

LEGISLATIVE ASSEMBLY DEBATES

THURSDAY, 7th MARCH, 1929

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OFFICIAL REPORT



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LEGISLATIVE ASSEMBLY.

Thursday, 7th March, 1929.

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

SHORT NOTICE QUESTION AND ANSWER.

ARREST OF MAHATMA GANDHI AND MR. KIRAN ROY.

Mr. C. Duraiswamy Aiyangar: (a) Is the Honourable the Home Member aware that Mahatma Gandhi and Mr. Roy were arrested in Calcutta for having organised burning of foreign cloth?

(b) Will the Honourable the Home Member be pleased to state at whose initiative the arrests were made?

(c) Was the Government of India or His Excellency the Viceroy consulted before the arrests were made?

(d) Were the arrests made in pursuance of any instructions from the Secretary of State for India?

(e) Did any communication pass between the Local Government and the Government of India before and after arrests regarding the arrests?

(f) Will Government be pleased to lay the correspondence on the table?

The Honourable Mr. J. Crerar: (a) and (b). The facts are that, in view of an announcement made in the Press that a public meeting was to be held in the Shradhdhanand Park on the evening of the 4th March, at which foreign cloth was to be burnt, the Commissioner of Police, Calcutta, with the approval of the Government of Bengal, wrote to Mr. Kiran Roy, Secretary, Bengal Provincial Congress Committee, pointing out that the lighting of such a bonfire would be an offence under section 66 (11) of the Calcutta Police Act, 1866. At the meeting, Mr. Gandhi stated that he was advised that the notice had no legal effect and that he took personal responsibility for the bonfire. The bonfire was lit, and the police proceeded to extinguish it. The Commissioner of Police subsequently visited Mr. Gandhi at his residence and informed him that he would be put on trial for abetment of an offence against the Calcutta Police Act. The case against Mr. Gandhi, Mr. Kiran Roy and others has been fixed for the 26th of March and Mr. Gandhi has given an undertaking that there will be no further burning of foreign cloth in Calcutta until the case has been decided.

(c) and (d). No. The question of dealing with an alleged offence under the Calcutta Police Act is entirely a matter for the Local Government.

(e) and (f). No such communication passed between the Local Government and the Government of India before these events. But the Local Government reported the facts afterwards, and the substance of their

report has already been given to the House in this answer. I do not therefore propose to lay any correspondence on the table.

Mr. C. Duraiswamy Aiyangar: Are Government aware that Mr. Pilcher, in the House of Commons, raised a question as to the burning of foreign cloth, and what steps the Government of India were instructed to take?

The Honourable Mr. J. Orerar: I have seen a Press report to that effect.

Mr. C. Duraiswamy Aiyangar: In pursuance of that question and answer in the House of Commons, did the Government of India receive any instructions, general or otherwise, from the Secretary of State?

The Honourable Mr. J. Orerar: No, Sir.

Mr. Ram Narayan Singh: Are Government aware that this arrest of Mahatma Gandhi has created great excitement in the minds of the people of India?

The Honourable Mr. J. Orerar: I am prepared to recognise that that may be so.

Mr. Ram Narayan Singh: Are Government aware that it is Mahatma Gandhi who has succeeded, to a large extent, in winning away the youth of India from revolutionary movements?

The Honourable Mr. J. Orerar: That appears to me, if I heard it correctly, to be a hypothetical question, Sir.

Mr. C. Duraiswamy Aiyangar: Did the police officers of Calcutta take the advice of the Advocate General of Bengal about the application of that Act to the particular circumstances of this case?

The Honourable Mr. J. Orerar: I have no information to that effect, Sir. I have placed the House in full possession of all the facts with which I am acquainted and I hope that Honourable Members will not press me to make any further statement on a matter which is now *sub-judice*.

Mr. Ram Narayan Singh: Are Government aware that Mahatma Gandhi is the greatest saviour of British life in this country?

Mr. C. Duraiswamy Aiyangar: Will the Honourable the Home Member or the Government of India call for correspondence from the Local Government and see if they can see their way to direct the withdrawal of the prosecution?

The Honourable Mr. J. Orerar: Sir, this matter is *sub-judice* and I must adhere to my decision that it would be improper for me to make any statement on the merits of the case.

Mr. C. Duraiswamy Aiyangar: Is the Honourable Member aware that it is only when a matter is *sub-judice* that the question of withdrawal of prosecution arises?

Mr. Ram Narayan Singh: Are Government aware that Mahatma Gandhi's arrest may disturb the peace and order in this country?

The Honourable Mr. J. Orerar: I trust, Sir, that that will not be a consequence.

STATEMENT OF BUSINESS.

The Honourable Mr. J. Orerar (Leader of the House): With your permission, Sir, I desire to make a statement about the probable course of Government business in the week beginning Monday the 11th March. Honourable Members are already aware that Monday the 11th, Tuesday the 12th and Friday the 15th have been allotted by the Governor General for the voting of Demands for Grants. In addition, the House will meet either on Wednesday the 13th or Thursday the 14th for the same purpose. Owing, Sir, to the inadvertent absence from the House yesterday of my colleague, the Honourable Sir Bhupendra Nath Mitra, Government are slightly behindhand with their legislative programme. I have accordingly requested you, Sir, to direct that the House shall sit for the transaction of Government business on Saturday the 16th, first to take the remaining stages of the Workmen's Compensation (Amendment) Bill, and secondly to take certain non-controversial business which is as follows:

A motion to re-circulate the Income tax (Amendment) Bill, as reported by the Select Committee, and motions to take into consideration and pass the Bill to amend the Presidency-towns Insolvency Act, which has been passed by the Council of State.

ELECTION OF THE STANDING FINANCE COMMITTEE FOR RAILWAYS.

Mr. President: I have to inform the Assembly that the following Members have been elected to the Standing Finance Committee for Railways:

Mr. A. H. Ghuznavi,
Mr. N. C. Chunder,
Mr. Fazal Ibrahim Rahimtulla,
Mr. Muhammad Yamin Khan,
Mr. Yusuf Imam,
Rai Bahadur Tarit Bhusan Roy,
The Revd. J. C. Chatterjee,
Mr. W. M. P. Ghulam Kadir Khan Dakhan,
Pandit Nilakantha Das,
Mr. M. S. Aney, and
Pandit Dwarka Prasad Misra.

The Honourable Sir Bhupendra Nath Mitra (Member for Industries and Labour): Sir, I am grateful to you for having given me this earliest opportunity of making my profuse apologies to you and to this House for not having been in my place when a motion standing in my name was due to be taken up yesterday. I was called away from the House to dispose of some urgent business and when I left the House for a few minutes I had no idea that the motions standing before the one which I was due to move would be disposed of as quickly as they were.

Mr. President: I am sure the House will agree that the Honourable Member has done just the right thing that any Honourable Member similarly situated should do, and I congratulate him on it.

THE GENERAL BUDGET—LIST OF DEMANDS.

SECOND STAGE.

Mr. President: The House will now take up for consideration the Demands for Grants on the General Budget. Ordinarily Demands for Grants would be taken up in the order in which they appear on the paper, but in this particular case I have to some extent varied that order in accordance with the wishes of the Parties conveyed to me by the Leader of the House. I propose, in accordance with that arrangement, to take up the following Demands for Grants in the order in which I mention them: Nos. 18, 35, 28, 38, 76, 65. After having disposed of these Demands, I propose to go back to Demand No. 16 and then take the subsequent Demands in the order in which they appear on the paper.

Expenditure charged to Revenue.

DEMAND No. 18.—SALT.

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

“That a sum not exceeding Rs. 86,95,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1930, in respect of ‘Salt.’”

Pandit Nilakantha Das (Orissa Division: Non-Muhammadan): Sir, my cut is not a token cut. It is a cut to be discussed on its merits. But as my friend Mr. Kelkar is moving a token cut of Rs. 100 only and as I understand by Party arrangements

Mr. President: The question is whether the Honourable Member wishes to move his cut or not.

Pandit Nilakantha Das: With your permission, Sir, I should like to postpone

Mr. President: There is no question of postponement. If the Honourable Member wishes to move his cut, he is entitled to do so now.

(Pandit Nilakantha Das did not move his amendment.)

Possibility of making India self-supporting in respect of Salt Supply.

Mr. N. C. Kelkar (Bombay Central Division: Non-Muhammadan Rural): Sir, I move:

“That the Demand under the head ‘Salt’ be reduced by Rs. 100.”

