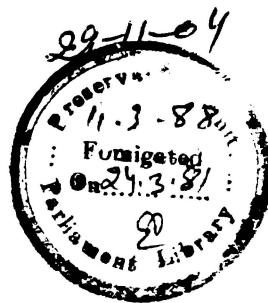


THE
COUNCIL OF STATE DEBATES

VOLUME I, 1931

(10th February to 2nd April, 1931)

FIRST SESSION
OF THE
THIRD COUNCIL OF STATE, 1931



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COUNCIL OF STATE.

Thursday, 26th February, 1931.

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

GOLD THREAD INDUSTRY (PROTECTION) BILL.

THE HONOURABLE MR. J. A. WOODHEAD (Commerce Secretary): Sir, I beg to move that the Bill to provide for the fostering and development of the gold thread industry in British India, as passed by the Legislative Assembly, be taken into consideration.

One of the provisions, Sir, of last year's Finance Bill was the imposition of a duty of four annas per ounce on silver bullion. It was represented at that time that the imposition of this duty would affect adversely the manufacturer in India using silver as a raw material, and the Finance Bill therefore provided that the duty of 30 per cent. *ad valorem* should be increased to 38 per cent. That increase of 8 per cent. was imposed for one year only on the understanding that an inquiry would be made by the Tariff Board in the meantime as regards whether the industries affected required protection. The Tariff Board has held an inquiry and Honourable Members have, I believe, received a copy of the report. This Bill seeks to give effect to the recommendations made by the Board in that report. The recommendations, as Honourable Members will no doubt have noticed, are limited to what is called the gold thread industry, and the Bill therefore makes no provision relating to the manufacture of other articles which in the technical language of the Schedule to the Tariff Act are called "silver plate" and "silver manufactures, all sorts not otherwise specified".

A feature of the gold thread industry is that it is conducted largely on cottage industry lines. It is true that there are a few small factories in the Bombay Presidency in Surat, but the greater portion of the gold thread produced in India is made on a cottage industry basis. Although the industry is a small industry in so far as it is a cottage industry it is of very considerable importance as can be judged from the fact that the Board estimates it produces goods worth about a crore of rupees a year and employs about 10,000 men. During recent years the industry has developed very considerably, and its expansion has, no doubt, been assisted by the increase in the duty to 30 per cent. in 1922. Although there has been a decrease in the price of silver since 1921-22, still the value of the gold thread produced in India has increased by not less than 40 lakhs of rupees. At the same time the imports of gold thread have increased considerably, and the Board suggest that the increase in the imports in spite of the increased Indian production is due to a larger demand consequent on a decrease in price owing to a drop in the price of silver.

As regards the present position of the industry the Board find that under the existing revenue duty the Indian industry holds its own in Northern and Western India and possesses almost a monopoly of the market in that area.

[Mr. J. A. Woodhead.]

The imports of gold thread into Bombay which is the market for Northern and Western India are small, and the conclusion that the Board arrive at is that in that area, that is, Northern and Western India, the price of Indian gold thread is determined almost entirely by internal competition, that the price, as in the case of all cottage industries, is cut to the lowest limit, and that in that area an increase in the duty will have no effect on prices. The position in Southern India is however different. In the Madras Presidency gold thread is used mainly for high class handloom made goods. These goods are sold at comparatively high prices, and it is important that they should be of high quality; high quality in the case of Madras goods is a matter of first class importance. The Tariff Board find that at present the handloom weaver in the Madras Presidency does not find the Indian gold thread suitable for his requirements partly because the imported article is of a higher quality and partly because the Indian manufacturer has not yet been able to maintain a uniform standard of quality. The handloom weaver in Madras is not certain, although he may obtain the gold thread made in India from the same source, that the standard will at all times conform to his requirements. The whole problem, therefore, from the point of view of protection amounts to this, that with the revenue duty of 30 or, as it is now, 38 per cent. the manufacturers in India have failed to capture the market in South India. To capture this market the Indian manufacturer must improve his quality and also maintain a uniform standard. The conclusions which the Tariff Board arrived at are that with the introduction of improvements in the manufacture in India there is no reason why the Indian manufacturer should not ultimately be able to supply the Madras market without the aid of a protective duty, but that this cannot be accomplished without some additional assistance beyond that given by the present revenue duty.

In estimating the amount of protection required the Board were not able to follow their usual procedure of obtaining detailed statements of costs. This perhaps was natural as they were not dealing with an organised industry but with a cottage industry where costs are obviously difficult to determine and of course are not kept in detail by the manufacturers. What the Board did—and I think it was the only possible procedure—was to call a meeting of the manufacturers at the main centre, that is Surat, to discuss with them the whole question of costs and to arrive at a figure which represents as accurately as possible the cost of production. This was the method the Board followed, and they believe that they have arrived at a reasonably accurate estimate of the cost of production, and one which is accepted by the manufacturers themselves. What the Board found was this, that the fair selling price of gold thread of the quality necessary to supply the market in Southern India was Rs. 41-9-0 per marc of 8 ounces. The price of the imported article exclusive of duty is Rs. 29-4-0. The difference which is Rs. 12-5-0 represents the amount of the duty required. On an invoice price of Rs. 25-12-0 a duty of Rs. 12-5-0 is approximately 48 per cent. *ad valorem* and the Board rounded off this figure to 50 per cent. *ad valorem*.

As regards the period of the protection, the Board came to the conclusion that a period of ten years will be required before the Indian manufacturer can produce gold thread of a quality equal to that now imported and required by the Madras market and they recommend that the duty should be imposed for that period.

The terms of reference to the Board also required them to consider the probable effect of their recommendations on industries using silver manufac.

tures. The industry which Government had then in view was the handloom weaving industry, particularly that situated in Madras. Unfortunately, Sir, owing to some accident, the letter which the Tariff Board issued to the Director of Industries in Madras failed to reach that officer, and the Madras Industries Department did not place any facts before the Tariff Board. On the other hand, Honourable Members will find if they refer to paragraph 22 of the report, that the Board did make very careful inquiries in this matter and obtained information from a well-known firm in Madras, Messrs. Pierce Leslie and Company. I understand that this firm is an important firm in Madras closely connected with the handloom weaving industry, and that they probably have fuller information as regards that industry than anybody else. The point brought out in that paragraph—paragraph 22—is this. The Board took a silk saree made in Madras at Salem which contains the largest amount of imported gold thread. Of any article manufactured in Madras this particular saree is one which contains the largest amount of gold thread. The total value of this saree is Rs. 116-0-0 with the present duty, and the Board found that if the duty on gold thread were increased to 50 per cent. *ad valorem* the price of that saree would increase by only Rs. 3, that is, to Rs. 119-0-0. From these facts the Board concluded—and I think the conclusion is a reasonable one—that the effect of an increase in the duty to 50 per cent. *ad valorem* would not be serious on the handloom weaving industry in Madras.

There is also another point which I should like to mention and that is as regards what is called half fine imitation and imitation gold thread. The Board have recommended—you will find that the Bill provides for this—that imitation gold thread, that is, both half fine imitation and imitation, should also be subject to the 50 per cent. duty. The reasons for these proposals are two. But before I explain this, I might explain what is meant by half fine imitation and imitation. Half fine imitation gold thread is thread in which while the gold gilding remains the silver is replaced by a base metal, and imitation gold thread may be defined as thread containing no trace of either silver or gold. The first reason for imposing a 50 per cent. duty on imitation gold thread is an administrative one. According to the Sea Customs Act, gold thread, even if it contains a trace of one of the precious metals, is liable to the revenue duty of 38 per cent. The manufacturers and importers of gold thread found it difficult to ensure that all traces of the precious metal were absent, and on their representations Government fixed the margin of error at 1 per cent. of the precious metal. Anything containing less than 1 per cent. would not be liable to the 38 per cent. duty. This, however, did not solve the difficulty, and complaints were made again with the result that Government raised the margin to $1\frac{1}{2}$ per cent. Complaints are still brought forward and the trouble really lies in the fact that no matter whatever limit is fixed, competition will drive the manufacturer to produce as near that limit as possible. Further, as long as there is a limit of this character or any differentiation in the duty, a considerable amount of work is thrown on the Customs Department, and Honourable Members will understand the extent of this work when I say that the chemical tests in the Customs House in Bombay amount to 150 a month. Apart from this administrative difficulty, however, the Tariff Board found that the lower qualities of gold thread manufactured in India suffer severely from competition from half fine imitation and imitation gold thread, and they came to the view that if both these classes of imitation gold thread were subjected to the 50 per cent. duty, the manufacturer in India would be able to extend his market substantially.

There is only one other point to which I might draw attention and that is in regard to articles known as spirals, discs and flattened wires. The Council

[Mr. J. A. Woodhead.]

will notice that these have also been included in the Bill. These articles are practically in every case manufactured from silver wire and it was considered that the duty proposed on gold thread might suitably be applied to these articles also.

The Bill at first sight looks rather complicated. Clause 5 is the important clause and that clause contains the whole sum and substance of the Bill. The other clauses, clauses 2, 3 and 4, are merely drafting matters arising out of the fact that the Bill imposing the additional 8 per cent. duty does not expire till the 31st March next.

Sir, I move.

The motion was adopted.

Clauses 2, 3, 4 and 5 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. J. A. WOODHEAD : Sir, I move that the Bill, as passed by the Legislative Assembly, be passed.

The motion was adopted.

STEEL INDUSTRY (PROTECTION) BILL.

THE HONOURABLE MR. J. A. WOODHEAD (Commerce Secretary) : Sir, I beg to move that the Bill to provide for the modification of certain duties relating to the fostering and development of the steel industry in British India, as passed by the Legislative Assembly, be taken into consideration.

