required. For that reason it is not possible to go further than the proposal in the Bill. The Board have indicated that any burden imposed by this increase in the duty is not likely to affect seriously any industry which uses bolts and nuts. They point out, for example, that in a typical railway wagon the increase in cost only amounts to a little over four annas. Per ton of bridge work the increase in duty will increase the cost to a little under an anna, and in an underframe containing a hundred pounds of steel the increase is very little more than a quarter of an anna.

I turn now to the second of the two minor proposals, namely, the proposal that the protective duty on wire and wire-nails, which was imposed in 1924, should be discontinued, and that these articles should again become subject, as previously, to the 10 per cent. revenue duty. Naturally it is with some regret that I have to bring this proposal before the House, seeing that, as a member of the Tariff Board, I was associated with the original proposal to grant protection to this industry. Nevertheless I have felt, since the second Tariff Board enquiry into that industry in 1925-26, that the original grant of protection in this case was premature, and that, though I have every hope that the industry will eventually be established in India, there is nothing for it at present but to retrace our footsteps and to wait till the conditions are more favourable. The fundamental reason why there is little or no hope of establishing the manufacture of wire and wire-nails on a satisfactory basis is that it is really an indispensable preliminary to the satisfactory establishment of the industry that wire rods should be produced commercially and economically in India. Now at present that is not possible. No one at present in India is equipped to produce wire rods. It is part of the programme of the Tata Iron and Steel Company—their development programme—that, in the course of three years or so they should put up a mill on which it ought to be possible to roll wire rod in large quantities, at a reasonable cost. When that time comes it may be desirable to examine the whole question again, and see whether the time has not arrived for again attempting to establish the manufacture of wire and wire-nails in India. But for the present, as I have said, the necessary raw material is not produced in India, the only firm which was manufacturing wire has shut down, and consequently there is nothing at present to protect. For that reason it is proposed that the protective duty should be removed.

So much as regards wire. As regards wire-nails which are made from wire, there is this to be added by way of explanation. In the Steel

Industry (Protection) Act of 1924 the same duty of Rs. 60 per ton was imposed on wire and on wire-nails. The fact that that rate of duty was the same clearly implied that it was not intended to give protection to the manufacture of wire-nails as a separate industry, apart from the manufacture of wire. I mention this because there are certain firms in India who have attempted to manufacture wire-nails from imported wire. They will be no worse off when the duty is removed than they are at present. In fact they may to a slight extent be better off, because the 10 per cent. duty on the wire may be lower than the 10 per cent. duty on the nails. At present the duty is the same. But I want to make it plain that neither the Government of India nor the Legislature, at any stage, give encouragement to the idea that they wished to foster the manufacture of wire-nails apart from the manufacture of wire.

I turn now to the most important point in the Bill, namely, the continuance of protection to the manufacture of wagons and underframes. That is the main subject of the Tariff Board Report, and they have dealt with it very fully. Perhaps I might read their first two findings on the subject:

"(1) We find that under the stimulus of the bounty scheme which has been in force during the last three years, the Wagon industry (in which term we include also the construction of underframes) has made great progress and is now able to meet a large proportion of the normal demand for wagons and underframes in India.

(2) As a consequence partly of the reduction in the cost of material but largely of the decrease in costs resulting from large orders for a few standard types of wagons, the wagon manufacturers have now reached a stage when they could normally withstand foreign competition with no assistance other than the existing revenue duty."

If these findings stood alone, I think they would give the House every cause for satisfaction. As regards wire and wire-nails, the position I had to put before the House was that, our policy of protection had been premature and had not succeeded. On the other hand, our policy in regard to railway wagons and underframes has succeeded, and wagons and underframes can be produced in India at a cost which enables the manufacturers to dispense with any protection other than that which they receive from the ordinary revenue duty, provided they get sufficient orders. As everyone in the House is aware, owing to abnormal circumstances, the need for protection has not altogether disappeared, and the reason is the inability of the railways in India to place orders for wagons and underframes to an extent sufficient to keep the manufacturers fully employed. It is a position which naturally must be a cause for anxiety, not only to the manufacturers themselves but also to the Government of India, who were responsible for putting before the Legislature the policy of protection, and to the Members of the Legislature themselves, and when the Tariff Board Report was received in which they put forward the proposals which seemed to them necessary for maintaining the manufacture of wagons and underframes in India, they received the most earnest and careful consideration from the Government of India. The House will readily understand that in view of my own connection with the earlier history of protection for the steel industry, it was a matter which must have caused a good deal of anxiety to myself, and I can assure the House that nothing has been overlooked, and that every attempt has been made to see that such measures as are necessary to keep the industry going until the railways are again in a position to place orders for wagons on a normal scale are taken.