I move this with a view to raise the question of making India self-supporting in respect of salt supply. Sir, this is a subject which is likely to make a large demand on any one who wishes to deal with it in an adequate manner. But I will try to be brief and also observe the limitations which I have in this respect imposed upon myself by the wording of the motion of which I have given notice, namely, to consider only the question of the possibility of making India self-supporting in point of salt supply. At the same time, I must observe that it is not absolutely irrelevant that the question of salt duty should be treated along with this, for the question which I am raising, namely, the self-sufficiency of salt, presupposes that there will be greater and larger production of salt as well

as greater consumption of salt, and in that case it will lead necessarily to an increase in the collection of salt duty. Then again, in order that India should be self-sufficient in respect of salt, perhaps an import duty of a protective character may have to be imposed, as we say it should be, and in that case also there is likely to be an increase in the salt revenue. From these two points of view, I feel, therefore, that the consideration of the question of the salt duty also becomes relevant.

Now, there are two views on this subject. I will summarily dismiss this sub-topic or side topic. There are, as the House knows, two views about the salt duty. One view is that the salt duty should be totally abolished. The second view is sometimes expressed in the action of Government who do not hesitate to keep the duty, even at Rs. 2-8-0. I occupy, I should say frankly, a somewhat middle position. I would certainly be opposed to the keeping up of the duty at Rs. 2-8-0 in any case and under any circumstances. At the same time I would not oppose a small salt duty, because it would be a revenue duty, and in my opinion, even the poorest of the poor under the constitution and under this Government, if they should be self-respectful, should be expected to contribute say about 8 annas for a maund of salt. Therefore, I occupy in this respect, as I said, a somewhat middle position. In this respect, I make my own, the arguments which have been very succinctly stated by the Taxation Inquiry Committee with reference to salt. They say:

"The objections to this tax are all well known. It falls on a necessary of life, and to the extent that salt is essential for physical existence it is in the nature of a poll tax. The bulk of it is paid by those who are least able to contribute anything towards the State expenditure. Salt is also required for various industrial and agricultural operations, and for cattle. Unless it is issued duty free for these purposes, some burden is thrown upon the industries in which it is used."

That is the view on one side. On the other side there is the view put forward by Sir Josiah Stamp. He says:

"I should work out the salt burden on a low income (*via* salt) and ask, if abolished, or altered, in what probable respects well being would be improved by the ordinary exercise of the improved purchasing power. If inconsiderable, I should continue the burden."

That is very nearly my position. There should be a duty on salt, but it should be very clearly very inconsiderable, so that it may not fall heavily on the poor people; and further, if such a tax is levied and collected, I would maintain that the proceeds, if not absolutely earmarked, should be understood to be spent for the poor people from whom that duty is collected.

Having said so much to prove the relevancy of the question that it is possible to make India self-supporting in respect of salt supply, I now turn to the main thesis, and that thesis easily lends itself to asking a number of questions, and, therefore, by asking those questions I am going to indicate the heads under which I am going to discuss that matter here. The first question will be, does India get sufficient salt for all and various purposes at present? The second question will be, even if she does so, why should even a part of that salt come from abroad? My third question will be, will it be impossible or unjust to take steps to prevent imported salt coming into India? My fourth question will be, what will be the proper method to stop this import? Then if we stop the imported salt, can we make up the deficiency in India itself? If

If you look at these figures of consumption in other countries, even admitting that some of these countries are highly and intensely organised for industrial purposes, and require a much larger measure of salt than India would require under present conditions, even then, I think, it will be admitted that the measure of 16 lbs. is not a very ambitious one. India is said to be an agricultural country and agricultural cattle have necessarily to be considered along with agricultural population, but, for the present, I think no one takes any account of the measure of salt that would be required for keeping these poor dumb agricultural cattle in health. If a man does not get salt to eat, how can he get for the poor cattle salt to eat? But every one knows that, even these cattle have got a very good relish for salt, and I have seen large blocks, where they were available, put before the cattle and licked out of shape in course of time by these cattle. That proves that, even cattle like salt, but unfortunately they cannot get it. That is the difficulty. For industrial purposes the salt required would not be very large, but for medicinal purposes it is required. As I said, for agricultural purposes especially it is a good fertiliser, from the medical point of view it is a germicide, from the ordinary man's point of view it is an appetiser and it produces good taste and relish. For all these reasons, I think 16 lbs. per head per year would not be considered a large demand, and as I have already shown, taking the imports and home production together, there is still a large leeway to be made in this respect.

Then, the question is, why should even a part of this supply come from abroad? I think, it is a very legitimate and natural question to ask how salt is produced. What is the raw material or stuff out of which salt can be manufactured? Have we not got that sufficiently in India? The considerations in favour of India being self-supporting in this respect are these. First of all, we have got a very long seaboard. Then we have got sunshine and prolonged summer weather in India. There is cheap labour, and there is the hereditary knowledge of the manufacturing processes, for, you must remember that we were not born only after the British came to India. We lived in this land long before. We did eat salt, and in order that we should eat salt, it must have been produced and there must have been skilled artisans to produce it. Could we not, therefore, claim a rich heritage of skilled knowledge of the art of producing salt in this country? Certainly. Therefore, I say, we have a large sea-board, sunshine, prolonged summer weather, cheap labour, hereditary knowledge of manufacturing processes and the possibility of improved methods by a little research and guidance and we are all learning new methods. Even supposing our methods were old fashioned and antiquated, still we are being educated now and we are coming in touch with new methods, and India's mind, even among the ranks of the people who produce salt, I do not think is non-receptive to that extent. You entertain the hope and ambition of teaching the agriculturist to improve his methods. Cannot you entertain a similar ambition to be able to teach improved methods for salt manufacture, if you mean but to do it? Then, there is a sufficiency of capital required for this purpose in India: It is not a business which requires a very large amount of capital and we can certainly lay claim to this, that for this business in particular, India can produce its own capital. So much from the point of view of quantity and quality. That being the case, why do we import a large amount of salt from abroad?

Mr. K. Ahmed (Rajshahi Division: Muhammadan Rural): Because it is of superior quality.

Mr. N. O. Kelkar: As to the possibility of increasing the quantity of salt in this country, I suppose that does not need any elaborate argument. Still what do we find? We find that both Burma and Bengal import and practically use only imported salt. In that particular respect, they differ entirely, from the other provinces in India. With regard to the improved quality of salt, it has been admitted by Government themselves that salt of an improved character can be produced in this country. There was a debate in this House in 1925 and I would just like to read out to the House what Mr. Lloyd, on behalf of the Government, then said :

"The view of the Central Board of Revenue is that, in all probability, it is possible to produce salt in Madras on a very large scale which will be good enough for Bengal. We also claim that some of the salt which we are producing in our own monopoly sources in Northern India is equally good."

The difficulty, however, arises from distance, freight and so on. I am not merely concerned with that. I want to place before the House the fact that the particular quality of salt required for Bengal can be produced in Madras and certain other parts of the country if Government mean to do it.

At present we find from figures that the imported salt mostly goes to Bengal. Bengal consumes five lakhs of tons, valued at Rs. 174 lakhs. Burma takes one lakh of tons valued at Rs. 26 lakhs. The imports from the British Empire are 2.61 lakhs of tons, valued at Rs. 80.15 lakhs, and the imports from foreign countries are 3.34 lakhs of tons, valued at 94.16 lakhs. These two items together would show the large amount of money which could easily be kept in this country and which is now unnecessarily being driven out of it, simply because India is not, at the present moment, in a position to produce the particular kind of salt which it is alleged is required for a particular province or two.

Then with regard to the improvement of the quality of salt. I should like incidentally to mention my experience here. Some years ago I visited at Belapur a friend of mine who was himself a manufacturer of salt. I visited the place and was looking at the operations. The first crests of salt were very fine and white, and then, as I was standing there I saw that the man who was appointed to gather the crests, dipped down a shovel a little deeper and brought along with the upper surface salt a little mud, and made the whole thing unclean, or rather not so white. I was struck at it. I asked the man why that was so, and he said "People sometimes are fools. They go by mere labels and they acquire habits. In that respect, if we bring out the uppermost salt, it is regarded as less salty than if it is of a darker character". That salt of the darker character is salty and is manufactured in certain parts of the Bombay Presidency. My point is not what the Bombay people should or should not eat, but that it is perfectly possible to manufacture quite good kinds of salt even in pans near about Bombay. That is my point.