Sir, the Bill is a small one, in fact it may be said to form a small supplement to the Steel Industry (Protection) Act of 1927. It does not, I believe, raise any question of principle. The articles dealt with in the Bill fall into two categories and it will perhaps be simpler if I deal with these categories separately. In the first category fall fish bolts and nuts and ordinary bolts and nuts, dogspikes, gibs, cotters, keys and rivets. A gib I might explain is an article used in connection with steel rails. As regards these articles, a firm engaged in their manufacture represented that, while the price of the steel they bought for making these articles was increased by the amount of the protective duties, whether that steel was imported steel or steel made in India, the duty on the finished products when imported from abroad was either only 10 per cent. *ad valorem* or, if they came within the protective schedule, was not sufficient to compensate the Indian manufacturer for the cost which he had to incur in the duty on the materials from which he made these articles. I give the instance, Sir, of fish bolts and nuts. The duty on the imported article was only 10 per cent., while the duty on the material from which fish bolts and nuts are made is very much higher. The Tariff Board inquired into the matter and found that the facts were as stated by the firm and they came to the conclusion that what we call tariff inequality existed. As regards these articles all that is proposed to be done is to fix the duty at such a level that the Indian manufacturer will not be handicapped by the fact that there is a protective duty on the raw material he uses for the manufacture of these articles. The second category includes chrome steel switches and crossings and stretcher bars. Chrome steel switches and crossings were not included in the protective schedule

of the Act of 1927 because at that time chrome steel was not made in India. Recently, the Tata Iron and Steel Company have commenced and have succeeded in manufacturing chrome steel and therefore there is no longer any reason why these articles made of chrome steel should be excluded from the protective schedule. In fact, as chrome steel is now made in India these articles should be treated for protective purposes in exactly the same manner as any other switches and crossings. Stretcher bars I might explain are part of switches and crossings and it was thought that they should be liable to the same duty as switches and crossings. I do not think, Sir, I need add anything further. The Bill as I have said raises no important question of principle and is really a small supplement to the Act of 1927.

Sir, I move.

The motion was adopted.

Clause 2 was 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.

THE HONOURABLE MR. J. A. WOODHEAD : Sir, I move that the Bill, as passed by the Legislative Assembly, be passed.

The motion was adopted.

CANTONMENTS (AMENDMENT) BILL.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : Sir, I move that the Bill further to amend the Cantonments Act, 1924, for certain purposes, as passed by the Legislative Assembly, be taken into consideration.

This Bill, Sir, as the Army Secretary has explained in another place, consists of a collection of amendments in the Cantonments Act which have nothing to do with each other but have all been found necessary and desirable in practice and as the result of experience in the working of the Act during the last few years. They are fully explained in the Statement of Objects and Reasons and I will therefore only give a very brief explanation of the purport of each amendment. Clause 2 reduces the quorum of members of nominated boards from 5 to 4. Nominated boards are as a rule smaller than elected boards and in certain nominated boards, at Quetta for instance, it has been found difficult to convene meetings because the minimum number of members necessary for a quorum is at present 5. Clause 3 will enable the Army Commander to exercise supervisory powers over Cantonment Authorities, either on his own initiative or on the recommendation of the General Officer Commanding the District. At present he can only do so on the recommendation of the District Commander. Since the passing of the Cantonments Act of 1924 District Commanders have had much less concern with the management of Cantonments and it is clearly advisable that Army Commanders should not have to wait for a recommendation by the District Commander in every instance before they intervene. Clauses 4 and 5 go together and remedy a defect in wording. The owner of a building may claim remission of taxation after the building has remained vacant and unproductive of rent for 90 or more consecutive days. But the Act also provides that no such remission can take effect for more than 15 days before the owner has put in his claim. If the Act were

[H. E. the Commander-in-Chief.]

literally enforced, therefore, the owner would get no remission for the first 75 days during which the building was vacant and unproductive of rent. Clauses 4 and 5 will remove this anomaly. Clause 6 will enable Local Governments by notification to exempt where necessary the property of private persons from cantonment taxation. Local Governments have at the present moment powers to exempt persons from taxation but the only property they can exempt from taxation is the property of Government. It is not quite clear how that distinction arose in the present Cantonments Act, but Government used to have power to exempt private property as well as persons. Local Governments have the same power in the case of municipal taxes in some, if not all, of the provinces. Clause 7 empowers European Sergeants of Police, if authorised by the Officer Commanding the Station with the concurrence of the District Magistrate, to institute complaints in cases of solicitation. Clause 8 empowers the Cantonment Authority to delegate some of the duties of the Executive Officer either to a member or an official of the Cantonment Authority during the absence of the Executive Officer from Cantonments. This measure will be especially useful in small outlying Cantonments which have to share their Executive Officers with neighbouring Cantonments.

Sir, I move.

The motion was adopted.

Clauses 2, 3, 4, 5, 6, 7 and 8 were added to the Bill.

THE HONOURABLE THE PRESIDENT: The question is:

"That clause 1 do stand part of the Bill."

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: May I draw your attention to the fact that owing to a printer's error in clause 1 (the Short Title) the figure "1" has been omitted; it should be 1931.

THE HONOURABLE THE PRESIDENT: I think we may obviously take that as a printing mistake.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: Sir, I move that the Bill further to amend the Cantonments Act, 1924, for certain purposes, as passed by the Legislative Assembly, be passed.

The motion was adopted.

INDIAN NAVAL ARMAMENT (AMENDMENT) BILL.

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: Sir, I move that the Bill to give effect in British India to the Treaty for the Limitation and Reduction of Naval Armament, as passed by the Legislative Assembly, be taken into consideration.

This Bill, Sir, is a normal and necessary consequence of the fact that India was represented by the High Commissioner at the recent Treaty for the Limitation and Reduction of Naval Armament as signed in London in April 1930.

India is not yet concerned in the actual limitations proposed by the Treaty as she does not yet possess any vessels of the various classes and sizes which the Treaty seeks to restrict. It is, however, necessary for India to ratify the Treaty in the same way as the previous Treaty for the limitation of Naval Armament signed at Washington in 1922. India was represented at that Treaty also and subsequently passed the Indian Naval Armament Act, 1923, referred to in the present Bill in pursuance of the terms of that Treaty.

Sir, I move.

The motion was adopted.

Clauses 2, 3 and 4 were added to the Bill

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: Sir, I move that the Bill, as passed by the Legislative Assembly, be passed.

The motion was adopted.

RESOLUTION *RE* CONTINUANCE OF THE INCREASED IMPORT DUTIES ON GALVANIZED IRON AND STEEL PIPES AND SHEETS, ETC.

THE HONOURABLE MR. J. A. WOODHEAD (Commerce Secretary): Sir, I beg to move:

"That this Council recommends to the Governor General in Council that the increased import duties imposed by Notification No. 260-T. (127)-Tariffs, dated the 30th December, 1930, in exercise of the powers conferred by section 3 (4) of the Indian Tariff Act, 1894, on galvanized iron and steel pipes and sheets for the period 30th December, 1930 to 31st March, 1931, be continued up to the 31st March, 1932, and that before that date Government should make enquiries in order to ascertain whether a system of bounties might not be substituted wholly or in part for the increased duty."

Sir, under the Steel Industry (Protection) Act of 1927 the protective duty on galvanized sheet was fixed at Rs. 30 per ton. The Tariff Board in their Report of 1926 had estimated that the import price of galvanized sheet would be Rs. 240 a ton and the fair selling price of galvanized sheet of Indian manufacture would be Rs. 270 a ton. It was on this basis that the duty of Rs. 30, that is, the difference between Rs. 240 and Rs. 270, was fixed by the Act of 1927. Although the Act of 1927 fixed the duty at this figure it also recognised—and it contained provisions to this effect—that circumstances might arise in which the price of the imported article might fall to such a level as to render ineffective the protection intended to be afforded to the manufacturer in India, and to meet this emergency the Act empowered the Governor General in Council without reference to the Legislature, after such enquiry as might be thought necessary, to increase the duty. In September last the Government of India received an application from the Tata Iron and Steel Company for an increase in the protective duty on galvanized sheet. The ground on which they asked for this additional protection was that the price of galvanized sheet had fallen very considerably and that galvanized sheet was now being imported into India at a price which rendered ineffective the protection intended to be afforded by the existing duty of Rs. 30 per ton. They urged that the circumstances which the Act of 1927 contemplated might

[Mr. J. A. Woodhead.]

arise had arisen, and they requested the Governor General in Council in exercise of his powers under section 3 (4) of the Indian Tariff Act to increase the duty on galvanized sheet. An enquiry was made by the Tariff Board and they found that the fair selling price of galvanized sheet manufactured in India was now Rs. 236 per ton and the present landed duty free price of imported sheet was Rs. 169 per ton. The difference between these two figures, 236 and 169, Rs. 67, represents the measure of protection now required, and the Board recommended that this additional protection should be given in the form of an increased duty, the increase being from Rs. 30 to Rs. 67 per ton. The Government of India accepted the findings of the Board in respect of the need for additional protection and by a Notification to which my Resolution refers, the duties on galvanized sheet and certain articles made from galvanized sheet were increased. The Notification directed that those increased duties should remain in force until the 31st March, 1931, and the Resolution which I have now moved recommends that these increased duties should be continued for a further year until the 31st March, 1932, and that before that date inquiries should be made in order to ascertain whether a system of bounties might not be substituted wholly or in part for these increased duties.

Sir, I will deal first with the amount of additional protection required. Almost since the passing of the Steel (Protection) Act of 1927 the price of imported galvanized sheet has fallen steadily and owing to this fall I think it is certain that the manufacturer in India has not received at any time since the Act was passed the price which the Legislature considered would be a reasonable price to the Indian manufacturer. In other words, Sir, he has not enjoyed the full amount of protection which the Legislature intended to give him. One of the reasons for this decline in the price of imported galvanized sheet is the fall in the price of spelter. This, of course, is a fact which affects both the Indian manufacturer and the price of the imported article and in itself affords no ground for additional protection. The Steel Company recognized this and in their application for further protection they allowed for the fall in the price of galvanized sheet due to the fall in the price of spelter. The decrease in the price of spelter has been sufficient to cause a fall in the price of galvanized sheets of Rs. 34 a ton, and if this element is allowed for, the import price of Rs. 240 per ton, which was taken in 1926, is reduced to Rs. 206 per ton and the corresponding adjusted fair selling price of the Indian manufacturer is reduced from Rs. 270 to Rs. 236 a ton. Besides this fall in the price of spelter there have, however, been other causes operating, and these causes have resulted in a further fall in the price of the imported article. And it is in view of this additional fall in price that the need for additional protection arises. The causes which have operated to produce this further fall are two. The first is increased competition from the Continent. Honourable Members will no doubt remember that in 1926 when the Tariff Board conducted their statutory inquiry, the imports from the Continent were practically nil. At that time the whole of the imports of galvanized sheets into India came from the United Kingdom. The second cause is the collapse of the British Sheet Makers' Association and the drop in prices consequent on that collapse. As I have said, Sir, the Tariff Board estimated that the present price of imported galvanized sheets is Rs. 169 per ton and this is the figure which the Board has taken in estimating the amount of the additional protection required. As I have already explained, the additional protection is the difference between Rs. 236 and Rs. 169 per ton.