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Now, the underlying principle of the recommendation made by the Tariff Board was this: that until the railways could place sufficient orders to keep the manufacturers fully employed all orders should be placed in India at a reasonable price. That was the underlying principle. The Government of India fully accept that, and indeed they consider that this is the only way in which the matter can be dealt with. But a difficulty arises when it has to be decided how we are to determine a reasonable price. The solution the Board suggested was that we should take the price paid in the autumn of 1925, or in the case of underframes in the spring of 1926, make suitable additions for landing erection charges and finally make an addition of  $12\frac{1}{2}$  per cent. to the price thus arrived at. That proposal has been very closely examined; but it was found that it did not fully meet the requirements of the case. The Board themselves pointed out in one passage in their Report that the figure of  $12\frac{1}{2}$  per cent. could not claim exactitude and must be taken as to a large extent illustrative. Also it is obvious, from the Board's calculations, that the figure presupposed that the railways would be able to place annually in India orders equivalent to 3,000 C/2 wagons. The C/2 wagon was taken as typical. Now, supposing the railways did place orders to that extent, it might happen that they were placing orders for one type of wagon to the extent of 1,500 and for another type of wagon to the extent of only 20 or 30. The  $12\frac{1}{2}$  per cent. addition might be quite suitable as regards the 1,500 wagons, but might be altogether insufficient as regards an order for 20 or 30 wagons. That was one difficulty. In the second place, it may not be possible in every year to place orders for so large a number as 3,000 wagons, and in that case again the  $12\frac{1}{2}$  per cent. addition becomes insufficient, because if the wagon-building firms have fewer wagons to make, it will be necessary for them to obtain higher prices for the wagons which they do make. Then again there was another practical difficulty, that in the case of some of the types we shall be ordering, no orders were placed in 1925 and 1926 and therefore we have not got a basic price to start from, namely, the price paid at that time.

These were some of the difficulties which made it impossible for the Government of India to accept the recommendation of the Board in the precise form in which it was submitted. A great deal of time was devoted to try and discover a practicable system, which would at the same time give the Indian manufacturer a fair price and also would not result in the railways—and that means the customers of the railways in the long run, the passengers and the people who send goods by rail—having to pay an excessive price. All the various expedients that were tried broke down over this difficulty. It cannot be left to the Railway Board to decide without further guidance what is a reasonable price. Obviously the purchaser might have one view and the seller might have a different view as to what was a reasonable price; and it seemed to the Government of India that they and the Legislature must lay down a method by which in the last resort a reasonable price could be determined. The conclusion finally reached was this, that there was no alternative but to propose an increase in the import duty. The precise proposal is that the import duty should be raised to 17 per cent. *plus*, in the case of Continental material, the additional duty of Rs. 15 a ton. These are the rates which are applicable to fabricated steel generally and wagons and underframes are essentially fabricated steel. The Tariff Board considered that proposal

but rejected it on the ground that what the wagon-building firms required was the certainty of obtaining orders rather than an increase in the duty. But the actual proposals which were outlined in the Resolution published a few days ago cover the difficulty which the Tariff Board felt. The question of the duty does not come in until the Indian firms have had an opportunity of taking orders on tenders called for only in India. The procedure briefly is this. When the tenders are received, the Railway Board will examine them in the light of the conditions as they exist then. They will take into account as the basis the prices paid for wagons in 1925 and 1926, and also the prices of steel as they existed at that time. They will take into account any changes that have taken place in the price of steel. They will take into account again the total orders they are placing during the year and they will take into account the size of each order; and they will make additions to the basic price to try and cover these points; and if any of the tenders are below the prices which have been arrived at in that way, they will be accepted. If, on the other hand, the prices are above the level which the Railway Board consider reasonable, then the wagon-building firms will be informed what in the view of the Railway Board the reasonable prices are, and they will have an opportunity of accepting an order at these figures. It is only in the last resort that simultaneous tenders in Europe and India will be called for; and in that case the Indian firms will compete subject to the 17 per cent. duty, instead of the 10 per cent. duty as at present.

The House may feel that this is a somewhat complicated scheme and I should have been glad if it had been possible to work out something simpler. But what the Government of India feel is this: that it is not possible to be content either with the increase in the duty by itself, or with calling for tenders in the first instance only in India by itself; but that both methods must be used if there is to be reasonable security that the wagon-building firms will be able to obtain the orders which we can place at a reasonable price. It is a matter to which we have devoted a great deal of care and attention and the solution put forward is the best we have been able to devise.

As the Board have pointed out, Mr. President, the need for protection will disappear once we can again begin to place orders for wagons on a normal scale. When that time may come it is impossible to say; but we hope that at any rate by the end of three years the requirements of the railways will necessitate purchases of something like the number we were purchasing, say, in 1924 and 1923. At any rate we propose that

12 NOON. the increase in the duty should operate only for a period of three years. If the need for protection still continues, the matter will again be brought before the Legislature, but I have every hope, that by that time the need for protection will have disappeared, and that it will be possible to point out to this House that the policy of protection for wagons and underframes has completely justified itself and that there are no further qualifications to be made.

Before I sit down, Sir, I should like to refer briefly to the question of steel castings,—another matter which was dealt with in the Tariff Board Report. They recommended that protection should be given not to the manufacture of all kinds of steel castings, but to only those kinds of steel castings which form the component parts of railway rolling stock, and they proposed that this protection should be given by means of a