Now, the question arises, why should there be so much of imports of a particular kind of salt from foreign countries into Bengal and Burma? The one explanation that we have been able to gather from Government in all their statements and replies is that, Bengal people and Burma people like a particular quality of salt and that we cannot help it. But the question is, whether this was a natural taste on their part, or that this taste was forced upon them by Government by any artificial methods, by which

they benefited the foreign and British manufacturer of salt. In this connection, I need not remind the House of the history of the salt trade and salt manufacture in the times of the East India Company. This business has passed through a number of vicissitudes. It was at one time an absolute Government monopoly. Then, it was not a Government monopoly. It was an excise business at one time. It was a mixed excise and monopoly at another time. There were very high import duties put upon this. That means that the rulers of that time did exactly what they liked, but taking all that together, the net result is that this foreign imported salt, said to be of a fine quality, has been persistently imposed upon the Bengali and Burmese people in the interests of the British manufacturers. For that reason, I say a double wrong is being done to the people of Bengal and Burma. You first impose a salt on them for a space of 50 years, make them acquire an artificial taste for that kind of salt, and then turn round and say "Here are these people wanting this particular kind of salt. How can you prevent them from eating that kind of salt?" But in all this, Government escapes its own obligations. We, on the contrary, do insist that, though Bengal may like a particular kind of salt, the first duty of Government is to prevent foreign salt coming in, even at some sacrifice of the taste of the Bengali people, and secondly, along with it, to teach the people to improve their own methods in India and to produce the kind and quality of salt that may be required by Bengal and Burma. But that is a subject which I would not like to tackle myself, but will leave it to my friend Mr. Neogy and to my friend from Burma sitting up there. They will take care of that allegation against the people of their provinces. If the representatives from those two provinces say that they want a particular kind of imported salt, irrespective of the cost and the consequences to India, I have nothing to say. But if they will stand up in their places and say, "No. This taste has been created by the British Government and imposed upon us in the interests of the British manufacturers, we are prepared to give up this taste if an honest effort is going to be made to produce a better kind of salt in this country", it is a different matter altogether. Therefore I leave that question entirely to my friends from Bengal and Burma.

Then the next question is what steps should be taken to prevent the import of foreign salt. The first and obvious thing is to put a heavy protective import duty on it. If you say that the Bengalis have acquired a taste for a luxurious kind of salt, let them pay through the nose for it. Why not? Impose a heavy duty in the general interest of India with a deliberate purpose, in order to make India self-contained in a number of years. Then the Bengali people will have to give up this acquired habit or submit to the costly foreign salt for the time.

Mr. K. Ahmed. That is oppression.

Mr. N. C. Kelkar: I am not so clever as you, Mr. Ahmed. My line of argument is being disturbed. Then, as for the import duty, the British Government have got a precedent in what the East India Company did, and certainly the present British Government cannot say that the predecessors of the present Government were wrong. What did the East India Company do? Bombay was paying a duty of 12 annas per maund on the indigenous salt. The duty on imported salt was between Rs. 5 and Rs. 6. It was as high as that, but all this disappeared in the era of free trade which came trumpeting its benefits into this country, and while:

[Mr. N. C. Kelkar.]

trumpeting its own glory, deliberately killed the indigenous industries of this country. We painfully remember that the era of the propagandists of free trade was the worst era so far as India was concerned. So a wave of principles of free trade came upon India, and then at home there was insistence from the Parliamentary Government that import duties and excise duties in India should be equalised. As if equality is the only criterion of equity!

But how did this free trade help the foreign importer of salt? He was already ahead of all other countries, and especially India, in point of facilities for shipping. British merchants had their own shipping as much as they required to enable them to bring out salt at a very low figure. There was no competition for the British shipper. He could afford to bring salt at very cheap rates and flood the country with it, so as to bring Indian salt under a discount. In this particular manner was the opinion deliberately created, under very artificial conditions, in the minds of certain people in certain provinces, that imported salt was better than Indian salt, and now Government come forward and fling that argument in our faces, and whenever we say that India should be self-supporting, they say that Bengal and Burma want this particular kind of salt, and how are we to make it costly to import? But I do maintain that it would be quite fair to make imported salt costly for Bengal and Burma.

Now the East India Company did it for one purpose, and I would say that the British Government should do it for another purpose. Why did the East India Company do it, that is, maintain this distinction between 12 annas and five or six rupees a maund? They did it in the interests of their own producers of salt. Only change the purpose and motive, and do the same thing. Place a very high duty on foreign salt with the intention of discouraging its importation and improving the indigenous product.

Mr. K. Ahmed: Why don't you boycott the imported salt then?

Mr. N. C. Kelkar: The time has come to boycott you!

Mr. K. Ahmed: That is very unfair; you cannot change our taste for Liverpool salt.

Mr. N. C. Kelkar: Then the second method by which this can be done is that the salt operations should be centralised and organised under one authority. It has been done to a certain extent, but even now there is an echo of the remnant of things by which the organisation of salt control was distributed over different provinces, and there was provincial rivalry among provinces in this respect. Salt is an Imperial cess or tax. It goes into the treasury of the Government of India. The administration partly takes place in the provinces no doubt, but it is supervised in the name of the Imperial officials, so that, although the operation takes place in the provinces, the provinces, as such, have nothing to do with improving the trade or benefiting by its profits. Therefore the essential duty of Government is to organise with a view to improve the salt manufacture in the different provinces.

I think this point was made very clear in the debates of 1925 by Sir Sivaswamy Aiyer, who was well acquainted with the conditions of salt production in Madras. Government should undertake research and experiment

for improving the quality of salt. You have undertaken research for agriculture in India; what are you going to do in regard to salt? Have you established a Board of Research for salt? Have you made any experiments? If you have, are you prepared to declare and place before us the result of those experiments? Are you prepared to co-operate with us and approach all salt manufacturers and ask them what their demands are and give them encouragement and help? If you are prepared to do that, there is absolutely no doubt that the manufacture of salt will be improved.

Mr. K. Ahmed: Why don't you move a Resolution?

Mr. N. C. Kelkar: Then they must of course conduct their own experiments. Then Government must lower railway freights for wagons required for conveying salt from one part of the country to another, and Government must make available to salt merchants empty coal wagons returning from stations in the neighbourhood of salt producing areas. Then the question comes, what have Government done so far in this direction? Now, there has been considerable agitation and protest going on from Bihar and Orissa and Madras, but I shall leave that topic to be dealt with by my friend who comes from Madras, and to others who come from Bihar and Orissa. I am not going to take that task upon myself here. I will only refer the House to what two Europeans themselves said in the debate in 1925, with regard to the offer of Government to do this salt business. One representative was from Madras and the other from Bombay. I will first read what Mr. Fleming had to say in that discussion. He said:

"Burma was a considerable producer at one time. Previous to the War, I think, I am right in saying there was a lot of salt coming in from Germany and the actual manufacture only amounted to 12,000 tons a year. Supplies of salt became short during the War and the Government put out very strong efforts to encourage the manufacture of salt locally, which I think I am right in saying was brought up to between 40 and 50 thousand tons in 1917. It increased still further until about 1919, just after the Armistice, the encouragement previously given to salt manufacture in Burma was withdrawn, and the reason why it was withdrawn was because the revenue obtained from salt went to the Central Government and the Local Government could not encourage the industry which entailed on them a considerable sum of money in collecting the excise duty."

With the appearance of War Government made themselves believe and permitted others to believe it possible to produce everything in India, but when the Armistice came all this encouragement was withdrawn:

"Mr. Willson, and others, I believe, referred to the matter of the taste of salt. Salt is put to other uses in several provinces besides eating. It is used for curing hides and salting fish, and considerable quantities of Burma salt were used for the latter purpose. Since the industry has died, the import of foreign salt is evidently considerable, seeing that in the explanatory memorandum the note against the 34 lakhs revenue budgeted for, for the coming year from Burma, says, 'Chiefly duty on imported salt.' The salt is there in Burma and the industry wants encouragement; it will afford employment and a means of livelihood to a lot of people who are at the moment earning rather a precarious livelihood."

That is what Mr. Fleming said. And then coming from Madras is what Sir Gordon Fraser said:

"The past experiments in the manufacture of fine white salt for the Bengal and Burma markets were failures. But why? Simply because the Government most liberally and definitely smashed the business, as I shall explain later on."

[Mr. N. C. Kelkar.]

These are the words which did not come from an Indian, a political agitator, but from a responsible business man from Madras, himself a European. He says that Government most deliberately and definitely smashed the business.

He says :

"Almost the entire rail traffic between the two places is from north to south, from Bengal to Madras. There are thousands and thousands of wagons going back empty from our Presidency of Madras to the Bengal coalfields."

He comments on the conditions of the coalfields and it seems to me a very easy matter indeed to grant very low freights for salt in transit. The Government requires a duty on salt even when it leaves the factory. I will not proceed with that, because I learn subsequently that things have been equalised and made easy to a certain extent. Therefore, I do recognise that that particular wrong has been redressed to a certain extent, but not altogether. For whereas at present, I suppose salt is allowed to be taken in ships of a particular tonnage, our demand is that Government should go still lower down and allow smaller ships also to carry on this salt trade. We do not admit the validity of the reason that is alleged on the side of Government that these shipowners would carry on piracy all along the shore. After all what are they to gain by carrying on this piracy trade? A fraction of five per cent. of the duty. That certainly is not a very large temptation, on the contrary there are difficulties and risks in landing from bunder to bunder on the coast. They would not easily undertake that, if they are solely salt merchants.