I now turn, Sir, to the method of protection. The Tariff Board considered very carefully whether the additional assistance which was required

should be given by way of a duty or by the grant of a bounty, or by a combination of these two methods. Their decision was definitely in favour of a duty, and with your permission, Sir, I will try and explain the facts and the circumstances which weighed with the Tariff Board in coming to that decision. First of all they pointed out that in 1924, when the output of galvanized sheets by the Tata Iron and Steel Company had hardly commenced, the Legislature approved of a duty of Rs. 45 per ton and that at the time when the Steel (Protection) Act of 1927 was passed, although the Steel Company's production of galvanized sheet was only in the neighbourhood of 12,000 tons per annum as compared with imports in 1927 of 275,000 tons, protection was given by means of a duty of Rs. 30 a ton. They went on to say that although, in view of the small Indian production in 1926-27, the case for a bounty in 1927 was stronger than it is at present, yet notwithstanding this the Legislature, having fully considered the question of assisting the steel industry by means of bounties, decided that the protection of galvanized sheet should be given by the imposition of a duty. The Tariff Board also attached great importance to the need for prompt action and they laid stress on the fact that an increase in the duty, inasmuch as it does not require the annual vote of the Legislature, renders it much more easy to bring about stable conditions in which manufacturers and traders can carry on their business. This is what the Tariff Board said in this connection. I am quoting, Sir, from paragraph 8 of their Report

"Clearly if serious damage to the home manufacturer should be avoided, prompt action is necessary and such action can only be taken by the adoption of measures which do not involve legislative sanction. The provision in the Steel (Protection) Act of additional duties leviable by the Governor General in Council is a clear recognition of this principle by the Indian Legislature. Assistance by the grant of a bounty necessarily involves delay since the assent of the Legislature must be secured to expenditure of this nature. * * * Equally as important as the loss of income which would result from such a delay is the uncertainty which would prevail as to the grant of a bounty and the period for which it would be continued. Even if the need for protection be recognised to be such as to necessitate it for a period of years, it cannot be assumed that the Legislature would assent to a system of bounties which would commit it to anything in excess of a grant for one year. Unless the Tata Iron and Steel Company has some guarantee of continued assistance, it cannot be expected to push forward the development of its plant. As we shall see later, it is of the utmost importance to the future of the Company that an outlet should be found for the ingot steel which is now likely to be in excess of requirements on account of the reduction in the orders for rails and delay in the grant of assistance would undoubtedly tend to react unfavourably on the consumer by postponing the time when the industry will be able to stand without assistance."

That, Sir, is a quotation from paragraph 8 of that Report. The Board also examined the effect on the consumer of this proposed increase in duty and the facts to which they drew attention are these. The pre-war landed duty paid price was Rs. 202 and the fair selling price now proposed with the additional duty is Rs. 236—a difference of Rs. 34. This difference of Rs. 34 represents an increase of about 17 per cent. over the pre-war price, and the Tariff Board drew attention to the fact that this increase of 17 per cent. compares very favourably with the existing level of prices as disclosed by the Calcutta Index Number of Wholesale Prices. According to that Index Number the existing level of prices exceeds the pre-war standard by about 14 to 16 per cent. From these facts the Board concluded that if their proposal for an increase in the duty were accepted, the consumer would not be asked to pay for galvanized sheet a price in excess of the general standard of prices in this country. They also mentioned other considerations which Honourable Members will find stated in paragraph 10. The facts to which I have drawn particular attention and the other considerations to which I have referred

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led them to the conclusion that an increase in the duty would cause no serious hardship to the consumer.

Now, Sir, when the Tariff Board's Report was received by Government, they had to consider carefully whether they should proceed by way of a duty or by way of a bounty. The arguments for and against the adoption of either of these courses were very carefully considered, and in weighing those arguments Government recognised that the adoption of assistance by way of a duty in 1924 and 1927 had not committed the Legislature to a duty in preference to a bounty as regards any additional protection which might now be found to be necessary. Government also did not overlook the fact that the production of galvanized sheet in India constitutes a relatively small proportion of the total consumption. The final decision reached by the Government of India was, as the Council is aware, in favour of a duty, and I make no secret of the fact that this decision was influenced by the actual financial situation to-day.

This, Sir, brings me to the actual wording of the Resolution as I have moved it. What the Resolution in effect amounts to is this, that the duty recommended by the Tariff Board should be continued for one year till the 31st March, 1932, that during that year the Government should examine the possibility of substituting wholly or in part a system of bounties for those increased duties, and that before the close of the next financial year Government should again place the whole case before the Legislature, so that a decision may be arrived at as regards this question of bounty *vs.* duty. I hope, Sir,—I think I may go further and say I believe—that this course of action will commend itself to this Council as the proper course to adopt in order to arrive at a correct decision on this question of duty *vs.* bounty. If the Resolution is accepted, the House is not committed to the continuation of the increased duties beyond the 31st March, 1932, and before that date the Legislature will have an opportunity of expressing its views as regards the form the protection should take after that date.

In this connection, Sir, I should like to refer to one other point, particularly as it has not been dealt with in the Report of the Tariff Board, and that is the administrative questions which must inevitably arise and must be examined before a system of bounties can be introduced. The adoption of a system of bounties presupposes that the examination and certification of every galvanized sheet produced by the Indian manufacturer will not present insuperable obstacles. Enquiries on this point have yet to be made. But I think it is possible—I do not wish to suggest that the difficulties are insuperable—that the maintenance of a record of every galvanized sheet manufactured by the Indian manufacturer will be a somewhat complicated business, and that the inquiries we shall have to undertake in consultation with the Audit Department will be of a somewhat detailed character and may take some time.

The Tariff Board in making their inquiry did not consider in great detail the question of costs, and I should like to say one or two words on this point. These supplementary inquiries are, as the House will realise, conducted under great pressure of time and I am quite certain, Sir, that it would not have been possible for the Board to have made any kind of detailed investigation into costs without undertaking a detailed and lengthy investigation of the whole working of the Steel Company.....

THE HONOURABLE MR. A. HAMID : It was desirable.

THE HONOURABLE MR. J. A. WOODHEAD : and I would suggest, Sir, that the Tariff Board was correct in not examining the question of costs more fully than they did. In this connection I would invite the attention of Honourable Members of the House to paragraph 162 of the Tariff Board's Report of 1926. In that paragraph the Board said that it appeared to them important that when circumstances indicate that owing to a change of price a change in duty is required, there should be no unreasonable delay in arriving at a decision or in giving effect to it. For this reason, Sir, they considered that no formal or public inquiry should be held before an additional duty is imposed. In fact, what the Tariff Board then contemplated was that Government should take action on an examination of the course of import prices without any formal or public inquiry.

From a perusal of the debates in another place I find that it has been suggested that the revenue which will accrue to Government from this increased duty of Rs. 37 a ton will be in the region of a crore or a crore and a half of rupees. Sir, I am in a position to give the House a more correct estimate and I trust that the House will accept my estimate as a reasonable forecast of the possible revenue from the increased duty of Rs. 37 a ton. The imports of galvanized sheets have fallen very considerably during the year 1930-31. The imports for the nine months, April to December, 1930, were only 119,000 tons as compared with 193,000 tons in 1929 and 223,000 tons in 1928. Again, the imports during the three months, October, November and December, 1930, were only 24,000 tons as compared with 63,000 tons for the corresponding period of 1929 and 81,000 tons for the corresponding period of 1928. On the basis of these figures, Sir, it appears probable that the imports during the financial year 1930-31 are not likely to exceed 140,000 tons.

THE HONOURABLE SIR MANECKJI DADABHOY : Perhaps much less.

THE HONOURABLE MR. J. A. WOODHEAD : and unless commodity prices improve, it appears more than probable that imports in the coming financial year, that is in 1931-32, may be considerably less than in the year 1930-31. I would suggest, Sir, that it is probable that the imports during the coming financial year may not exceed, say 120,000 to 130,000 tons. That, I think, may be an over-estimate. Still I put it forward as a probable figure. If this be so, the additional duty of Rs. 37 a ton will yield a revenue of somewhere about 50 lakhs—half a crore. Again, if we presume that during 1931-32 the production by the Steel Company is anything from 30,000 tons to perhaps 35,000 tons—I have not an accurate figure but 30,000 tons was the average figure given by the Tariff Board for the period of protection in their 1926 Report—the bounty payable would amount to about Rs. 11 lakhs. Deducting this sum from the figure of Rs. 50 lakhs, there remains the sum of about Rs. 39 lakhs, and I would suggest, Sir, that there is a considerable difference between the figure at which I have arrived and the figure which has been given on other occasions and which was apparently based upon the high imports of 1927-28 to 1929-30. I also find, Sir, from remarks made in the debate in another place that it has been suggested that as the Tata Iron and Steel Company manufacture only sheets of 24 gauge and upwards in thickness, sheets of 26 and 28 gauges should not be subject to the protective duty. Unfortunately I cannot give the House any idea of the relative quantities of the different gauges imported. Our trade returns do not classify galvanized sheets according to gauges, but I understand that considerable quantities of the 26 and 28 gauges are imported both into India