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bounty. Now, the first point I should like to bring out is this, that if the proposals are limited in that way, it can hardly be said that the manufacture of steel castings is a separate industry; it is really only a part of the industry which undertakes the manufacture of wagons and underframes. Therefore, the manufacture of wagons is the primary thing, and the manufacture of steel castings, which are the parts of these wagons, is a subsidiary thing. The amount of protection which the Tariff Board considered necessary was Rs. 4 a cwt. Now, the practical result of the increase in the duty of 17 per cent. on wagons *plus* an additional duty on Continental material would be to give protection to the extent of Rs. 3-12-0 a cwt. to the manufacturer of steel castings. Therefore, if that solution is adopted in the case of wagons, to all intents and purposes effect has been given to the recommendation of the Board as regards steel castings. It would have been, I think, impossible to add to the increase in the duty a scheme for the payment of a small bounty of 4 annas a cwt., because the amount of trouble and labour involved would have been out of all proportion to the benefit that the firms could receive from it. But although the practical effect of the proposals in the Bill will be to give to the manufacturer of steel castings for a period of three years almost the same amount of protection as the Board considered necessary, it is desirable that I should make plain the attitude of the Government of India in the matter. That has already been done in the Resolution which we published at the time the Tariff Board Report was published. What the Government of India felt was that the case for the granting of protection to the manufacturer of steel castings had not been fully made out, and if it had stood alone on its own merits, the Government of India would not have been in a position to approve it. After the experience we have had in the case of the wagon-building industry, I think the Government of India must be careful about all proposals which come before it in connection with manufactures which depend upon the railways as their sole customers, because we may find for one reason or another that a very difficult and awkward position has arisen. Now, the railways of India have been manufacturing steel castings in the railway workshops for a very large number of years—in fact, it is they who are the pioneers in the manufacture of steel castings and not the private firms. No sufficient reasons have been given why the manufacture that already exists in the railway workshops should be discontinued, but in that case the total available market as calculated by the Board—their calculation was that the total demand might amount to 2,500 tons a year—that market is barely sufficient to keep one firm fully employed, and there are already two firms which are equipped for the manufacture of steel castings, namely, the Hukumchand Steel Works in Calcutta and the Kumardhubi Engineering Works. It seemed to the Government of India that it would be an unwise thing to encourage by means of a bounty the development of any industry when the circumstances were such that the industry could not develop to any great extent. Therefore, in the Resolution which they published a few days ago they made it plain that the increase in duty on steel castings was incidental to the increase in the duty on wagons and underframes and would not have been proposed on its own merits; secondly, that steel castings had been made in the railway workshops for a number of years, and that it was not intended to discontinue their manufacture; and thirdly, that it

is not the intention of Government to continue the protective duty on wagon castings when it becomes possible to place normal orders for wagons. They thought it was necessary to make these points perfectly clear, because otherwise there might be a danger of the investment of fresh capital in the manufacture of steel castings by people who did not understand what the real position was. That is a danger which the Government of India are very anxious to avoid.

I have endeavoured, Sir, to explain to the House the proposals which are made in this Bill, and I do not think I need add anything further.

Sir, I move.

**Mr. Ghanshyam Das Birla** (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): Sir, I have no desire at this stage to discuss the general principles of this Bill so far as they relate to the wagon industry. There are certain points which require criticism, but I should not discuss them at this stage—I think I might leave them for discussion in the Select Committee if I am elected. There is, for instance, the question of imposing a higher duty as proposed by the Government which goes entirely against the recommendation of the Tariff Board. The Board definitely recommended that the present revenue duty should not be increased. Instead, they recommended that the railway authorities should make it a rule to place all their orders with the Indian manufacturers at a maximum price to be fixed on the basis of the lowest approved c. i. f. price as shown in the tenders for wagons in November 1925 and for underframes in April 1926 with an addition of 12½ per cent. I do not agree with the Honourable Member, Sir, when he says that this figure of 12½ per cent. was given as a mere illustrative figure. That was a definite recommendation. One would therefore like to know, Sir, the reasons which led the Government to propose the increase in the revenue duty and to discard entirely the other proposal of the Tariff Board. Besides this there is the question of preference to British imports. There are some of us on this side of the House who feel a suspicion that, under the veil of protection, Imperial Preference is sought to be introduced. The Honourable Member has not explained very fully the reasons which led him to recommend a differential duty between United Kingdom and non-United Kingdom imports. But these are matters which I might leave for discussion in the Select Committee. At present I wish to express, Sir, the deep sense of disappointment which some of us entertain at the rejection of the proposals of the Tariff Board, so far as they concern the Hukumchand steel castings. It appears, Sir, that the main objection of the Honourable the Commerce Member to accepting the finding of the Tariff Board Report on this point is that there is not sufficient demand at present to keep even one firm fully employed. I do not agree, Sir, with the Commerce Member on this point. The finding of the Tariff Board Report on this point is quite definite. They say:

“We now find that the annual demand for steel casting is sufficient to permit of an economic output. We consider therefore that a good case has been made out for protection.”

It has been admitted, Sir, that the present slackness of demand may continue only for a year or two or probably for three years. After that we all expect that a normal demand will spring up from the Railway Department. There is no reason, therefore, why for the want of sympathy

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this industry should be allowed to die. I have been told, Sir, by a very good authority that even the requirements of 1928-29 of the Railway Department will be sufficient to keep at least one firm fully employed. Mention has been made about the Kumardhubi Engineering Works, but I have been told—I do not vouch for the accuracy of the statement—that their plant is not suitable for using the Indian pig-iron and therefore they are not entitled to protection. But even if they are entitled to protection, I thought their case should have been considered very carefully. At least I would not like that the Government of India should brush aside the recommendations of the Tariff Board so lightly and make proposals definitely against the recommendations of the Tariff Board. I hope, Sir, therefore, that for the want of sympathy this industry will not be allowed to die and the Honourable the Commerce Member will make some provision for the protection of this industry too.