Then, Sir, about this debate of 1925, I will say this. Till then the Taxation Inquiry Committee had not made its report. The Committee was already sitting, but had not drafted its report when the debate took place in March 1925. That Committee ultimately made its report in December 1925. Therefore no one could know what view the Taxation Committee would take. In the meanwhile, it was very convenient for Mr. Lloyd to give ample assurance as to what they would do. He said he would sympathetically consider—the usual cant—he would consider every proposal that would be put forward and so on and so forth. I need not repeat them here. But then, unfortunately for the Government, the Taxation Committee made its report in December 1925 and its recommendations went against the cherished principles of Government. What did the Taxation Committee say? They say :

"The Bengal monopoly was actually given up and an excise system introduced in 1863, but meanwhile the imports had grown from 2 lakhs of maunds in 1835 to 29 in 1851 and to 67 in 1863, and it was soon found that the private manufacturer was unable to hold his own against the importer at equal rates of duty, and the locally manufactured salt almost entirely disappeared and was replaced by salt from Europe, and later from Egypt, Aden and the Red Sea."

That is the process through which the salt trade has passed according to the findings of the Taxation Committee.

Then, the Committee, in paragraph 176 set forward the reasons why the inland or the shore trade of salt on a small scale suffers on account of the difficulties connected with the absence of bonding facilities and the absence of cheap railway freight. These are the two main reasons why the Indian salt business is suffering. When we talk of railway

freights, the Finance Member points his finger to the Railway Member, but the Railway Member is mum. He does not say a single word about it. I do not know what consultations took place between the Railway Member and the Inland Revenue authorities. Now that the Railway Member is here, I hope he will make a statement about these difficulties, if there be any. Of course the Government cannot control the shipping trade, and impose particular rates of freight for carrying salt. That, I admit. But here again the question of Indian *versus* British shipping comes in. You want to maintain your prestige and your shipping interests in India; you want to kill Indian shipping and not to give it a chance. Now, Indian shipping, of course, is small tonnage shipping. It cannot carry on trade beyond a certain limit. These larger ships will not take salt trade in their hands on a smaller scale. Therefore it comes to this. We have got an adage in Mahrathi which says:

"The father does not like the son to go out and beg in the streets, because his reputation is at stake. The mother does not feed the son, because there is no food at home."

This means that between the father caring for his reputation and the mother not having the food to give the boy, the boy must starve. In the same way, the big trade will not undertake the salt business on a small scale, and the small trade is prevented from doing what it can in this respect. How, in these circumstances, can the home sale industry thrive? How is salt to be taken from Madras to Bengal and Burma?

Mr. K. Ahmed: Why don't you help Bengal and Burma from Bombay?

Mr. N. C. Kelkar: I want just to refer to what Government have been doing. I said that the thing really started in earnest in the debate of 1925. Now, when the debate for 1926 came up, the Taxation Committee's report had been issued in the meanwhile. As soon as somebody on this side of the House asked Sir Basil Blackett what he had done with regard to the salt industry, he took the book up in his hand and said: "This is what we have done". If this is what you have done, then abide by it. You have made the bed and you must lie on it. You will never be true to yourself, or to any committee you appoint. If you appoint a committee, you will negative its recommendations by appointing a special officer. If you appoint a special officer and if he makes recommendations with which you do not agree, then you find some other means of getting out of the situation. Well, here you have the Central Board of Revenue which settles the policy, who were advised against it. But who were the members of that Taxation Committee? They were:

Sir Charles Toddhunter,
 Sir Bijay Chand Mahtab,
 Sir Percy Thompson,
 The Honourable Sardar Jogendra Singh,
 Dr. R. P. Paranjpye,
 Dr. L. K. Hyder,
 Mr. B. Rama Rau.

[Mr. N. C. Kelkar.]

These are all valiant and worthy people. You ought certainly to accept their findings on an important matter like this. You appoint a committee to stabilise the ratio; you appoint the Currency Commission. There were not ten sentences spoken by the late Finance Member, during the course of the debate, before he referred to the recommendations of that Commission. Sir, when you rely on committees, why don't you carry out their recommendations? You will never do it, so long as the report goes against your cherished desires and opinions. You negative the recommendations of the committee which you do not like by appointing a special officer. Now, that officer, by himself makes inquiries of some sort. What sort of inquiries we have no idea about. I want to know from the Central Board of Revenue on the floor of this House to what sort of people they sent their invitations, to what mercantile firms they sent the invitations, and whether they made any public announcement stating that they were going to make inquiries or conducted any propaganda and whether any questionnaire was issued, and so on, and so forth. What were the steps taken by this special officer to come into close touch with public opinion before he made a secret report to the Central Board of Revenue? If we have all this information, then we can know if these recommendations are worth anything. What did the special officer do? I think my Honourable friend Sir Purshotamdas Thakurdas asked a question in this Assembly whether that report of that special officer would be made public. I do not know exactly what was the reply given by Government. Perhaps when he takes part in the debate, the Honourable Member will be able to enlighten us on that point. But I distinctly remember, I was myself present at the debate on that occasion, I know the question, but I do not know the reply.

He asked a question as to whether that report was going to be made public, but the report was not made public. This is exactly
12 NOON. the question that was asked, Sir:

"Will the report of the special officer be published and circulated to Members of the Assembly when Government have made up their mind about it?"

The Honourable Sir Basil Blackett: I am not sure in what form the report has been made, but certainly either the report itself or the contents will be made known to the Assembly."

Still, Sir, I think that report has not been published. In the Resolution issued by the Government in 1928 on that special officer's report, it is stated that the report consists only of certain notes. The report made by the Central Revenue Committee is itself based upon certain notes. That is the sort of slipshod answer that has been given, and that is the indignity flung upon the deliberate recommendations made by people like those who constituted the Taxation Committee. That is your method of dealing with these things. That is the kind of propaganda you make in order to avoid the opinions of people which you know will be of a particular character. You make only a secret propaganda, and you never make a public or open propaganda. That is going to be the manner of your taking the manufacturers into your confidence, and that is going to be the result of your research and experiments. Certainly

there ought to be a great propaganda in the country through advertisements in newspapers and through bulletins and every manner of propaganda before you come to a decision as to whether there can be an improvement in the methods of salt manufacture.

Of course, I would not go into greater detail or criticise the report. I would leave that to other Honourable Members who may follow . . .

Mr. President: How many speakers are going to follow the Honourable Member?

Mr. N. C. Kelkar: I do not know, Sir.

Mr. President: If all the speakers who have been invited to speak do speak, then I do not know if the debate would be finished even in two days!

Mr. N. C. Kelkar: I hope they will please themselves, Sir. I have just mentioned it, not in order to incite them to stand and speak, but simply because I wanted to throw away that responsibility of speaking for the other provinces.

Mr. K. Ahmed: They might speak differently.

Mr. N. C. Kelkar: Coming now to the Resolution issued by the Central Board of Revenue. There was a small debate—not a regular debate—in 1926 when that report was issued. Since 1926 up to 1929 nothing has been done, excepting two things. The latest is the Government Resolution issued in 1928 upon the report of the officer; and as I said before, I do recognise that certain equalisation has been effected with regard to bond conditions. But as I said at an earlier stage, I do not recognise equal conditions to be the full measure of equity that is required. You must give certain other facilities in addition to equality of conditions. You must have a premium upon your home industry, and it is not open to you to say "Here are equal conditions for the importer and the home manufacturer: therefore full equity is done." I do not recognise that principle.

The Central Board say that differences in treatment were in consequence of the fact that bonded warehouses were intended for storage of salt that had not paid duty. Now, Sir, this is a case of one wrong being cited as justification for another wrong. Why were not bonded warehouse facilities given to inland merchants in the first place? Not giving warehouse facilities was one wrong, and difference in consequent treatment in point of duty was another wrong. You cannot say that, because you have done this one wrong, therefore you cannot help the other wrong. The question is, why did you do the first wrong in the first place? That is the question I ask. The Board says that merchants are not coming forward to take advantage of rules permitting bonded salt brought by rail—but inquiries were made privately by officials. We refuse to take into account any inquiries made privately by the officials. I do insist that, in a matter like this where the salt manufacture is spread out throughout the whole country—in particular parts at any rate—the people ought to know what is being done, and they must be taken into consultation. I therefore refuse to believe that attempts or experiments were made and that they have all failed.

[Mr. N. C. Kelkar.]

Then, Sir, they say there is difficulty in getting labour and skill in the matter of salt production. I find this thing repeated throughout the Report issued by the Central Revenue Committee. As soon as they come up against any reasonable argument, they put forward a special plea and avoid the first argument; as soon as they find that they are going to knock their head against any unanswerable argument, then they leave that argument and put forward a special plea, and say that in that particular place, salt cannot be manufactured. When it is proved that salt can be manufactured, they then put forward the plea that salt of a particular quality cannot be manufactured. If then it is proved that salt of a particular quality can be manufactured, they at once say that labour is not available. If it is proved that labour is available, then they say that skilled labour is not available. If again it is proved that skilled labour is available, they say that the drafting of labour for this matter will result in the diversion of labour from agriculture—as if agriculture cannot take care of itself for the moment. We all know that there is ample labour available throughout all parts of the country. Therefore, what struck me and what I resented most was the special plea put forward by the Central Board Committee in their Report that labour would not be available, or that skilled labour would not be available, and that, if labour was drafted for this purpose, it would be very much to the detriment of agriculture. I do maintain, Sir, that there is enough of labour in India for satisfying both agriculture under certain conditions and salt manufacture.