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and Burma. I would however remind the House that the present duty is applicable to all gauges and I will try and explain why this is so. The Tariff Board in paragraph 112 of their Report in 1926 were guided by two principles in considering the detailed application of the duties they then recommended. The first was that the protective duties should not be applied to steel which is not manufactured in India; and the second was that the scheme of protection should include those forms of iron or steel which though not manufactured in India might be used in substitution of the protected class of steel unless the duty is sufficiently high to make substitution unremunerative. It is the second principle, Sir, to which I particularly wish to draw attention and if I may, Sir, I should like to repeat it, it is this, the protective duties should be applied to those forms of steel which although not manufactured in India may be used in substitution of the protected class of steel unless the duty is sufficiently high to make substitution unremunerative. In this case, Sir, this principle applies. The difficulty is this. Galvanized sheets of one gauge are, I think, capable of being substituted for sheets of another gauge, and the effect of singling out galvanized sheets of one particular gauge for protection would be to defeat the very object of the protective duty, because the immediate effect would be that galvanized sheets of gauges not subject to the protective duty would be imported in preference to those subject to the protective duty. This principle, Sir, was accepted by the Legislature in 1924 and 1927 when they imposed one duty on all galvanized sheets. And, Sir, the principle has also been accepted on other occasions. I would remind the House, perhaps those Members who were Members of this House in March, 1930, will remember, that a Bill was introduced in and passed by this Council in that Session dealing with the protection of steel bars. Steel bars of a size of half an inch and upwards were liable to the protective duty while those of a size of less than half an inch were liable to the revenue duty of 10 per cent. It was found, Sir, that steel bars were being imported in sizes of fifteen-thirty seconds of an inch and thirty-one-sixty-fourths of an inch, and apparently these bars were being made of this size with the direct intention of entering India at the revenue duty and escaping the protective duty, because when the protective duty was imposed the standard size below the half inch bar was seven-sixteenths of an inch. It was found necessary to alter the protective schedule so as to apply the protective duty to these bars of fifteen-thirty seconds of an inch and thirty-one-sixty-fourths of an inch, so as to ensure that the protection which it was intended to give to the manufacturer of these bars should be assured to the Indian producer.

Sir, I have very little more to say. In conclusion all that I would like to say is this. It is I think clear that unless action is taken now there is a real danger that the price at which the Indian manufacturer will be able to sell his sheets may be lower than the works cost of production, that is, the cost without allowing anything for overhead charges and interest on capital, and in these circumstances, Sir, it will be difficult for the manufacturer to carry on the manufacture of galvanized sheets.

Sir, I move.

THE HONOURABLE MR. A. HAMID (Burma : General) : Sir, it is because we have a genuine grievance in Burma about this matter that I decided on behalf of the opposition to oppose this Resolution. Lest my views which I am about to place before the House should be misconstrued, I consider it advisable to state freely and frankly that I have no desire to obstruct, much less to endeavour or manœuvre to defeat Government in any measure by which it

is sought to promote the interests of nation-building industries or which is calculated to secure revenue for any lawful purposes for the governance of the country. Before I pass on to the subject-matter of the Resolution, I beg of you, Mr. President, to permit me to refer to a statement which I have made outside the precincts of this House to the various Members of this House. Though I do not think it necessary to enter into the details of the statement, which I made in my capacity as the representative of Burma, yet I think it necessary to make it abundantly clear that I had expressed myself somewhat strongly against the Tata Iron and Steel Company, and in that connection I may even have stated that our throats were cut in order to stabilise the Tata Iron and Steel Company, Ltd. The grounds for my statement are obvious. In the first place, Messrs. The Tata Iron and Steel Company, Ltd., have deliberately broken faith with their shareholders in respect of the statements they made in their prospectus to the general public at the time of the inception of the Company when they required lakhs or probably crores of rupees to start their works. In the second place, without any tangible excuse they have wasted a colossal amount of their capital in the purchase of plant and machinery which eventually proved absolutely useless for their purpose. In the third place, they persuaded responsible people in this country—in the other House—I am glad to say not in this—for the purpose of securing financial help from the Government on specific undertakings, in order to exist,—I repeat even at the risk of redundancy—on a definite undertaking that they would carry out all that was desirable in order to economise and reduce the top-heavy expenses introduced merely for the sake of glory and not for the sake of any known reasonable practice in commercial enterprises of the nature they set up. While talking about the waste of money, I may bring it to the notice of this Honourable House that in the beginning of their career as commercial people they had a Manager who drew over Rs. 20,000 a month ; in other words, he drew more salary—probably he deserved it—but nevertheless the fact remains that his salary was more than that of His Excellency the Viceroy of India. It is common knowledge that off and on when they had to employ Assistants or Assistant Managers or Secretaries and when those people were taken from other sources, the Tata Iron and Steel Company offered them salaries beyond their expectations. I think I am quite justified in bringing to the notice of this House that a man who left the services of Tatas recently and who joined them about five years ago, was drawing only Rs. 2,000 a month while in Government service, and when he was practically physically and mentally done for, Tatas took him on at Rs. 6,000 a month. There are several instances which I could go on repeating for the next ten days, but I think it sufficient to say that the public money placed in the hands of Tatas had been squandered. There is no other word for it. Another reason for making the statement I have already alluded to and which I will clarify after a while is, that the Government of India—I am talking of the Government of India—committed themselves to a very definite promise a few years ago that no further financial help would be accorded to Tatas until and unless they economised and introduced cuts all round, compatible with their production. Having made my position clear in respect of the statement which I am alleged to have made, I will go a step further and commit myself in this House, by making an additional statement and I shall stand by my statement until doomsday, Sir, and that is, that whereas the Bombay Trading Corporation, Limited, which is for all intents and purposes an Indian or a mixed Corporation, had the glorious reputation of winning Burma for India, the Tata Iron and Steel Company, I am very sorry to say, I am extremely sorry to say, will have the reputation, the inglorious reputation, the unenviable reputation, of having lost Burma for the Indian Empire ! For, I may as well mention, Sir, that it is the tariff and

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fiscal policy of the Government of India that has brought about the present acute agitation about the separation of Burma from India. I need not say any more.

Honourable Members are aware that I am the representative, the elected representative of Burma, and I feel privileged and I feel proud that I represent probably a greater number of the electorate than a great many Honourable Members of this House put together, because—not for anything else—the qualification of electors for this House in Burma are far below those obtaining in India; they are on an income of Rs. 3,000 upwards, whereas in India they are on an income of about Rs. 30,000. Now, Burma is not very far off from here. It is only about 1,500 miles from here and only about 650 miles from Calcutta. It is a place, I am sure Honourable Members will appreciate it better, if I state where millions of tons of rice, millions of tons of petrol and kerosene oil, millions of tons of minerals, in the shape of tin and wolfram, lead, copper and zinc are produced and where last but not the least, an important commodity such as silver is being mined. To sacrifice a province so rich, so wealthy, a province which helped the Empire during its very acute, and, I should say, serious crisis—I am referring to the war—when Burma not only supplied the commodities to keep soldiers and civilians going, but it supplied a metal called wolfram which no other country in the world except Germany was producing at the time—is to say the least a culpable mistake, without wolfram you could not have made your guns, without wolfram you could not have made your small arms of any sizes. It is a material which is mainly used for strengthening gun and rifle barrels and the world knows that Burma supplied it and supplied it at what cost? Duties such as we are discussing, other duties, fiscal policy and tariff policy all these measures imposed against our wishes!! I do not know, Sir, whether I would be justified in saying that when the other House came to decide whether Tatas should be further helped or whether they should not, the House seriously considered the question of exchanging such a valuable province with a miserable old steel industry they have in India. When Honourable Members of this House realise that the fate of 12 lakhs of Indians, their own kith and kin, and nobody else, and probably thousands of Englishmen, honest, straightforward good Englishmen, living on cordial terms with Indians and Burmans—on much better terms than what I have seen here—is jeopardised, or is doomed, simply because this House or the other House just for the sake of sentiment helps Tatas to exist they will, I am sure, change their attitude. Now, such were my feelings when I spoke to the Honourable Members about starting my opposition and the same are my feelings now and I feel that if what I have said is appreciated and taken in the light in which I have said it, Honourable Members will all make up their minds that instead of helping Tatas, they would rather let Tatas go to the devil. The sooner they collapse, the better for the rate-payers, the better for the Empire. In the circumstances, must I sit down in this House to watch the proceedings here, to hear all that Government have to say and other Honourable Members have to say, and not carry out the mandate, the duties which have been imposed upon me as the representative of Burma, and incidentally to help India too?

I may now conveniently refer to the Resolution itself and in doing so I would draw the attention of the Honourable Members of this House to the fact that right through his speech on this Resolution in the other House the Honourable Member for Commerce and Railways has laid stress on the desirability and importance of such a measure of protection as would at once enable Messrs. The Tata Iron and Steel Company, Ltd., to compete with foreign

manufacturers of corrugated iron sheets. The gist of his speech is crystallised in his concluding remarks and I commend to the perusal of the Honourable Members of this House Volume I, No. 11, page 355 of the Legislative Assembly Debates. Apart from a consideration whether Tatas deserve any sympathy from this or the other House—and apart from any other consideration for the matter of that—I feel, and so do, I am sure, some of the Honourable Members of this House that Government have inadvertently involved themselves on a matter of principle in that they have placated Tatas for their own ends. If the Honourable Member in charge of the Resolution decides upon repudiating my conclusions, he is quite free and at liberty to do so. I, at any rate, am still to be convinced that Tata's appeal in all essentials did seek protection for,—it does not matter what the figure is, I have got the figure at 3,50,000, you may have it at 1,19,000, but the principle involved is the same. It may be a matter of interest for the Honourable Members of this House to know that neither did Tatas in effect include in their request for protection of thinner gauges, namely, 28 and 30 gauges of corrugated iron sheets, which they do not manufacture, nor do they pretend manufacturing them. It may seem curious, but nevertheless, it is a fact that these gauges have also been included in the Resolution before the House.

I will now proceed to take the House into my confidence—if that is worth having—and refer Honourable Members to item 9 of the statement set out immediately below paragraph 15 on page 11 of the “Report of the Tariff Board on additional protection for galvanized sheets.” A cursory glance at the two columns (first and second) will tell a tale worthy of Tatas and their organization. It will also tell a tale in regard to the limit of optimism and faith which in spite of adverse results the gentlemen of the Tariff Board appear to place on Tata's productive power. I would point out to Honourable Members that the anticipated average output of Tatas during the years 1927–1934 did and would never materialise. Comparing the actual output for the years following 1927–28, 1928–29 and 1929–30 one could see at a glance that the estimates—it does not matter when the Tariff Board made them—have never been fulfilled by Tatas, the firm which had been encouraged and which had been kept going at the expense of the tax-payer. In other words, none of their promises were carried out.