Sir, I support the motion.

**Mr. K. O. Neogy** (Dacca Division: Non-Muhammadan Rural): Sir, of the twin measures of protection produced by the Honourable the Commerce Member this morning, one has already proved still-born. I do not know whether its parent would acknowledge it openly, but those of us who have kept ourselves in touch with the under-currents of events know full well that when that Bill comes up again Government will have changed their minds so completely that the Honourable Member will find it difficult to recognise his own child in the new measure. Now, Sir, the second one, with which we are now concerned, is one of a series of three measures which are the result of three Reports of the Tariff Board, which the Honourable Member for Commerce had the opportunity of dealing with since he came into office. And it seems to me rather strange that in all these three instances he has not found it possible to agree with the recommendations of the Tariff Board. The first was in connection with the cotton textile industry; the second, the ply-wood industry and the third is the present steel protection report. Now, either the Tariff Board has suffered very seriously in efficiency since the Honourable Member succeeded Sir Charles Innes, or the Honourable Member is interfering unduly with the recommendations of that body. In all these three instances, the Honourable Member has driven a coach and four through the recommendations of the Tariff Board. I do not dispute that the Government have got full liberty either to accept or reject the recommendations of the Tariff Board, but there is certainly a limit beyond which Government ought not to go. I maintain that the limit has been reached, if not exceeded, by the Honourable Member. Because if the Honourable Member goes on at this rate, the Tariff Board will be considered to be a perfect superfluity, and it will be for this House seriously to consider whether it should be continued at such a large public expenditure. If the Honourable Sir George Rainy has no confidence in the Tariff Board, there are two alternatives open to him; he should either dissolve that body, or himself revert to it as its President. I can promise my Honourable friend that I will use my good offices with the Honourable the Finance Member and see that he continues to get his present emoluments in his new capacity as President of the Tariff Board. I am also prepared to recommend that he should continue to enjoy his salute. I do not know how many guns the Honourable Member is entitled to as salute, but

I am prepared even to increase the number if that will satisfy the Honourable Member.

Now, Sir, let us come to the merits of the present Bill. Reference has already been made to the departure which Government have made with regard to the recommendations about protection to be given to the wagon industry. The wagon industry has been in receipt of cash bounties ever since 1924. The present Report of the Tariff Board recommends that the bounty system should be discontinued, but that, until the demand for wagons again becomes normal, tenders should be called for only in India and accepted if within a certain maximum price. The Government have turned down that recommendation, practically speaking, and they are proposing to increase the import duty. Now, Sir, may I draw the attention of the House to the Protection Act of 1924, particularly to one feature of that measure, that is contained in section 4 and also in section 5? Section 4 laid it down that the payment of bounties should be dependent upon the fulfilment of certain conditions by the firms who would enjoy the benefit of the bounties. One of these conditions is that a substantial portion of the component parts thereof, that is to say, of each wagon, has been manufactured in British India. Under the new scheme, it is not perhaps possible to have this feature maintained, but it could be very easily maintained if the Tariff Board recommendations were given effect to. I take it the original intention of Government in framing this particular conditional clause was to see that the benefit of protection which was being granted to the wagon industry would filter down also to the producers of raw material and subsidiary industries dependent upon the wagon industry. I remember to have moved an amendment to this clause, not being satisfied with its terms; namely, that instead of the expression "substantial portion" we should have the "maximum possible proportion" or something like that. That is to say, at the present moment, under the old scheme of bounties, the manufacturing firms had merely to state that they had, out of this much of materials utilised in the manufacture of each wagon, made use of so much of Indian materials, it being left to the audit authorities to satisfy themselves as to whether that had been the case. It can conceivably be that the substantial proportion may not be the maximum proportion possible, and I intended to lay down very definitely that it should be incumbent on the wagon manufacturers to utilise the maximum quantity of Indian materials available, having regard, of course, to economic considerations. In opposing that, Sir Charles Innes pointed out that all the Indian firms engaged in subsidiary industries were being given an opportunity to tender; but I pointed out that some had made specific complaints that they were not given an opportunity even to tender by these wagon manufacturing concerns. Now, Sir, I say all this to show that even this clause has not proved sufficiently serviceable and useful to the manufacturers of raw materials and the subsidiary industries. But under the present scheme even this much of safeguard is taken away. It will not be necessary under the present measure for any wagon manufacturers to use even one ounce of Indian steel if they do not want to. That is a very serious proposition which the Honourable Member is asking us practically to agree to.

Now, Sir, the other condition which the Protection Act laid down in section 5 was that each concern to be benefited by this measure of protection must have a share capital the amount of which is expressed in the

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memorandum of association in rupees, that is to say, it must have a rupee capital, and the second condition was that such proportion of the directors as the Governor General in Council has by general or special order prescribed in this behalf should consist of Indians. These two conditions also cannot be insisted on under the present measure. But the Honourable Member will reply, "Well, in a scheme of protective duties it is not possible to combine all these features which would be perfectly legitimate in a scheme of bounties." I entirely agree with him there. But, Sir, my complaint is that all these conditions could have been laid down if the Honourable Member did not interfere with the Tariff Board's recommendations and had given effect to them in their entirety.