Then it was assumed, Sir, that all we suggested for the improvement of this industry was as a war measure. Government need not look upon war as a normal state of things. We do not go on that supposition. War may come once upon a time, and during that period, we may not be able to produce anything at all. But that is after all an exception. But we never bargained for this on the basis of war conditions. Therefore, I say that all that argument found in the Report relating to success or failure in war conditions does not apply at all. We want to look straight ahead to peaceful conditions and without assuming that war is going to come, to attempt at improving successfully the salt business during peace time.

Again, Sir, the Board argue against the grant of protection, because the salt industry is not a basic industry. Look at this argument! Why is not that a basic industry? It is not an industry the products of which are utilised as raw products by numerous other industries in India. Then they take up the argument that this industry cannot be sent up to the Tariff Board because it does not satisfy the conditions prescribed for the business being sent up to the Tariff Board for inquiry, that it does not fall within the four corners of the conditions laid down by the earlier commission which recommended such a reference to the Tariff Board and which practically instituted the Tariff Board. Only two days ago, a report came up before this Assembly from the Tariff Board which dealt with the printing type industry. I do not mean to say that, in that Report, the Tariff Board actually gave protection to this industry. I do not mean to say that. My point is that this particular industry, the casting of printing type industry, was actually sent to the Tariff Board, and I ask the Honourable the Commerce Member if, in his opinion, that industry is a basic industry and

satisfies the conditions required for sending any industry to the Tariff Board, according to the Fiscal Commission's recommendations. I put a straight question and I want a straight answer from him. The Central Board of Revenue make short work of the demand for sending this industry to the Tariff Board for inquiry because, they say, it is not a basic industry. Here I ask, is the type-casting industry a basic industry and why was it sent to the Tariff Board for inquiry?

In conclusion, I would make these definite contentions by way of summary :

My first contention is that Government have not honestly attempted to make India self-supporting. It has still a soft corner in its heart for the importers. The desideratum could be achieved by Government if it choose to do so. It may choose its own method. We are prepared to hand it over as a monopoly to Government, because in that case it will be socialised; it will mean the nationalisation of this industry, the benefits of which would ultimately go to this country. Prices might be fixed and the whole thing taken under Government control. We are prepared to agree if Government want that method to try. On the other hand, if they want to keep up the present mixed system of monopoly of manufacture and also of excise combined, to that also we have no objection, and for this reason, that if these centres of salt manufacture are spread over so many places in the country, it naturally affords openings for labour on the spot. I do not know whether it can exactly be called a cottage industry, whether it is on a sufficiently small scale or not. I heard that expression from my Honourable friend Pandit Nilakantha Das and therefore I use it. Of course you can produce your own salt from a tank just as you catch fish from a tank. That is a different thing. But I do say that, if you have centres of salt manufacture spread over different provinces, the provinces will get back the trade they have lost and there will be so many openings for the employment of local labour. The result will be that Government will enable the people to keep a crore of good rupees in their own hands, and not drive it out of the country.

My main contention is, if India was self-supporting and could meet all her wants of salt supply in pre-British days, there is so reason why it should not be so under the British Government. The burden of the proof lies entirely upon the British Government itself. If it cannot be so, it will only mean inaptitude on the part of Government to achieve even such a small thing for India in her interest. Are Government prepared to make that admission? It is ridiculous and humiliating to accept this as a settled fact, that India cannot be made self-sufficient, even in respect of salt production. One can understand in certain special matters that India may not be able at present to produce what she wants. There are certain things which require special professional and scientific knowledge of a high order. Take railway engines. You may say, for instance, that railway engines cannot be produced immediately in India. I can understand that. Some things may require large capitalistic organisation for cheap mass production. I can understand that in India you cannot have organised capitalistic organisations on that large scale. Then certain things will depend entirely on local conditions not obtaining in India. I do not know, but I am told that it is hopeless to hope for the production

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of very high count yarn in India, because the weather conditions in India are not favourable. That is what is said; I don't know myself; but supposing it is so, I mention that as an instance of local conditions not allowing a certain thing to be produced in India. You may not be able to produce railway engines immediately and for the present; but I am not convinced, I am not satisfied, that it is a hopeless business to produce your own salt in this country.

Now I will conclude with only one word. The world has many wonders to show, of which the salt sea is one. The sea is described as the home of wonders. But the sea itself is a greater wonder than all these. Many a man ignorant of science has censured God for creating oceans of salt water instead of fresh water. But this wondering man also atones for his ignorance by interpreting natural wonders in terms of divine beneficence. But there is a greater wonder than even the sea itself, and that wonder is that the British Government, boasting in other respects of its enormous resources of its great scientific knowledge and its training and organisation, cannot achieve for India even such a small thing as making India self-supporting in point of production of its own salt. There was a time and fashion in India at one time among Indian politicians, to accept and describe British rule in India, like the sea over which it came, as a divine dispensation. They interpreted it, like the salt sea, in terms of divine beneficence. But that view will not be maintained longer, when they see that British rule does not give India enough of what is contained for them in the sea.

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): Sir, in rising to speak on this motion, my feelings are akin to those of a prisoner in the dock pleading his innocence, for Bengal is on her defence to-day. (*Cries of "No, no!"*) The Government case in a nutshell is this: "However much we may do for the protection of the salt industry, how are you going to make Bengal accept Indian-made salt? Mr. Kabeer-ud-Din Ahmed's taste is very fastidious and unless you can satisfy him, it is no use asking Government to do anything for the salt industry." Sir, the latest Government Report produced by the Central Board of Revenue puts the matter in these words:

"The problem of making Continental India self-supporting in the matter of salt supply may be said then to resolve itself into that of capturing for Indian salt the market for crushed white salt in Bengal."

They go on to point out that, even if you succeeded in manufacturing salt which could be comparable to foreign salt, Bengal would not look at it unless she got it at a much cheaper price. The charge therefore amounts to this, that Bengal is not merely too fastidious in her taste, not merely that she won't do with any but foreign salt, but that she is not patriotic enough to accept Indian-made salt, even though it may be of the same quality as foreign salt and available at the same price as foreign salt. Sir, last year, speaking on a similar motion, I submitted that, if Bengal has acquired such a taste for foreign salt, it is Government who are responsible for it. Furthermore Bengal had a flourishing salt industry of her own, and, if it is non-existent today, the fault lies entirely at their door. Sir, I have tried to study the history, the melancholy history, of the passing away of the salt industry in Bengal, and I find that, prior to 1781, there was no manner

of restriction on the manufacture of salt in Bengal. There was a flourishing industry in my province, to which testimony is borne by revenue authorities. In 1786 Mr. Grant, in a report regarding the revenue position of Bengal, described the system that prevailed there for the manufacture of salt. He pointed out that there was an enormous output of salt in Bengal, and that the system under which it was produced benefited the producer to a very large extent. The labourers who were engaged in this operation, saved sufficiently from their earnings of six months in the year, during which time they were engaged in the manufacture of salt, to enable them to retire to their homes for the remainder of the season to cultivate their arable lands, which they held either rent-free or on favourable terms. Sir, this system came to an end in 1781, when Lord Clive came out to India for the second time to put down the corruption that was rampant in the ranks of the British officials engaged under the East India Company. He thought that the best way to give an additional source of income to the British officials would be to take over the salt industry as a State monopoly and ear-mark its revenues for the benefit of the British officials. Some sort of Lee Concessions, that is to say! Now, Sir, from this time, the industry in Bengal became bound up with the revenue policy of the Government. The authorities looked upon this as a very fruitful source of revenue with which to satisfy the greed of the British officials. They did not take any great care as to what happened to the industry itself. What they were concerned with was to get as much money out of it as possible. Sir, we find that in the year 1832, when a Select Committee of the House of Commons reported on the affairs of the East India Company, they referred to this aspect of the matter. The Report states as follows:

"It is far easier to collect the revenue wanted if we had salt imported from abroad rather than maintain salt as a Government monopoly in the country."

This is what Honourable Members will find at page 89 of the Report:

"As the manufacture of salt by private individuals would thus endanger the security of the revenue, it does not appear expedient to interfere with the existing regulations on that head; but it is desirable to adopt means for encouraging a supply of salt by importation in lieu of the manufacture by the Government.

As it would be inexpedient at once to abandon the home manufacture and as it is doubtful if a large supply of imported salt could be relied on from individual enterprise, while that manufacture continues and the price consequently remains under the control of the Government, it is desirable that they should, in the first instance, contract for the delivery of salt by advertisement, into the public warehouses of the port of Calcutta at a certain price per ton."