Now I come very nearly to a clinching point with the Honourable Mr. Woodhead, and I ask him to tell me, not in the usual non-committal governmental style but in clear terms, as to the meaning of taxing over 3,50,000 or 1,19,000 tons, whatever the figure be, against 27,000 tons—probably it is even less—of Tata's production. I am not sure whether he or his Chief are wranglers of Oxford or Cambridge University, but in spite of both of them being so I feel justified in saying that the proportion of Tata's output against imported material for the purpose of the tariff is at great variance. Unless he is treating the excess importation as contraband, he cannot justify his formula by any mathematical process that if Rs. 37 per ton is an equalising factor for 27,000 tons so it is for 3,50,000. I can conceive an inflated angle of vision on the right side within limits, but my Honourable friend seems to regard 3,27,000 times Rs. 37 as a mere trifle. The process which I have just enunciated appears to me to be the case as far as Government are concerned.

Now let me put my case before the Honourable Members of this House, and in doing so I will add that in addition to what I have already stated I repeat that we are being unnecessarily penalised by having to pay extra duty on thinner gauges which are essential for our every-day life in Burma for the rice trade and for building *zayats* and other charitable institutions; in short

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for all the poor people of the country. It appears to me that my province is made to suffer on the plea that whether Tatas produce our requirements or not we must bear the burden to keep up an all-India uniformity in respect of tariff protection. Now, Sir, I challenge the Honourable Member for Government to contradict my statement that whereas Tata's purpose could have been served by giving them a bounty of Rs. 10—11 lakhs, Government have wangled their Resolution through the other House by obtaining over a crore of rupees, or probably 60 or 80 lakhs, without any consideration for the poor consumers in this country or in Burma. The method employed by Government in bringing forward this Resolution and having seen it through in the other House can only be termed *mala fide*, if not absolutely dishonest. The duty of the Honourable Members of this House must be absolutely clear to them ; but I think it is my duty to point out to them that the dignity of this House and the reputation of this House is entirely in the hands of the Honourable Members of this House.....

THE HONOURABLE SIR MANECKJI DADABHOY : Not with speeches of this character.

THE HONOURABLE MR. A. HAMID : Well, Sir, that is your opinion. I repeat again that the dignity of this House rests entirely in the hands of the Honourable Members of this House. Let it not be said of us that we had been a party to a wangle or a party to a proposition which, in all essentials, came from the back door. Let it not be said of us that we have kept up the traditions of this House by following methods which on the face of it appear somewhat dishonest ; and, lastly, I appeal to the dignity of the Honourable Members and to the position they occupy in their private lives not to let themselves be persuaded to help a measure which they cannot conscientiously call a fair or a reasonable measure.

From what I have already said, Sir, it must be clear that I am dead against this Resolution, and I beg the Honourable Members of this House to believe me that whatever I have said has been said in good faith. It is not a matter of begging ; it is a matter of saving your own people who cannot be saved by anybody else.

With these words, Sir, I propose that the Resolution be sent back to the Assembly with our thanks, or to the Government for further consideration.

THE HONOURABLE MR. E. MILLER (Bombay Chamber of Commerce) : Sir, I rise to oppose the Resolution and in doing so wish to touch upon two points only. The first is in regard to the Tariff Board's Report. I have read this through carefully and to my mind it does not by any means prove convincingly that the further protection they recommend is either necessary or deserving. The Board themselves admit that in some respects owing to the limited time at their disposal, it was not possible for them to examine the question with that attention to detail that such an important matter required and it seems to me further investigations should have been made before the sanction of the Legislatures was sought. This could have been done between the time the Report was issued and now. I believe I am right when I say that there is a feeling in the minds of a very large number of Honourable Members of this House that the economies effected by Tatas during recent years have been very inadequate and there should be some indication as to what further economies they expect to make during the next two or three

years. Has any attempt been made for instance, to curtail their management expenses which I believe are very heavy? In these days of all-round retrenchment I think we should know what has been done in this and other directions.

Now, Sir, I come to my second point and that is, on the assumption that the Tariff Board's recommendations that protection is necessary are accepted, the method of applying them that is proposed by Government.

I should like to remind Honourable Members of the recommendation made by the Legislative Assembly to the Governor General in Council on the 16th February, 1923, in connection with the protection of steel and which I think should not be lost sight of. It was as follows :—

“That the principle (of protection) should be applied with discrimination, with due regard to the well being of the community.”

Bearing this in mind it seems clear that if after taking all facts into consideration the Government is satisfied that further protection *must* be given to Tatas, surely the form of protection granted should be such as to restrict the burden on the consumer to the minimum that is necessary. I believe I am right in saying that Tata's maximum output would only supply about one-fifth of the country's requirements and, this being so, the only justifiable method of assisting the Indian industry, bearing in mind the principle recommended by the Assembly in 1923, is by means of a bounty balanced if necessary by a proportionately increased duty on the imported quantities. Taking the maximum output of Tatas at say 30,000 tons the Honourable Mr. Woodhead's figure (although so far they have only reached about 20,000 tons in any one year), the total amount required to meet the additional protection is said to be in the neighbourhood of eleven lakhs of rupees. But what is proposed? An import duty of four or five times that figure! The Honourable Mr. Woodhead makes light of this but it is not the amount, but the principle that is important. Surely, Sir, there can be no justification for employing what has been described elsewhere as “back door methods” for obtaining ordinary revenue under the cloak of “protection”. The Tariff Board are concerned with protection only and have nothing to do with revenue duties, and this distinction should be most scrupulously maintained. If these 30 or 40 lakhs are required for revenue, and I do not wish to dispute here and now that they are not, then the correct procedure is clearly to include the amount in the Government's Budget demands. To adopt the procedure now proposed lays the Government open to a serious charge which would be a great reflection on their credit, and this would be most deplorable and take a lot of living down. I would very strongly urge the Government to withdraw this proposal and press them to devise some other and more straightforward means of raising the necessary revenue, if that is really essential.

Sir, on these grounds I oppose the Resolution.

THE HONOURABLE MR. SYED ABDUL HAFEEZ (East Bengal: Muhammadan): Sir, I also rise to oppose the Resolution just moved by the Honourable Mr. Woodhead. Although the Resolution which was originally moved in the other House has undergone some modification the sting is left there and I have to oppose it, I regret, on the following grounds :—

1. The Resolution asks us to agree to enhance the present duty from 30 to 67 a ton on imported galvanized iron and steel pipes and sheets imported from foreign countries and this has been proposed in the name of protection

[Mr. Syed Abdul Hafeez.]

to a national industry of India. Some of the greatest crimes of the world have been committed in the name of religion. Here in the name of protection Government is going to impose a tax which will come to a crore and a half for a year to be paid by the Indian consumer of galvanized iron and steel pipes and sheets. Tatas produce in a year only 25,000 tons of these articles, and to protect this small industry we have been asked to tax the consumers to the extent of a crore and a half of rupees. Why do you not give a bounty of ten lakhs of rupees which will enable Tatas to compete successfully with foreign imports? The proposal is simply preposterous. Since the passing of the Steel Industry (Protection) Bill Indians have paid to Tatas 10 to 12 crores of rupees and they have come again with a prayer for further enhancement of duty to protect them. There is an apprehension that this industry is going to pass into the hands of the Americans. If that comes to pass this enormous amount of aid given to the Tata Iron and Steel Company will be thrown away. We doubt whether we can call it a national industry.

2. Not a pice of this one and a half crores will go to the Tata Iron and Steel Company. It will go to meet the deficit Budget. Why does not the Finance Member come through the front door to obtain this amount instead of through the back door of the Commerce Department?

3. In Bengal galvanized iron and steel sheets are very largely used by the jute cultivators and traders to erect sheds to store jute to protect it from fire. Jute which used to fetch 15 to 20 rupees a maund in former years is now sold by the growers only at 3 to 5 rupees a maund. Is it proper and fair when the jute growers have been so hard hit to ask them to pay a higher price for these articles which they are obliged to use?

With these few words, Sir, I oppose the Resolution.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, although I approve of the principle put forward by my Honourable friend Mr. Miller that the Government of India ought not to have taxed the Indian rate-payers by five times the amount that they required to give extra protection to the Tata steel industry, still I like to support the Resolution on the ground that the Government of India, under the powers given to them by the Legislatures, had to come into the field and give Tatas the protection as soon as possible. This protection started late in December, and in case the Government of India decided to come by the usual course, that protection could not have been given till April or even May next. I am sorry the Honourable Mr. Hamid has made violent attacks on the Tata Steel Company and has appealed for dignity in this House on matters like this. I am sorry to hear him say that if this Resolution is adopted it will give a fresh impetus to Burma to separate from India. I may say for his information that the advantages which accrue to Burma by its connection with India are immense, and I may inform him that in teak alone, which India imports to the extent of $2\frac{1}{2}$ crores of rupees the yearly saving to Burma is about rupees 38 lakhs. On all the teak which is imported into India from countries other than Burma there is a 15 per cent. *ad valorem* duty from which Burma is free. I think the Honourable Mr. Hamid does not know that.

THE HONOURABLE MR. A. HAMID : India has no teak of its own and Burma is badly treated in respect of that too. It is you who would have grumbled if a tariff had been put on and not we, because then you could not have got it at the price you are paying.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Well, Sir, I may inform my Honourable friend that the importation of teak from other countries like Siam has begun.....

THE HONOURABLE THE PRESIDENT : Perhaps the House had better come back to steel.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Sir, as regards the extra duty on corrugated sheets, I think the loss to Burma will not amount to more than about five lakhs, which for the sake of a national industry ought to be borne, considering the services which the Tata Company has rendered during the war and also in view of the service it rendered to Burma in supplying tin sheets for petrol and oil tins. That ought not to be forgotten. Burma's advantages through a tariff by its connection with India have been many. I think in kerosene oil alone Burma benefits by more than 50 lakhs yearly, leaving aside petrol and petroleum products. So that when Burma is gaining practically crores of rupees through its connection with India she ought not to mind a loss of some five lakhs because of this extra duty being imposed under this Resolution. Another point is that India has played a great part in financing the industries and commerce of Burma. For these reasons I think the tone of the speech of my Honourable friend ought to have been better.