Now, Sir, talking of subsidiary industries reminds me of steel castings to which reference has already been made by my Honourable friend Mr. Birla. The Honourable Member in charge will remember that this industry came up for protection as early as 1924, and all that the Board, of which he was then President, said was that there were not sufficient materials before them at that moment to come to any definite conclusion. That, I take it, is more or less the substance of the first report of the Tariff Board, so far as this point is concerned. That industry renewed its application, I believe twice, after that, this being the third occasion when they were examined by the Tariff Board, and the Tariff Board have made a definite recommendation after going into all the details of that particular firm which is engaged in the manufacture of steel castings in the correct method—the only method, they say, which would entitle the manufacturer to protection—that it should be given a certain rate of bounty. Now the Government have turned that down. The reason assigned in the Government Resolution for this action is this:

"It has been ascertained,"

—says the Resolution—

"however, that besides the Hukumchand Electric Steel Works there is at least one firm, namely, the Kumardhubi Engineering Works, which is equipped to produce steel castings from indigenous materials and is thus not disqualified from earning the bounty proposed."

Now, Sir, look at the very cautious language. "It has been ascertained." By whom? I thought the only machinery for ascertaining facts of this nature was the Tariff Board. I do not know whether the Honourable Member was making any surreptitious inquiries with the help of the Criminal Investigation Department into this matter, or whether he had deputed some of his chaprasis to make the inquiries. Whatever the opinion of individual Members may be about the policy of protection, I am sure the whole House will protest against surreptitious inquiries of this kind. My Honourable friend Mr. Birla said that the other firm mentioned in the Government Resolution does not employ the correct methods of manufacture, and therefore is not entitled to protection at all. My Honourable friend was speaking perhaps on his own information, but I have got better authority even than that. It is laid down in the Tariff Board's report itself that the method followed by the Kumardhubi Engineering Works is what is condemned on technical grounds, and which does not entitle them to protection even according to the first Tariff Board over which my Honourable friend presided. I will go into that matter

presently. I will first of all place the observations of the present report, with which we are just now concerned. In paragraph 84 of their report the Board say as follows:

"We are not here concerned with the alternative method of production by the 'converter' process, which is employed by the Bombay, Baroda and Central India Railway at their workshops at Ajmere and we believe also by the Kumardhubi Engineering Works."

They say, "we believe", because I do not find anywhere in the reports, beginning from 1924 down to the present report, that this particular firm had ever applied for protection. They may have direct access to the Honourable Member. I do not know. But they never cared to ask for protection and the Honourable Member, in his great solicitude for the welfare of this particular industry, says, "There is the other competitive firm; what about that?"

**Mr. B. Dass :** (Orissa Division : Non-Muhammadian) : Is it managed by a European concern?

**Mr. K. C. Neogy :** I do not know that. The report goes on to say :

"In this process the chief raw material used is pig-iron and not steel scrap. Owing to the excess of phosphorus in Indian pig-iron, it is not suitable for this process and imported pig-iron must be used. It is clear that this process promises few natural advantages for manufacture in India and a claim for protection could not be substantiated."

I do not think there would be any disposition on the part of anybody to dispute that in these circumstances the firm which employs either the Indian pig-iron which is admittedly defective, or imported pig-iron, is absolutely out of court.

I now turn to the Honourable Member's own authority for this proposition. I turn to the first report of the Tariff Board, and I draw my Honourable friend's attention to all that is stated over his signature from pages 174-176. I am not going through the entire report on this point, but I will just draw the Honourable Member's attention to one or two observations. The report first of all refers to certain other works employed in the manufacture of castings and points out that they used the "converter" process, a process which has all along been condemned by that Board as also by this. And thereafter this is what was said by Sir George Rainy and his colleagues in 1924 :

"In so far as it is necessary to use imported pig-iron for the manufacture of steel castings, we do not think it can be shown that India possesses any natural advantage, \* \* \* The use of imported raw material also does much to invalidate the argument which might be found in the importance of the industry from the point of view of national security."

The report proceeds to say :

"If therefore the claim to protection can be made good at all, it must be in favour of the alternative process which uses steel scrap as its raw material."

And that is the process employed by only one firm in India to-day which has been recommended for protection. That was the view of Sir George Rainy in 1924, and now he says; "There is another firm which employs quite another method which I have condemned at one time, but it does not matter at all. So long as that firm is there, this particular firm cannot be considered for protection." I leave it to my Honourable friend to

[Mr. K. C. Neogy.]

reconcile these two contradictory positions which he has taken up, Now, the Honourable Member has referred to the fact that railway workshops also manufacture steel castings, but as I have already pointed out on the Tariff Board's report, they employ a wrong method, and therefore that factor ought not to be taken into consideration in coming to a decision as to whether a particular firm—the only firm which employs the correct method of manufacture—should be given assistance or not. Sir, in conclusion, I will only say that I do not know whether the decision of Government would not have been otherwise than what it has been, if the firm concerned were Burn-Chand or Jessop-Chand and not Hukum-Chand.