(At this stage Mr. President vacated the Chair, which was taken by Mr. Deputy President.)

The policy amounted to this: "We must do away with the salt manufacture in India and encourage the importation of foreign salt, but we must not do it too hurriedly; let us take time over it and let us go on encouraging imports as much as possible." Now, Sir, we find that, in those days, non-official Indians and Europeans pleaded for mercy for the Indian salt industry. But evidently that had absolutely no effect; and we find that, by the year 1850, the imports had reached a very remarkable figure. Thereafter, in 1853, when there was another Parliamentary inquiry, we find that a representation was made to the authorities of those days on behalf of the Cheshire manufacturers of salt. They said:

"Why should you encourage the Indians to consume dirty salt? It is very improper. Why do you not teach them to use our salt which is much cleaner?"

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I will just quote a passage from that representation. Honourable Members will find that representation reproduced in the fourth Report made to the House of Commons by the Select Committee in 1853, page 184.

"That on an average of several years past, not less than six lakhs of tons of salt had been annually made from brine and rock salt in the salt districts of Cheshire, giving employment by land and water to at least five thousand able-bodied men.

That a constant supply of salt of good quality and at reasonable prices is of the utmost importance to the extensive population of British India, particularly the lower classes, but at present they are almost entirely dependent upon the article manufactured in that country, which is impure in quality, uncertain and insufficient in supply, and costly in price. That if the salt manufactured in England could be imported into India upon the same terms as other goods, a sufficient quantity could be sent from the salt districts of Cheshire to meet the wants of that country, pure in quality, certain and sufficient in supply and low in price."

Then they went on to observe :

"The imposition of import duty on salt is contrary to the commercial policy of this country and unjust and oppressive towards the native population of India and thereby the manufacturers of salt in Cheshire and elsewhere are shut out from the markets of that extensive country or nearly so."

Several witnesses, in giving their evidence before the Select Committee of the East India Company, refer to the fact that the policy of those days really amounted to a protection of the imported article, and it operated against the interests of the indigenous industry. Honourable Members, if they care, will find the evidence given by Mr. Prideaux who, I believe, was a responsible officer of Government in those days. He stated this at page 196 of the fourth Report :

"I believe hitherto the price has been calculated in such a way as to give an undue advantage to imported salt. Practically an undue protective duty has been levied in favour of the imported salt; the advantage is in favour of the importers and not in favour of the native salt."

Then again, Sir, further references to this point will be found in the evidence of Mr. (afterwards Sir) Frederick Halliday from page 221 to page 228. This is what Sir Frederick Halliday said :

"The apprehension of persons in Bengal connected with the manufacture of salt is that they are in process of being undersold and driven out of the manufacture by salt imported from foreign countries. The Government system has told against itself and in favour of, instead of against, the importer."

So evidently the desire of the Cheshire merchants was already being realised. The position taken up by Sir Frederick Halliday was this :

"This system of Government manufacture does a good deal of harm to the industry itself. Leave it to the indigenous manufacturers, withdraw all sorts of restrictions. If you do that, you will find that there will be not one grain of foreign salt in the country."

I make no apologies to the House for giving his very words. Honourable Members will find them at page 228. This was the question that was put to him :

"Will you state to the Committee, supposing all duty were taken off the import of salt and the Government abandoned any interest, leaving free to the natives without any excise duty or any impediment, what in your opinion would be the effect upon the importation of salt to India?"

This is the answer which Mr. Halliday gave :

"It is generally understood by those best acquainted with the subject, and it cannot be denied by any one who looks into the details, that the present price of the Government manufactured salt in Bengal is very much raised to the consumer in the market by the necessary want of economy, not to say extravagances, connected with the Government system of manufacture, and by those many peculations and extortions, and corruptions which are inevitable in such a system, and carried on with such instruments. It has seemed almost certain, under those circumstances, to persons informed upon the subject, that if the Government were to withdraw, if there were no duty imposed, and the whole were left perfectly free, the native manufacturers in Bengal would forthwith completely and entirely undersell the imported salt, and there would not be a grain of salt imported into Bengal."

Further on, he observed as follows in reply to another question :

"The result of what you say appears to prove that the system adopted by the Government, though not prejudicial to the importer, is prejudicial to the consumer.—"

The answer was :

"I have no doubt it is so, even independently of the duty. The Government, as far as in it lies, is obliged at all times for its own sake to look as closely as possible into the cost of manufacture, and to reduce it to a minimum; but do what it will, the costs of such an undertaking conducted by the Government, are sure to be very much larger than the costs of a similar manufacture conducted by a number of private individuals. To that extent let the Government do what it will, the consumer is at a disadvantage under the present system."

But the authorities in those days did not act up to his advice.

Before I leave this point, I will just refer to the question of Bengal's taste for clean salt. I was interested to find at page 201 of this Report a very remarkable piece of evidence to this effect. The Board of Revenue to the Government of Bengal wrote in 1852 as follows :

"Besides the reaction consequent upon the extensive clearances of 1849-50, the Board think that this further diminution of quantity may partly be attributed to the increase in the importation of Liverpool *pungah*, which is of so fine a quality that it is usual to mix with it earth and other impurities in order to adapt it to the taste of the consumers, who have been habituated for ages to the use of a substance of very different appearance, and are strongly prejudiced against the undisguised foreign article."

Evidently Mr. Kabeer-ud-Din Ahmed's ancestors were not satisfied with the pure white article that used to come in those days from Cheshire.

Now, Sir, as a result of the inquiry of 1853, we find that, in 1854, an officer named Mr. Plowden was appointed to inquire into this question, particularly with regard to the practicability of controlling the manufacture of salt in Bengal by private parties under a system of excise. His Report was not made till 1856, and we find Lord Dalhousie, in his Minute, reviewing his administration, regretted the delay in submitting this Report on such an important subject.

For some years after that, salt used to be manufactured by certain selected private individuals under a system of excise. And when you come to the year 1882, the year in which the Salt Act, which is now in operation, was passed, we find that the situation under that system had become absolutely hopeless for the indigenous manufacturer. I find that, in that year, the British Indian Association, which was the leading public Association of Bengal in those days, submitted a memorial asking for the removal of certain onerous conditions that were imposed under the system

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of excise upon the manufacturer of salt in Bengal. This is what the Association said :

"The manufacture of indigenous salt is practically dying out in Bengal simply because the home grown salt, in consequence of the heavy charges thrown upon it by Government, cannot compete with imported salt. In the case of home-made salt, the cost of excise establishment, preventive establishment and warehouse establishment amounts to about Rs. 25 per hundred maunds, charges from which foreign salt is free. If this burden on excise salt is remitted, the Committee feel persuaded that it will have a fair chance in the market and the competition thus fostered will eventually lower the price of foreign salt."

Then they point out some further drawbacks of the system and pray that they might be removed. But, Sir, the system went on without any appreciable change till the year 1898, when you find that the last vestiges of this manufacturing industry in Bengal disappeared. Again after that, in 1917, when there was a great shortage in the supply of salt, there was an abnormal rise in the price of salt, and applications were made by intending manufacturers to the Government of Bengal, asking for permission to resume the manufacture of salt. But for one reason or another—pretexts were not wanting in the Secretariat of the Government of Bengal—these applications were all brushed aside. In that very year, 1917, the Government of Bengal prepared a memorandum for submission to the Government of India on this question, where also they took elaborate pains to point out that the revival of the salt manufacturing industry was not practical politics. I find, however, that, when interpellations were made in the Bengal Legislative Council on this question, the Government were obliged to admit that they had made no special inquiries before this particular memorandum was prepared and sent up to the Government of India. They merely depended upon their expert officers and on what papers they had in the Secretariat.

Sir, once again I have to refer to the question of Bengal's taste. Not very many years ago Bengal made a determined effort to get rid of foreign goods, particularly foreign salt, and referring to that period Mr. Surendranath Banerjee, speaking from his seat in the old Imperial Legislative Council said as follows :

"My memory carries me back to the days of the *swadeshi* movement when we eschewed foreign salt. We vowed not to take any foreign salt. We made that vow in our mosques and in our temples and many of those who took the vow have observed it. Therefore, Sir, under a strong *swadeshi* impulse, which I hope will revive with the growth of responsible Government we may discard the very clean salt that we are in the habit of consuming. Things are changing rapidly in India. Tastes will also change."

Sir, if Government had only the desire, they could have very easily made a beginning in this matter, first of all, by taking advantage of the feeling in the country during those *swadeshi* days, but they deliberately discarded that opportunity. Not merely that, people who honestly tried to improve the position of the indigenous industries were treated like felons.

The next opportunity came during the War, when there was a shortage of supply and the prices rose high. At that time also the Government did not fail to find sufficient excuses for not going ahead in this matter. And it is no wonder that my Honourable friend, Mr. Kabeer-ud-Din Ahmed, says to-day, "We can never do without foreign salt." Who created Mr. Ahmed's taste for foreign salt, and who killed the salt industry in Bengal? Sir, my accusers over there ought to be in the dock today, and not I.