THE HONOURABLE MR. ABU ABDULLAH SAIYID HUSSAIN IMAM (Bihar and Orissa : Muhammadan) : In the short time at my disposal I cannot do more than simply touch on the points that I have got to urge in opposition to this Resolution. In the other place it has been stated that what was described by Mr. Lloyd George as the "Steel Frame" has a natural affinity with the steel manufacturers. That reminds me of another story of Lloyd George. When addressing a meeting in connection with Home Rule for Ireland he said that after giving Home Rule to Ireland he would give it to Scotland and then to his own Wales. On this a Conservative member of the audience said, "And why not to hell?" And Lloyd George replied that he liked to see everybody stand up for his own country. It seems that the Finance Department cannot live up to its reputation. In the Assembly and in this House it has been attacked because it was imposing a duty that will be in effect a revenue duty in the guise of a protective duty. But the statement made by the Honourable Mr. Woodhead on the floor of this House, which must be taken to be correct until the contrary is proved, shows that instead of making money they are going to lose it. I have calculated that in 1928-29 they received 97·57 lakhs from the duty on galvanized iron sheets, and now, according to his own figure of 140,000 tons, they will be getting 93·80 lakhs. That means that instead of making a profit of a crore and a half they are going to lose something. Well, it is sometimes difficult to live up to one's reputation and I find that is the case with the Finance Department. I do not oppose this Resolution for the sake of opposition only. We have all come in here to co-operate with the Government and we will be always ready to help the Government whenever it comes to us constitutionally. If this estimate of Mr. Woodhead's is correct, then the suspicion we had that it was in effect a revenue duty is practically removed. There then remains the question whether it is justified on the ground of protection alone. As to that, I desire with great temerity to question the findings of the Tariff Board itself. Doctors describe by the letters T. B. a pernicious disease bacillus which is apt to attack human beings. I think the T.B. (Tariff Board) of the Government has attacked the whole Government and they (T. B.) are

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going to dictate to the Government. That was pointed out in the *Statesman* long ago and was repudiated by the Government by the giving of bounties. What Mr. Woodhead said was that the Tariff Board had laid it down that in subsequent inquiries no details should be gone into and therefore Government and subsequent Tariff Boards could not proceed in any other way than leave the question altogether aside. They have stated half-truths which are more dangerous than absolute falsehoods. The portion of the Tariff Board's Report that is really concerned with the matter is contained in paragraphs 2 to 5. In those paragraphs they deal with the subject and make their recommendation for the imposition of additional taxation of Rs. 37. That is to say, they dispose of the whole subject in barely two pages. All the other things arising out of this are minor considerations, consideration of ways and means and how to impose it. Now in this paragraph 2 it is stated that Rs. 270 per ton is the fair basic selling price for galvanized sheeting and there is a reduction of Rs. 34 per ton on account of spelter. That leaves Rs. 234 as the average fair price for galvanized iron sheeting. They have not told us how this Rs. 270 is made up. According to legal practice and the Evidence Act, we can proceed to take the evidence as it is on the record. The evidence on the record I refer to is given on page 14. In the last item in August, 1926 the actual Works cost of galvanized iron sheet was given as 263, and then 270 was fixed as the fair selling price. That means that an addition of Rs. 9 to the actual cost would give the fair selling price.

THE HONOURABLE MR. J. A. WOODHEAD: Might I explain that the figure of Rs. 263 refers to the Works cost only and does not include overhead charges.

THE HONOURABLE MR. ABU ABDULLAH SAIYID HUSSAIN IMAM: The Works cost is Rs. 263 and the fair selling price Rs. 270. That means that you have got to make an addition of Rs. 9 to the working cost and get the fair selling price. That is one way of seeing it, which I do not suggest is the correct way. It was only for replying, tit for tat that I have brought in this method. I know the correct way. The other way is to look into the Tariff Board's estimate in column 2 in which they have stated that the working cost average is Rs. 232. It is in the 2nd column, page 14. The difference between Rs. 270 the fair selling price and Rs. 232 the Works cost, that is to say, Rs. 38, is the overhead charges, etc. As in paragraph 92 of the first report of the Tariff Board the overhead and the manufacturers' profits are stated to be Rs. 57.3 per ton for steel. The average Works cost *plus* Rs. 38 the overhead gives us the actual fair selling price. The working cost has now been reduced on account of many things working together, to Rs. 88.53 per ton. It is on the same page, page 14. The calculations of the Tariff Board have been made on the supposition that four tons of corrugated iron sheeting plus one of plain sheeting gives the average. That gives us Rs. 187.5 as the average working cost of galvanized iron sheeting. Add to it Rs. 38, overhead and other charges, and that gives us 225.5 as the average fair selling price. That has not been taken into consideration. What has been done is subtraction of Rs. 34 only from the fair selling price of former days and it has been stated that those prices should be stabilised. There was a very different condition prevailing then. Then you were imposing a duty of Rs. 30. Galvanized sheeting was imported at the rate of Rs. 240 a ton. That meant that you were imposing a duty of 12½ per cent. Now, you are going to impose a duty of Rs. 67 on a thing which costs Rs. 169 and therefore you are imposing a duty

of 40 per cent. An imposition of a duty of 12½ per cent. is quite different from imposing a duty of 40 per cent. And this is done in such a hurry without enquiry, and without going into the details. It means that there is somebody dictating terms to the Government of India and they are following suit. That is what the average man in the street will take this to be.

Now, Sir, I come to another point. Protection is a very good thing if is done in the way of fostering any industry that in itself becomes self-supporting. Protection for a long term or a short term is not given just to enrich the shareholders of a certain company. The position of Tatas is unique. When you wish to interfere in its affairs, you are turned out of their doors and told that you are nobody ; you are not a shareholder. They say, " You cannot interfere in our affairs. Why do you want to know anything about us ? We will work as we like." But when it comes to helping them and financing them, we are told that it is a national industry, it must be supported in every way ; you have got to do everything in your power to support it. He who pays the piper calls the tune. They are averse to this. The thing is quite contrary to all the dictates of what we used to hear. Those who pay to maintain them, those who have paid 11 crores in the way of bounty or protective duties, they have got no say in the matter. I wonder how people could have sanctioned it. The Government is not doing it now for the first time. It was done when the Nationalist ranks in the other place were full. That such a thing was allowed without getting any share of the control is surprising, when we were financing them to such a great extent. The figures I have taken were stated in the other place in the last debate—11 crores. I do not know how far they are correct or incorrect. But whatever they might be, they might be 8 crores or 5 crores, it does not matter. The question is we are going to support an industry in every way and we have got no control. I wish to oppose it on this ground on the principle enunciated in the English constitution of redress before supply. Before we give anything more, we must have a definite share of control. Everywhere reduction in expenses in Government departments is urged, but there is nothing to control this company which has squandered its money, especially at such a time as this. Not only are we, *i.e.*, the House, disregarded, but I think the Government is being disregarded by Tatas and their advice is not listened to with the same weight as it ought to be listened to, considering the enormous amount of money which has been given.

I will tell you one word more about Tatas and finish. What is the position of Tatas. I am not going to make any armchair criticism. I will give you the opinion of hard-headed financiers who make their living upon these affairs. I am referring to the quotations of the stock exchange, which is the best criterion to judge the prosperity of a commercial concern. Tatas ordinary shares are being quoted on the stock exchange at 35 per cent. of their face value, the First Preference Shares at 79 per cent. of their face value, and the Second Preference Shares at 48½ per cent. of their face value. That is the view of the good financiers of the country. As was pointed out by the Honourable Member from Bombay I was giving rather old figures ; the quotations are still lower now. That is the condition of the industry to which you have devoted 8 crores or 12 crores ; the whole capital of it is 14·47 crores, out of which I have not been able to find out the exchange quotation for the debentures of 4 crores which were issued outside India ; so that 10 crores at the market quotation now are worth 4·92 crores. That is the greatest condemnation of Tata's management that could possibly be made. There is something that is causing this colossal commercial combine to crumble to the dust ; that must be stopped. If you are going to save the national

[Mr. Abu Abdulla Saiyid Hussain Imam.]

industry, it is necessary that you should exercise discretion. It is at such a time as this that you have got to dictate terms which seem on the face of them to be rather stringent but which are necessary. We should come out with a bold policy and dictate to Tatas that if they want to have protection and help from us they have got to give some controlling interest to the Government of India so that their affairs might be looked into properly.

On these grounds, Sir, I oppose the Resolution of the Honourable Mr. Woodhead.

THE HONOURABLE SIR MANECKJI DADABHOY (Central Provinces : Nominated Non-Official) : Sir, in rising to support this Resolution, I want this Council at the outset to know that I am not a bit financially interested in Tata's steel industry. I do not own a single share in that concern, nor have I even held a single share in the past in that concern, and the observations which I propose to make this morning are entirely of a disinterested character and purely in the interests of this country. I am very sorry to find that in the course of the debate this morning many irrelevant matters which have nothing whatsoever to do with the issue before this Council have been introduced by some of the speakers. As regards the acrimony with which the Burma Member spoke this morning I can only state that Burma has not forgiven us throughout the time since protection was given in 1924 and Burma is not likely to forgive us in the future. But it is a very sad thing to reflect that in considering a measure of this sort Mr. Hamid should have introduced matters which were not only irrelevant but which were certainly of a most objectionable character. In the first instance, Mr. Hamid laid a serious charge against Tata's Works for having broken faith with its shareholders, and the reasons which he gave for that explanation are entirely unfounded. What was his statement? His statement was that because the Tatas when they issued the prospectus spoke highly of the concern and its future financial results, Tatas have broken faith with their shareholders. Everybody thought at the time when the steel works were about to be first constructed in this country that it was a great industry which was being introduced, and if the Tatas took a more favourable view of the situation that does not mean breach of faith with the shareholders.

THE HONOURABLE MR. A. HAMID : It meant blowing hot air.