**Sir Purshotamdas Thakurdas** (Indian Merchants' Chamber: Indian Commerce): Sir, I wish rather to make one enquiry of the Honourable Member than to make a speech on this motion. I wish to know whether it is open to the Select Committee to go into the question of steel castings, and make amendments in the Bill, or will the Committee be restricted to the proposals put forward by Government in the Bill now before the House? I particularly make this enquiry here because I feel that the Bill is based on the Tariff Board's report. The Tariff Board made certain recommendations. The Government of India have on certain grounds turned down some of those recommendations, and in other directions the Government of India have given higher protection than was recommended by the Tariff Board. Am I correct in inferring that the whole report of the Tariff Board on this matter would be open to the Select Committee, or would we be restricted only to the recommendations of the Government as embodied in the Bill, and would we be debarred from going any further into the other recommendations of the Tariff Board which appear to have been so far rejected by the Government of India?

**Sir Walter Willson** (Associated Chambers of Commerce: Nominated Non-Official): Sir, I have merely one or two very short observations to make at this stage. Mr. Neogy referred to the first Tariff Board report. I remember having stated in this House at that time that in my view one of the principal dangers of that report was that it was so extraordinarily able that it might be accepted *en bloc*. I therefore welcome the opportunity of another Tariff Board report being open to a little more objection, so that we may employ such active minds as Mr. Neogy's upon it.

What I should like to ascertain from the Honourable the Commerce Member to-day is this. The proposal is to continue some sort of protection to the Indian wagon industry which has been satisfactorily established and made safe. But I cannot see how we can get at that consummation if we have no orders to give. Whatever orders we have to give, it appears to be the case that they are going to be in competition with the Peninsular Locomotive Company, now Government property, which will reduce the amount of wagon orders which can be placed with purely non-official wagon companies. The proposal is to give them a satisfactory price and a fair price. It seems to me that out of that, temptation will arise for those wagon companies to quote a high price. Why not? You say, "We will ask for tenders. If we do not like their price we will invite tenders from abroad." You go on further and say, "When we get tenders from abroad we are then going to turn round and do the thing not ordinarily done in

commercial circles, i.e., offering back to the man who had first put in a tender which we have rejected—offering the price at which the foreigner has tendered". That seems to me to ensure that no foreigner will tender for your wagons at all. There appears to me to be a great danger of wiping out the value of any foreign tender. And why should he tender at all? So that it seems to me that this process is going to induce the local companies to tender an excessive price from the start, secondly, they will get another opportunity of having a re-tender if the foreigners do tender, and thirdly, if the foreigner does not tender they will pick up the business on their own terms. But even then what is the use of that business if the number of wagons is short? That is all I want to observe at this stage. I think perhaps I shall make in the Select Committee a little deeper dive into the suggestion I have to make that the Peninsular Wagon Company should be closed down altogether until these three years have elapsed, but I will not develop that argument at any length to-day.

**Mr. B. Das:** Sir, I am not concerned here with the protection of wagon industry. What I am concerned with here is the principle of protection. Sir, India wanted protection, but India has got Imperial Preference! That great Imperialist, Sir Charles Innes, introduced Imperial preference about 1½ years ago, and that Imperial preference is still going strong. There was no necessity to introduce Imperial preference into this wagon industry. After a year or two I expect the Honourable the Commerce Member to put a special tax on German toys, German cycles and other Continental goods in the name of protection. Sir, the Indian industry is going to die and it will die out of the violent love of Madam Imperial Preference. This reminds me of a story of the lower animal world—the story of a female scorpion which out of its great love for its male lover manages to eat the lover, and that has happened to the Indian industry. Indian industry cannot save itself from the violent love of Madam Imperial Preference. Sir, when this House agreed to Sir Charles Innes' proposal for protection it never thought that Government in their subsequent recommendations would only think of equalising the duties on raw products and imported articles and not of giving the other system of protection, namely, by means of bounties, which is the right system of protection to those industries which are just starting and have to compete with foreign manufactured products. The Hukum Chand Electrical Works is one of those industries that need protection at the initial stage, and the Tariff Board rightly recommended here—I am obliged to Sir P. Ginwala. (*An Honourable Member:* "Ginwala was not there. It was Mr. Mathias.") They rightly recommended bounties to this Indian industry. Sir, my Honourable friend, Mr. Neogy, just now quoted from the Steel Protection Act of 1924 as to how bounties and protection should be given to such Indian industries that derive the maximum benefit in using Indian raw products or semi-manufactured products. At that time you were a Member of this House (*An Honourable Member:* "Also now.") and did take up the cudgels on behalf of India, that this House asked that an External Capital Committee should be appointed to go into the question as to what type of industries, which were financed by foreign capitalists or Indian capitalists, should be given protection and receive concessions from the Government. The External Capital Committee recommended that big companies in India managed and financed by foreigners should only receive concessions from India when they have on their boards a certain proportion of Indians as Directors, and when they have appointed Indians on their superior staff.

[Mr. B. Das.]

Since the publication of the External Capital Committee's Report, however, I do not anywhere find in the Tariff Board's reports that they have put any questions to European firms in India which seek protection as to whether they are observing the spirit of the recommendation of the External Capital Committee. I hope the Indian members of the Select Committee will go into this aspect of the question as to why the Tariff Board has not inquired about these things and as to whether the Commerce Department has gone into this aspect of the case when Jessop and Co. or Burn & Co., or any similar company has come to them for protection. I recollect that it was reported once that some of these firms that sought protection did not even submit their balance sheet and other technical information that the Tariff Board required from them. When, therefore, these European-managed firms do not even supply legitimate technical and commercial information, why is it that Government should be so anxious to give them protection under the plea that they are Indian firms? We want to protect Indian industries and we do not desire to protect industries owned by foreigners who will not Indianize their boards of directors or their staff—I do not mean their staff of coolies, but the superior technical staff.