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber: Indian Commerce): I rise to speak on this because I think I can say, in support of the cut which is before the House, with great relevancy what I propose to say on cut No. 41 which stands in my name. I am afraid that, whilst we have had a good deal of old history connected with the import of foreign salt into India till now, further diving into the past is hardly likely to help the Honourable the Finance Member in the constructive work which the House wish him to do with regard to making India self-supporting in salt. I therefore propose to leave the picture at the point of the background which has been so ably painted by my Honourable friend, Mr. Kelkar, who moved the cut, and by my Honourable friend, Mr. Neogy, who has given the House interesting quotations from some of the past history.

I feel that my Honourable friend, Mr. Kelkar, made his position very usefully clear at the start, when he laid down that his aim was to get Government to move on in the direction of a larger turnover in the shape of larger supplies of salt to the people of India, ensuring the same total revenue, if necessary, as today, but a smaller revenue per maund of salt. To that aim and ideal of Mr. Kelkar's I wonder if there can be anybody in this House, including, if I may venture to say, Honourable Members on the Treasury Benches, who will dare to take exception. An Honourable friend, speaking on this side of the House, said that the departmental Resolution asserted that this question of making India self-contained regarding salt cannot be referred to the Tariff Board because salt is not a basic industry of India. I am not quite sure that the Report does say this, but if it is contended that salt is not a basic industry for India, I am afraid we would challenge that very seriously. There is no other manufacture in India which is more important to man, cattle and agriculture of India than salt, (*An Honourable Member*: "Hear, hear.") and there is no question about it, that the production of salt, the cheapest method of producing it, and the most efficient method of producing the best quality of salt, which anybody from Bengal or Burma may want, should command the most earnest attention both of Government and of this House.

The production of salt is a monopoly of the Government of India. It brings in, according to the budget figures for 1929-30, a net income of a little over Rs. 5 crores. Being a monopoly, and being such an important article regarding the health of man and of cattle and as manure for agriculture, I submit that it requires the very closest attention of the Government and we are justified in giving a few hours in this House to discussing this subject once a year.

I would now refer to a remark that the Honourable the Finance Member has made in his speech. He refers there, to what he calls a considerable amount of speculation at Sambhar. When I read that remark of his in the speech, I began to inquire as to what that speculation was due to and how it was possible to have speculation in salt at one place in India and not at the other places. Government do not manufacture salt only at Sambhar. They also do it at Khewra, Bombay and Madras, and why was it that there was speculation only at one place and how was it that the department could not flood the area where this speculation and so-called corner ruled supreme, with supplies of salt from other parts of India? My information is that this so-called speculation at Sambhar was

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due to the inadequately small supplies which the authorities concerned at Sambhar kept in stock. The latest Report of the Northern India Salt Revenue Department available is for the year 1926-27. I am not aware if the Report of the subsequent year has been issued yet, but the Report for 1926-27 says:

"The outstanding features of the year were larger sales and issues but a smaller output than in 1925-26, the figures of output being 92 lakhs of maunds in 1926-27 against 133 lakhs of maunds in 1925-26."

What the output figures are for 1927-28, I am not able to get at, but I suggest to the Honourable the Finance Member that any policy which can expose the consumer of salt in any area in India to the slightest risk of profiteering by the middlemen or by the merchant class, is a policy which is very highly to be deprecated. I understand that, owing to the comparatively small stocks at Sambhar, salt, which would have been available to the consumer at about 4½ annas to 5 annas a maund, was and is sold at as much as 6 to 6½ annas a maund. Anything like this should not be allowed to recur again, and while I do not think that I would say more regarding what, after all, is a matter of departmental inquiry into this question, I am very anxious that the Honourable the Finance Member should tell us what led to this speculation at Sambhar, why there was no speculation at Khewra or at any of the other salt producing centres, and further that he has taken full measures to ensure that no such shortage in stocks will happen hereafter. I call this, Sir, an extremely short-sighted policy. According to the Report just referred to by me, salt costs Government something in the neighbourhood of 4 annas a maund. It is sold to the public at that rate plus Rs. 1-4-0 duty. Supposing Government kept 20 lakhs of maunds more in stock, it would only cost them another Rs. 5 lakhs and what is it that the Government ensure? Government ensure, with adequate stocks, that no merchant, however daring, will ever think of cornering or speculating in the manner complained of by the Finance Member in his budget speech. It is interesting to know that the cost of production drops with increased output. I will read a small paragraph from the Official Report regarding another area under the Northern India Salt Department called the Salt Range Division:

"In the Salt Range Division the cost of production based on direct and on both direct and indirect charges fell from Re. 0-3-5-23 and Re. 0-5-8-48 in 1925-26 to Re. 0-3-0-37 and Re. 0-4-11-06 a maund respectively, the drop being due to an increase in output."

Thus a larger turnover does—and it indeed must—reduce the cost of production, and the reduction is, I presume, in the proportion of overhead charges. The only actual cost to Government is the amount of "direct cost" which I believe is somewhere in the neighbourhood of 2 annas per maund. I will leave this question, Sir, at this point in the hope that the Honourable the Finance Member will be able to enlighten us regarding this, and also be able to assure us that he has taken adequate precautions against anything like this recurring again.

Now, Sir, regarding the question of making India self-supporting in the production of salt, I may say, with all deference to the Board of Revenue, that I am not at all convinced by the Resolution which they

have issued. I am on the other hand very much convinced, after very careful perusal of that Resolution that there is a very strong case for reference of this question to the Tariff Board. I am further convinced that, whilst the Government may be justified in not overlooking the demands of consumers of crushed white salt, they should also consider the question whether it is not feasible to have the Indian salt purified in a manner which will be acceptable to such consumers and which will replace the foreign salt in Bengal and in Burma. The raw material for this purified salt, called crushed white salt, is available at Samthar and in Madras and Bombay. It is only a question of putting up the required machinery. I have no figures regarding the cost of the necessary plant, but suggest that it would be very useful to let us have figures about it. If Government can shut out all the foreign salt from coming in and distribute the whole of the requirements of India out of Indian salt, on the principle that they will handle say 25 or 30 per cent. more quantity than at present. I think that the overhead charges for supervision, etc., will work out to substantially a smaller amount per maund. But this question is not only a question of rupees, annas and pies. I go a little further. During the War period we very painfully realised what the measures of the Government before 1914 exposed us to, and whilst the War was on, efforts were made to see that India was self-supporting in various industries. We remember what the Sir Thomas Holland Commission was appointed for. I feel that, in this question of vital necessity of India for her men, cattle and agriculture, no penny wise and pound foolish policy should be allowed to interfere. In fact, today, the Government pay fair amounts to various Indian States to prevent them from manufacturing salt. Surely, Sir, a survey of the salt resources of the country should enable the Government to dot the whole Continent of India with suitable salt pans and other sources of salt as the case may be, so that, even the cost of railway haulage, which has been made so much of by the Board of Revenue, can be very substantially reduced. I do not want to speculate about this. I am only trying to indicate why, after a perusal of the Government Resolution last year, I rose with an impression that, if the Board of Revenue could have taken a broader view of the whole question, their Report might have been quite different. I feel therefore that it is very necessary to have a full report from a body which will inspire confidence in us. There is, to my mind, nobody that one can very readily name, except the Tariff Board. In fact a very important committee appointed by the Government of India a few years ago, namely the Taxation Inquiry Committee, made that recommendation unanimously. One was hoping that that recommendation would be accepted by the Government of India. Instead of that, as my friend Mr. Kelkar so well put it, in his own manner, the Government of India referred that unanimous recommendation of the committee to a single officer, asking that officer to report further. I submit to the Treasury Benches that it is a little humiliating to refer that part of a report with which they do not agree to a departmental officer, and then ask the whole of India and this House to accept the opinion of that departmental officer against the recommendation of a Committee. I have not the honour of knowing the officer in this case. I dare say he is a very efficient departmental officer, but surely, if it was the aim and object of the Government of India that a departmental officer's report would suffice for that purpose, I think it was a waste of public money to ask the Indian Taxation Inquiry Committee-

[Sir Purshotamdas Thakurdas.]

to go into this. I suggest that the handling of this question permits one regarding it as a bit of a joke. I said on the floor of this House last year that the salt duty is a duty which is galling to this side of the House. We feel that this duty should not have been imposed. The salt tax has a very very sad history behind it. One does not want to open it up, but now that the vote of the House is required for the purpose of Government continuing to tax salt, we want this definite assurance by a body whom we can trust, that India cannot raise all the salt that she requires, including, I repeat, the palates of Bengal and Burma. I will not ask the good friends of mine from these two provinces to change their tastes. I think the whole of India should get white salt. Why should the Government not have an inquiry made as to how much it will cost to put up a refining plant, shall we say, in Sambhar or in Bombay. It is possible that it may turn out to be an expensive thing to put up a plant, but we should like to know exactly where we stand.