THE HONOURABLE SIR MANECKJI DADABHOYsecondly my friend has stated that they bought useless machinery and they engaged the services of a highly paid man. If India had not competent men to take charge of those works and if they had to get men from foreign countries naturally they had to pay the price for such men. The Tatas got the best man and paid him Rs. 25,000 a month. It is not certainly a very large sum. My friend forgets that good lawyers in this country leading lawyers in this country, have in the past made incomes of Rs. 30,000 to Rs. 40,000 a month. The most sorry and absolutely indefensible remark was regarding a gentleman who is highly respected. I know he has not mentioned the name. I know that Honourable Members know the name of that gentleman; I do not want to mention the name. He said that that gentleman has been recently taken in the service of the Company on a salary of Rs. 6,000 a month. My friend said that that gentleman was mentally exhausted. What justification has he for making such a serious allegation? He would not dare to make such a

statement outside this Council because he would be courting trouble and because he is protected in this Council he takes advantage of his privilege in making such a statement.

THE HONOURABLE MR. A. HAMID : May I know what part of my speech you refer to ?

THE HONOURABLE SIR MANECKJI DADABHOY : I have already referred to it. Sir, as regards the main issue before us, some Honourable Members have argued to-day as if the Government has come to this Council and asked for protection for the first time for Tata's Steel Works. The debate has proceeded on the assumption that we are going to discuss to-day whether protection should be given to Tatas. The whole question, the whole issue, has been misunderstood in this Council. There is no such question before this Council. That question—whether protection should be given—was decided as far back as 1924.

THE HONOURABLE MR. ABU ABDULLAH SAIYID HUSSAIN IMAM : Is that binding on this House now ?

THE HONOURABLE SIR MANECKJI DADABHOY : I am coming to that presently. The Act was passed in 1924 and subsequently another Act was passed in 1927 confirming and increasing the protection which was given with certain expanded powers to the executive. It is not perhaps in the recollection of Honourable Members of this Council that at the time when the Act of 1927 was passed, full liberty and full discretion was given by clauses 3, 4 and 5 of that Act to the executive in time of emergency, when the price of steel fell below a certain limit, to exercise their own judgment and without coming back to the Legislature. Till the expiry of the Act, i.e., March, 1934, the executive was fully empowered to deal with the question of protection. Though the executive came to the Assembly and to this Council and introduced this Resolution now, they were under no such obligation or duty to approach the Legislature. The executive under the Act of 1927 could have given protection to the extent they thought proper without reference to the Assembly or to this House. And the mere fact that they have come before both the Houses is an indication of the desire of Government that the Legislature should be kept informed of what is going on and that they should not be open to a charge of having done anything behind the back of this Council. So the situation to my mind is perfectly clear. The Government have come before you not for the first time asking you to give sanction to protection ; they have come to inform you that the protection has been given from the 30th of December last in pursuance of a Bill passed by the Legislature, and they have also in deference to the wishes of certain Members of the Assembly undertaken the obligation to enquire into the question of protection and to see if, after the 31st of March, 1932, a system of bounty could not be substituted for a system of protective import duties. That is the position of Government which has not been correctly understood by some of the Honourable Members.

Now, Sir, the Government has been criticised. It is said that by not adopting the less oppressive system of bounty the Government is putting a burden on the consumer ; they ought to have realised the colossal amount of money which is likely to be realised by the imposition of a protective duty. That is the attitude taken. I say that that question is no longer open to discussion. The Tariff Board was perfectly correct in assuming that the

[Sir Maneckji Dadabhoy.]

Legislature was committed definitely till the end of 1934 to a system of protective import duties, and when the question went before the Tariff Board whether protection should be given in the shape of import duties or bounties, naturally the Tariff Board came to the conclusion that the Assembly and this Council had sanctioned the imposition of duties and the only question for them was to decide what amount of further protection should be given in the form of protective duties. The Tariff Board have further explained the situation regarding the substitution of bounties for protective import duties. That subject has been dealt with, with much clearness and skill by my Honourable friend Mr. Woodhead, and I do not propose therefore to go into any details in that matter. All I wish to point out, and I am prepared to confess myself, that if I had the choice in a matter like this I would certainly go in for a system of bounty in preference to a protective import duty. There are no two opinions on the subject as to which would be a less burden on the consumer. Certainly a system of bounties would throw a considerably less burden on the consumer, and if the question was to be discussed for the first time, I would go in for it. In fact when the Tata Steel (Protection) Bill came before this Council for discussion in 1927 I myself pressed vehemently for the substitution of bounties in place of protective duties. But because we prefer one form of protection to another, that is no reason for condemning one system altogether. As I have pointed out, there was justification both for Government and for the Tariff Board in recommending the continuance of protective duties in preference to bounties. I have heard Mr. Miller and other Honourable Members this morning stating that Government have no right whatsoever to recover more than the actual protection they are giving to the Tatas. I had the privilege of being a member of the Fiscal Commission, and I may tell the Honourable Members for their information that the Fiscal Commission never laid down such a proposition. The Fiscal Commission in sanctioning discriminating protection only laid down certain rules but never made the condition that when protection was to be given to a certain industry Government should not raise any more revenue than what was actually required for giving the protection. Such a principle would be unworkable. You would not in practice be able to enforce such a principle for the simple reason that if you impose import duties, the yield will depend on the conditions of the times, it will depend on trade, it will depend on financial fluctuations, it will depend on favourable markets, it will depend on a hundred and one things, and Government will never be able to give an undertaking that they will not collect anything more than all that was necessary. I am simply surprised to hear to-day that Government are committing a big sin, they are committing a grievous wrong in realising 50 lakhs of rupees instead of 11 lakhs which is required to pay Tatas. I welcome this extra 40 lakhs in these times of adversity. I welcome this windfall. The Government, I say, have done the right thing. It is not going to be an excessive burden on the consumer. We all know what sort of Budget is going to face us next Saturday. We all realise that. Some Members have called the present action of Government an act of wickedness. Some Members have said that Government are collecting money dishonestly, as my Honourable friend over there said, or by the back door. I do not consider this action as coming by the back door. The Honourable Sir George Rainy made it perfectly clear in the other House when he moved the Resolution that Government were influenced in sanctioning this recommendation of the Tariff Board by the financial position of the time, and I say that Government have done nothing wrong, and there is nothing reprehensible in the policy of the Government in this matter. The only issue before this

House is whether we should now continue the protection till the 31st March, 1932. In the other House the original Resolution was that these protective duties should be continued up to 1934. That Resolution was modified at the request of the non-official Members and Government, rightly and fairly, in deference to the wishes of the non-official Members, agreed to substitute for "1934" "till the end of March, 1932". Twelve months is not going to make such a serious difference. Government are not going to get such an excessive amount of revenue, as some of the Members think, with the fall in trade, with depressed economic conditions, with everything going backwards. The Honourable Mr. Woodhead has also explained very clearly to-day that the next 12 months are not very hopeful in the matter of imports as some of the Honourable Members think. I therefore trust....

THE HONOURABLE THE PRESIDENT : The Honourable Member has exhausted his time.

THE HONOURABLE SIR MANECKJI DADABHOY : I am finishing, Sir. I therefore trust that this Council will take all these things into consideration and give their support to this Resolution. In considering this question I would only remind you of what a great industrialist once said, "Nurse the baby, protect the child, and free the adult".

THE HONOURABLE MR. K. B. HARPER (Burma Chamber of Commerce) : Sir, I wish to say very little. I am not prepared to say that I am opposed to any necessary protection for the manufacturer of galvanized sheets in India. But what I do take exception to in this case is the form in which the protection is to be extended after the 31st March of this year. In that connection, I want to quote the proposal that was made to Government in another place. If I may read from the speech of the representative of the Associated Chamber of Commerce, the only European representative for commerce in the other House—I am reading from the Official Report of the Legislative Assembly Debates for the 23th January, 1931—this is what he put to the Government :

"I would like to urge the Government to withdraw this Resolution and to introduce it in a different form, to ask the Legislature to give them sanction to pay a bounty the money to pay which they will secure from a much smaller import duty than they at present propose."

That, Sir, was an invitation to Government which was repeated and supported by speakers from all parties in the House. I have read through the debate in the other House and one might conclude that that did represent the views of a very large number of Members of that House. What was the Honourable the Commerce Member's reply ? He claimed to have been deeply impressed by the desire of the House to impose the smallest possible burden on the consumer, and then proceeded to impose not the smallest burden but the maximum rate of burden the Resolution would allow, for one year instead of three years. I can almost believe, that as he rose to make that offer he must have had in his mind the famous prayer of St. Augustine, "God, make me pure, but not yet". He accompanied his reply with an offer to inquire into the possibility of substituting bounties for the present import duties. We have heard this morning quite frankly from the Honourable the Mover that Government have no intention whatever of introducing bounties even if they find them to be practicable, before the completion of the coming financial year. I question whether that position was fully realised by the Members in the other House, and whether, if it had been, they would have been quite so ready to let the Resolution go through in the form in which it has come up here to-day.

[Mr. K. B. Harper.]