I mourn with my Honourable friend Sir George Rainy that the protection to the wire-nail and wire manufacturing industry should be removed. I mourn it because I belong to the province where this particular firm was located. The Local Government advanced a certain sum as a State loan to this concern and that money has gone and the tax-payers of my province have suffered a great loss. My Honourable friend Sir George Rainy states that at present wire-rods are not manufactured cheaply in the country and therefore that particular firm had to go down. Well, for that I blame the only steel firm in India, the Tata Iron and Steel Works which cannot manufacture cheaply the raw product for supply to this particular industry. During the debate in 1924, when we gave protection to the Tata steel industry, many of us on this side of the House insisted that the Tata Steel Works would fail because they have a top-heavy management. To-day it is completely getting Europeanised and there is no chance for Indians in that big concern. That top-heavy management has burdened the company so much that they cannot produce rods at such a price as to benefit this subsidiary industry. I do not think the subject of giving further protection to the Tata Iron and Steel Works will ever come before this House again, but if it does we on this side will insist that Government should give effect to the External Capital Committee's recommendation. We have a right to ask that Tata's should reduce their top-heavy management, and unless they Indianize their system of management, they will receive no sympathy from this side in the matter of protection. They have been instrumental in the death of some other subsidiary industries as well.

Sir, as regards the Bill, I hope the Select Committee will go into the question whether this indirect and insidious system of Imperial preference ought to be introduced even if it would benefit a small section of industry. Excepting the Peninsular Locomotive Company which my Honourable friend, Sir Walter Willson, is anxious to abolish and which has been purchased at the cost of the tax-payer and belongs to the nation, I do not know if the other firms are Indian firms; and even if they are Indian firms, I do not want any Imperial preference to be introduced, because it is a

vicious principle; and I remember a similar attempt was made with regard to the manufacture of the cinematograph industry in the last Simla Session. With these few remarks, Sir, I sit down.

**The Honourable Sir George Rainy:** Sir, I will endeavour to reply to the points which have been raised by the previous speakers in this debate so far as that is strictly necessary. My Honourable friend, Mr. Neogy, who is gifted with the gift of prophecy, was good enough to tell me what was going to happen to the other Bill I introduced this morning.

**Mr. K. C. Neogy:** Because I know.

**The Honourable Sir George Rainy:** If he really possesses that knowledge, perhaps he will be good enough to let me know the shape in which this Bill will emerge from the Select Committee. I should be very much indebted to him if he would favour me to that extent. He complained that since I became Commerce Member I had dealt with three Tariff Board reports and had not accepted their recommendations in the exact form in which they were submitted in any of these cases. Well, in one case, it was impossible to accept them exactly in the form in which they came up, because the Board themselves were not unanimous, and, with the best will in the world it would not have been possible to accept everything they said. Now as regards this Bill, so far as wagons are concerned, when moving for a Select Committee I laid emphasis in my speech on the fact that we accept the underlying principle of the Tariff Board's recommendation absolutely. The sole question is, what is the most effective and certain means of giving effect to that principle? I was very reluctant and slow to come to the conclusion that there was no alternative but to increase the duty, for I started with all my preconceived ideas on the opposite line, and it was not until expedient after expedient seemed to break down in my hands, that I was driven back to the conclusion that we had to raise the duty, if we were to make sure that such orders as we could place should be given to the Indian manufacturers. Mr. Neogy also referred to the fact that the bounties on wagon-building which was sanctioned by the Act of 1924 were payable subject to the fulfilment of certain conditions; and amongst the conditions that he mentioned was that a substantial portion of wagons should be made in India,—and he said that there was no provision in our present scheme for giving effect to that condition. Now, in the tender forms that are issued to the firms in India at the time tenders are called for, it is expressly stated that orders will be placed only with firms which satisfy the Railway Board that a substantial proportion of the work will be done in the country and that local manufacturers of parts which tenderers do not manufacture themselves will be given the opportunity to quote. That is part of the conditions which the Railway Board always prescribe when they call for tenders in India, and I think that really meets my Honourable friend's point. At any rate, although it is quite true that conditions of that kind in the nature of the case cannot be attached to an import duty, still, as I pointed out, the import duty is only a part of the scheme of protection in this case and an equally essential part of it is the calling for tenders only in India in the first instance. And here I think my Honourable friend—if I might turn to what my friend Sir Walter Willson said—I think he was under a slight misapprehension on that point. He asked what was the good of calling for foreign tenders at all if Indian firms are subsequently to be given the opportunity of accepting the order at the

[Sir George Bains.]

figure tendered by the foreign firm. That cannot happen under the Government scheme, and I am afraid it must have been my fault that I did not make the position sufficiently clear. What will happen is this. In the first instance, we call for tenders only in India and then, if the lowest tender is above the price which the Railway Board consider reasonable, then the Indian firm will be given an opportunity of tendering at that price. If they refuse, then and then only simultaneous tenders will be called for in Europe and in India, and in that case the order will go to the lowest tenderer. So, that particular objection does not really apply.