Then, Sir, there has been a good deal of discussion about the actual amount of duty involved by this Resolution. The Honourable the Mover tells us that previous estimates have been largely exaggerated and that the actual burden will be nothing very serious. Sir, there is a story of a fat man and a thin man who were going to fight a duel, and as they were standing ready at 15 paces it occurred to the fat man that he was a much bigger target than the thin man, and he did not think that fair. So the seconds put their heads together and they came to a decision. They stood the thin man in front of the fat man and with a piece of chalk they marked the outline of the thin man on the fat man's body. "There!" they said, "now, any shots outside that chalk line will not count". Well, Sir, I see in my imagination just such a duel being fought by the Honourable the Commerce Secretary and the Honourable the Commerce Member, and in my vision the first to protest most vigorously against such a suggestion is the Honourable the Mover. It is just because those hits do count that I have no alternative but to oppose the Resolution. Coming from Burma it could hardly be expected that I should welcome any form of steel duty. I need not add to what has been said about a matter of general agreement, that Burma gets no benefit whatever from the share she pays towards the protection of the steel industry in India. The case is bad enough when we are asked for just enough money to protect that industry. But when we are asked for many times the sum that is necessary for that purpose it is hardly surprising that from the Burma point of view the position becomes intensely aggravated. Then there is what I consider to be the more important issue, and that is the moral issue, to which my Honourable friend Mr. Miller referred. I do not deny and do not suggest for a moment that Government do not need this money, and I do not grudge them any revenue they need for their lawful purposes. On Saturday after we have heard the usual brilliant speech of the Honourable the Finance Secretary, I am quite prepared to believe that we shall have to give Government even more than our usual sympathy in the difficult year they have to face, but I am one of those who do hold that when Government want revenue they should come to the House and ask for it at the proper time and in the proper manner. That is all I have to say.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD (United Provinces Northern : Non-Muhammadan) : Sir, I have listened very carefully to the speeches of those Honourable Members who have opposed this Resolution, but, in spite of the arguments advanced by them I am inclined to support the proposition before the House; and I will make my reasons for supporting the Resolution clear to the House presently. Firstly, Sir, the iron and steel industry of India is a national industry and, as such, it deserves to be protected by this House. None of the Honourable Members who have opposed this Resolution has denied the fact that it is a national industry, and every national Government would protect its national industries for as long as they are not able to stand on their own legs and to hold their own against foreign competition. When a measure like this emanates from our present Government, which we call a foreign Government, I think we should welcome it. The only important point which has been urged by those who have opposed the Resolution is that the Tata Company are very extravagant in their management expenses and therefore they do not deserve support. To that, Sir, I will reply at the close of my speech. The second reason which prompts me to support this Resolution is that the Central Legislature was committed to this policy, as my Honourable friend Sir Maneckji Dadabhoy has said as far back as 1924 and 1927; and when the Government brought

forward the Steel Industry (Protection) Bill before the Central Legislature in 1927 the hope was expressed that by March, 1934 the industry would be able to dispense with protection and would be left to stand alone. Therefore it is only reasonable that we should wait till the period of protection stipulated by the Act of 1927 is over. Then, Sir, the Legislative Assembly as recently as January the 28th, 1931, has passed a Resolution identical in terms with the proposition before us to-day. And although this Honourable House has every right to modify or reverse any decision taken by the other House, I must submit that we should do so only after a very careful examination of the facts, because after all, by reason of its constitution, the Legislative Assembly is the popular House and generally goes into the pros and cons of a measure thoroughly before arriving at a decision. Apart from this, there is the recommendation of the Tariff Board before us in favour of this proposition, and the Tariff Board being an expert body their opinion is entitled to be respected by us. Thirdly, Sir, there is the question that if we reject this proposition how are we going to meet the expected deficit in our Budget? Some Honourable Members who have opposed the Resolution have said that the Government should not seek to raise revenue by the back door in this way. I may agree with that idea, but none of the Honourable Members, so far as I remember, has suggested as to how they would meet the deficit in the Budget which would be caused by the rejection of this Resolution. Honourable Members may say that the Government should come before the House with some other means of balancing their Budget. But we should consider carefully whether it would be advisable to devise other means of balancing our Budget in the shape of fresh taxation in an abnormal year like this. It may be that the new taxation to be proposed may hit the tax-payer more harshly than the levy of the import duty which is being attacked. I think it to be more advisable that we should examine the whole question next year when we may have a normal year, and up to that time only the Government are seeking to extend the period of protection in the terms of this Resolution.

Now, Sir, I come to that important point which has been urged by Honourable Members in opposing this Resolution, namely, that the Tatas are extravagant and they do not care to economise and retrench in expenditure. As to that, I would say that the duty of the Government of India should not be over with only affording protection to the Tatas. I think it is as well their duty to see that the Tatas effect every possible economy and retrenchment in their management expenses and run the industry on national lines.

Sir, before resuming my seat, I must refer to one remark to which I take exception. The Honourable Sir Maneckji Dadabhoy said that the Government were not bound to bring forward this Resolution before the Council and if they have done so by way of information, we should not criticise or attack them. I think the import of this observation may be that this House is not entitled to say anything against a Resolution which the Government are not legally bound to bring forward. In this connection I would submit that when the Government have brought forward a Resolution before the House, this House is perfectly within its rights to have its full say in the matter and to modify or even to reject the Resolution. However, this is only by the way; it is only for the sake of taking exception to that observation that I have brought this point. Otherwise, I am entirely in agreement with those who have supported this Resolution and I therefore give my support to it.

THE HONOURABLE MR. J. A. WOODHEAD: Sir, I will not detain the House very long in replying. The first point with which I wish to deal is the remark made by the Honourable Mr. Hamid in which he alleged that the

[Mr. J. A. Woodhead.]

intentions of Government were *mala fide* and even went so far as to say they were dishonest. Sir, I take strong exception to those remarks and I deny that the intentions of Government have been in any way *mala fide* or dishonest. From the very beginning Government made their position perfectly clear. In their Resolution on the Tariff Board's Report in which Government announced their acceptance of the recommendations of the Board they said that although they were satisfied that the arguments against a bounty were not so strong as the Tariff Board seemed to think, they had had to examine the question in view of existing financial conditions and had come to the conclusion that these conditions precluded proceeding by way of a bounty. Again, Sir, in another place, the Honourable the Commerce Member made it perfectly clear that financial considerations had considerable weight with Government in arriving at their decision, and I made no secret of it in moving my Resolution to-day. I hope the House will agree with me that there is no reason whatsoever for the suggestion that the intentions of Government have been of a *mala fide* character or that Government have adopted in any way a dishonest attitude in this matter. The Honourable Mr. Hamid also said that the Tata Iron and Steel Company did not apply for protection of thinner gauges of galvanized sheets than 24. I can assure the House that their application for protection made no reference to any gauge whatsoever. There is an obvious reason for that and it is this, the present duty applies to all gauges and does not differentiate between one gauge and another. The Honourable Mr. Harper supported his remarks by reference to what had been said by a representative of commercial interests in another place. The statement he quoted was to the effect that the speaker hoped the Resolution would be withdrawn and revised so as to recommend the application of a bounty. Mr. Harper went on to say that the Honourable Sir George Rainy in reply made the suggestion that the duty should be imposed for a year and that during the course of that year inquiries should be made whether a bounty might be substituted in whole or in part for the additional duty, and he—Mr. Harper—thought that the Honourable Sir George Rainy in making that suggestion must have had in mind the phrase "God make me pure, but not yet". May I say, Sir, that that remark might also be equally applied to all Honourable Members of the Assembly who accepted the Honourable Sir George Rainy's suggestion. Honourable Members will remember that the suggestion made by the Honourable the Commerce Member was accepted unanimously in another place and it is for this reason, Sir, that I suggest that the remark made by the Honourable Mr. Harper if applicable to one Member of that House is equally applicable to all who accepted the suggestion as a satisfactory method of dealing with this question of bounty *vs.* duty. It has been suggested that a fuller investigation into costs should have been made by the Tariff Board. I dealt with that point when I moved the Resolution and I have very little to add. I would again stress the point that these supplementary enquiries must be made at short notice and must be conducted in the quickest possible manner. It is essential that if you wish to protect a company from the effects of a fall in prices, that protection should be given as expeditiously as possible. Delay in such cases is likely to have a very serious effect upon the company engaged in the trade. Attacks have also been made upon Tatas. Sir, I do not wish to enter on a defence of the Steel Company, but the point which I would put to the House is this, before you are asked to come to a decision is it not right that you should have before you facts and figures in support of what is alleged? Statements have been made this morning that Tatas have not carried out the economies that they should have done and that the management is not efficient. But those statements have been of a most general character and have not been

supported by statements of fact. On the other hand, might I refer Honourable Members to that portion of the Tariff Board's Report which deals with this particular question? That is from pages 11 to the end of the Report. The Tariff Board examined the general working of the protective scheme and the prospects of the Steel Company in the future and the conclusions they came to which are contained in paragraph 24 of the Report are these :

"We would sum up our conclusions as follows. The Tata Iron and Steel Company have made genuine efforts to secure the results which the Tariff Board considered feasible. Lack of progress is due to two causes, for neither of which can the Company be held responsible. The first is the labour strike of 1928 which, by adversely affecting the financial position, has seriously retarded the development programme, on which the future reduction in the cost of manufacture was so largely dependent. The second is the reduction in orders for steel rails."

That, Sir, is the conclusion the Tariff Board arrived at after an enquiry at Jamshedpur and I would suggest that their conclusions are entitled to considerable weight, especially when they are supported as they are by facts and figures.

Sir, I have only one word more, and that is as regards the suggestion that Government are realising revenue by the back door. I deny, Sir, that the back-door method has been employed. The Tariff Board recommended that there should be this additional duty and Government accepted their recommendation. Protective duties usually do produce, and have in the past produced, a very considerable amount of revenue. In fact, the Rs. 30 duty on galvanised sheet imposed in 1927 produced on the imports of that time somewhere near Rs. 1 crore. Protective duties usually do produce revenue and I think, Sir, it is not quite right to say that the Government have adopted a back-door method of getting revenue.

THE HONOURABLE THE PRESIDENT : The question is :

"That the following Resolution be adopted, namely :—

'That this Council recommends to the Governor General in Council that the increased import duties imposed by Notification No. 260-T. (127)-Tariffs, dated the 30th December, 1930, in exercise of the powers conferred by section 3 (4) of the Indian Tariff Act, 1894, on galvanized iron and steel pipes and sheets for the period 30th December, 1930 to 31st March, 1931, be continued up to the 31st March, 1932, and that before that date Government should make enquiries in order to ascertain whether a system of bounties might not be substituted wholly or in part for the increased duty'."

The motion was adopted.

ELECTION OF SIX NON-OFFICIAL MEMBERS TO THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

THE HONOURABLE THE PRESIDENT : The Council will now proceed to elect six non-official Members to serve on the Central Advisory Council for Railways. I have already indicated the method of election, but I would again advise those Honourable Members to whom the form of election is new to read the instructions at the bottom of the ballot paper. In the last election held by this method two or three votes were spoiled because the instructions had not been obeyed.

(The ballot was then taken.)

THE HONOURABLE THE PRESIDENT : It might interest Honourable Members to know that copies of the Second Volume, that is the Second White Paper relating to the proceedings of the Indian Round Table Conference, are available in the Notice Office from where they will be able to obtain copies at once.

The Council then adjourned till Five of the Clock on Saturday, the 28th February, 1931.