A good deal was said about the question of steel castings and there was a good deal of criticism of the Government view and that the case for the payment of a bounty to encourage the manufacture of steel castings had not been made out. There is one point to which perhaps I ought to have drawn attention at the outset, namely, it would have been in any case impossible to accept the Tariff Board's recommendation in the exact form in which it was submitted, because it was a recommendation for the payment of a bounty to a particular firm. Now, I think that will clearly always be impossible. It may be that only one firm could satisfy the conditions of the bounty, but you can never limit the scheme in that way. On each occasion when bounties were granted to the Tata Iron and Steel Company for the manufacture of rolled steel, on each occasion the conditions were specified in a general form, which it would have been conceivable, at any rate, that another firm might have been able to satisfy. Therefore, in the nature of the case, it would have been necessary to modify the Tariff Board's proposal to that extent. But it was said that by resort to the C. I. D. or some equally nefarious method I had been making private and secret enquiries as to what was going on in the Kumardhubi Engineering Works. I did make enquiries or rather I had enquiries made. The agency I employed was that most suspect body, the Indian Stores Department, which I know that every Member of the House regards with the very gravest suspicion; at least I presume so from what my Honourable friend Mr. Neogy said, although allusions to that department that I had heard hitherto would not have suggested that idea to my mind. At the time the Tariff Board made their enquiry about steel castings, the Kumardhubi Engineering Works had hardly started to manufacture such castings and were not in a position to supply the Tariff Board with any information which at that stage would have been very useful for their purpose. The important fact that was ascertained through the agency of the Indian Stores Department is that the Kumardhubi Engineering Works do not use for the manufacture of steel castings only imported pig-iron but actually use a mixture of Mysore pig-iron steel scraps and imported pig-iron, the imported pig-iron not being more than 25 per cent. As I understand the position, it is this. So long as you can bring down the percentage of phosphorous in the mixture of your materials to an admissible figure, then all these materials can be used, and although it is not a very suitable material, because it contains a great deal of phosphorous, you can use a proportion of Bengal pig-iron also. That fact changed the position a great deal about steel castings. At present there is only one firm which makes steel castings exclusively from steel scraps. On that basis, it is conceivable that the Tariff Board's recommendation might have been justified. But if castings can also be made from Mysore pig-iron and also by the use of a proportion of Bengal pig-iron, then you cannot exclude

these materials from the bounty scheme. The manufactures from these materials are just as deserving as the manufactures from steel scrap and undoubtedly the Kumardhubi Engineering Works are equipped to manufacture steel castings in that way. Also, if you deliberately publish a bounty scheme, then it is a direct invitation to other firms to engage in the same manufacture. In that case, as I have said, the adoption of the Board's proposals might result in a very awkward and embarrassing position so long as you are dealing with a class of article for which practically the sole purchasers are the railways of India.

As regards the complaints about differentiation between imports from the Continent of Europe and imports from Great Britain, I would like to point out that so far as wagons are concerned, the whole object of the scheme is that the order shall, if possible, be placed solely in India and, therefore, the question of differentiation between Britain and the Continent hardly arises. As regard castings the point is that it is the Continental steel castings that compete with the Indian made castings and I believe I am right in saying that the wagon-building firms have actually been importing the castings which they use for the manufacture of wagons from the Continent of Europe. The practical point, therefore, is, what amount of the duty would be sufficient to give the required protection as against Continental castings.

Finally, I come to the point raised by my Honourable friend Sir Purshotamdas Thakurdas. He asked whether it would be permissible in the Select Committee to treat the whole question as open and to deal with any of the suggestions made by the Tariff Board. I am afraid that, if that question came up in the Select Committee, I should have to draw attention to the long title of the Bill which is :

"A Bill to provide for the modification of certain import duties relating to the protection of the steel industry in British India",

and I should be compelled to raise the point that any proposal which went beyond the modification of the import duties was outside the scope of the Bill.

**Mr. President:** Order, order: That is a question for the Chairman of the Select Committee to decide.

**The Honourable Sir George Rainy:** I entirely agree with you, Sir, and I fully recognise that it is not for me to attempt to pre-judge that question.

But I thought, out of courtesy to my Honourable friend, that I should let him know the point of view I should then have to submit.

1 P. M. Most assuredly it would be for the Chair to decide the point.

I think, Sir, that that concludes what I have to say.

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

"That the Bill to provide for the modification of certain import duties relating to the protection of the steel industry in British India, be referred to a Select Committee consisting of Sir Purshotamdas Thakurdas, Mr. Fazal Ibrahim Rahimtulla, Khan Bahadur Haji Abdullah Haji Kasim, Sir Walter Willson, Mr. W. S. Lamb, Mr. G. D. Birla, Mr. K. C. Neogy, Pandit Thakur Das Bhargava, Mr. Muhammad Yamin Khan, Haji Chaudhury Mohammad Ismail Khan, Mr. Jamnadas M. Mehta, Mr. R. K. Shanmukham Chetty, Mr. Rafi Ahmad Kidwai and the mover, with instructions to report not later than the 8th March 1928: and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be six."

The motion was adopted.

## THE HINDU CHILD MARRIAGE BILL.

**Rai Sahib Harbilas Sarda** (Ajmer-Merwara: General): Sir, I move:

"That the Reverend J. C. Chatterjee be appointed to the Select Committee on the Bill to regulate marriages of children amongst the Hindus."

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 7th March, 1928.