Before I sit down, I would like to refer to one further aspect of it which I am sure, the Honourable the Finance and Commerce Members will take as showing the depth of my feeling on the question of salt and the salt industry in India. A friend of mine from London sent me a cutting of a speech which he made lately at an important meeting there. One of the burning topics today in London, which attracts attention as far as India is concerned, is the Coastal Reservation Bill of my friend Mr. Haji. This friend of mine said at that meeting "What is the good of your complaining in India that we Britishers killed your Indian mercantile fleet?" The same, he said, has happened in America. America had a fleet of her own and that fleet had to give way before the British fleet. The actual words are:

"Now as to the oft repeated accusation that the flourishing Indian mercantile marine was destroyed through the machinations of this country. I should like to remind India that the United States of America, at that time, also had a profitable and a flourishing mercantile marine. It will not, I imagine, be suggested that the falling behind of the United States of America as a maritime nation during the latter half of the last century was also due to nefarious practices on our part. I suggest to you that, in both cases, it was due to the action of economic laws; in the case of the United States of America because she could more profitably employ her capital and her men on land; and in the case of India because she had neither the plant nor the technical skill with which to build and to man the ships which took the place of wooden sailing vessels."

We can, up to a certain point, reconcile ourselves with the above. Regarding our old Dacca muslins, we are told that they have disappeared because Great Britain brought to India cloth from Lancashire which was cheaper for our masses and therefore Great Britain catered for the poorer masses of India. But, Sir, nothing in such a direction will ever be tolerated by this House regarding the salt which the men, cattle and agriculture of India demand. We want larger quantities to be available to us. We do not want to depend upon any country outside India for our salt. The raw material is here. What is the use of Government persisting in their policy of keeping India's great salt-producing areas closed, and then telling us that there is no scope for India being self-contained in her requirements of salt? I hope that this sincere expression of my feeling

1 P.M.

will carry some weight with the Benches opposite.

Mr. C. Duraiswamy Aiyangar (Madras ceded districts and Chittoor: Non-Muhammadan Rural): Sir, the other day the Honourable the Finance Member unhappily singled me out as the only cruel host in this magnificent *dharamsala* of New Delhi. Today I get up to give him an invitation to a poor man's house. The other day he accepted an invitation from the Merchant Princes of Bombay. No doubt they will give richer and more sumptuous dishes, but I am only inviting him to a poor man's house, giving him salt and poor dishes. But let me warn him that the rich dishes will only be a net to catch him. Day after day I am going to offer him that invitation, and I hope he will accept it quite as heartily as I make it. Today I will confine myself to one question, namely, about the self-sufficiency of India in regard to the production of salt. I will not go into the question of the salt tax, for there will be another opportunity of doing so when we can discuss that matter. So far as this question is concerned I am going to point out to him that, in answer to my motion in 1927, regarding the making of India self-sufficient, Sir Basil Blackett said on that occasion:

"With regard to the second question, that of making India self-supporting in the matter of salt, I informed the House last year that, in accordance with the recommendations of the Taxation Inquiry Committee, the Government intended to appoint a special officer to inquire into the whole case with a view to considering whether there was a case to go before the Tariff Board. The special officer has been on duty and has just recently submitted a report. That report is under the consideration of the Government. We have not had any time to consider it yet. If there is a *prima facie* case for the Tariff Board, the matter will be referred to them."

That was the promise that Sir Basil Blackett held out to us, a promise which commenced from the year 1926, and when we came to 1928, even then he was not ready with the report. Then in reply to certain questions from Sir Purshotamdas Thakurdas about the publication of the report the Honourable Sir Basil Blackett replied as follows:

"I am not really quite sure about it. This matter has passed out of my ken for so long that I am not clear what the position will be. I think, however, that the report is a departmental one. They will certainly consider whether it can be published if Sir Purshotamdas Thakurdas and the House attach importance to it."

Sir Purshotamdas then immediately said:

"I am sure I am reflecting the views of this House when I say that it would very much like if the report was published, unless there is something in it which necessitates its being kept secret."

Sir Basil Blackett replied:

"The Government of India will note that fact. They have no desire to keep the report secret."

Nevertheless, Sir, the report has been withheld from us, and it has been kept secret. I would like to know what secret it contains. The Honourable the Finance Member alone knows what secrecy there can possibly be about such an innocuous thing as salt, unless there be a strong statement in that report that Liverpool salt should not be stopped under any circumstances, and that the Government should not listen to the desire of Members of this Assembly that India should be made self-sufficient. Unless there are strong words to that effect in the report I cannot imagine what other ground there can be for withholding the report from the House.

[Mr. C. Duraiswamy Aiyangar.]

Now, Sir, on the 12th May, 1928 we got a communiqué without a copy of that report, but the report is made by the Central Board of Revenue concerning this matter. Sir, we do mean that by "continental India and Burma" we do not include Aden. That is the first question in that report, and we mean that continental India can supply the necessary salt for the consumption of India and Burma, and that India will also be in a position to export some of her salt to countries needing it. That is our highest ambition, and a most legitimate ambition, situated as we are in natural surroundings in this vast continent.

Now, Sir, the sum and substance of the report is the opposition of Bengal to go in for indigenous salt. It is upon that the whole of the report is based. We get foreign salt from London, Port Said, Hamburg and Spain, and it is supplied to the whole of Bengal, Assam, Bihar and Orissa and Burma. The case of the history of salt in Bengal has been very ably treated by Mr. Neogy, and so far as the killing of this industry in Orissa is concerned, Mr. Nilakantha Das will be most vehement over that matter. But I would like to answer one question of Mr. Kelkar when he asked whether salt could be made a cottage industry in Bihar. It could be if Government would let the people sell the salt. He said that the people there might perhaps be able to supply a little salt to their own houses by dipping some straw into the sea and creating some salt, but I do think, by the same process, people will be able to make salt for their own houses and also be able to sell it and make a profit.

Now, Sir, with reference to the death of the industry in Bengal, Mr. John Crauford, in his evidence before the 1896 Select Committee on Salt, on 14th July, 1896, referring to Madras, in answer to Question 507 said :

"The people of Bengal have corn to give to the people of Madras; the people of Madras have salt to give to the people of Bengal; one is ill-off for corn, and the other is ill-off for salt. The Government steps in to prevent their exchanging staple commodities with each other. This is one of the very worst features of the monopoly."

Of course I do not, for one moment, wish to deny that there may be some people in Bengal, even now, who will refuse to take Indian Salt, or Madras Salt, or Bombay Salt, even if you refine it. They will always have a partiality for British salt. I do grant it but they will comprise perhaps only a small number. There are die-hards in everything; even among my fellow-Congressmen there are die-hards, to whom you may supply the finest khadar, but who will still prefer the British homespun tweed to Indian khadar. Now, Sir, I would ask you to leave that class alone and ask them to pay heavily for their partiality to British salt. We find that the imports of salt in Bengal come to:

	Lakhs of Maunds.
Fine white crushed salt	120.95
(Karachi-Aden) white uncrushed salt	12.35

My Honourable friend, Sir Purshotamdas Thakurdas has appealed to you to make Indian salt fine white crushed salt, and he has mentioned the possibilities of making salt in India as good as imported salt. I entirely agree with him. Sir, this British nation, this British Government, which is crushing India day by day, will not be unable to crush its salt. You will certainly produce crushed salt, white salt, fine salt if you only have the will, if you only make up your mind to see the importation

of salt is stopped by some method or other. Which is more opprobrious, which is more absurd, to carry coals to Newcastle, or to carry salt to Bay of Bengal? I say it is highly unjustifiable to import salt into Bengal.

Now, with reference to the ways and means which are suggested in the report, as to how to capture the Bengal market, I should say that the Bengal market can be easily captured by Indian salt. The words used there are "prices to compel the consumers to put up with ordinary Madras and Bombay salt in spite of the inferiority." The words used there are insulting. "The method of making the Bengal people put up with Madras and Bombay salt." These are the words of greatest insult. Which Bengali will offer those words of insult to Madras salt? Only Mr. Strathy and the Central Board of Revenue would offer such an insult. Now, Sir, what is the test for inferiority? What is the quality of the salt which the Bengal people consume? Have they made any chemical analysis of the salt of Madras, of the salt of Bombay, of the salt of Karachi or the salt of Tuticorin, and compared that chemical analysis with British imported salt, and thereby found that the quality of salt manufactured in India is inferior to the quality which is imported from Liverpool? I assert, Sir, that the test applied is not chemical analysis of it, but it is only colour, the white colour. They are enamoured of the white colour. They have been enamoured of things white for a long time and it is high time that we get rid of this glamour for the white colour.

Now, with reference to the chemical analysis, I give you the average for 50 factories in Madras, and we find that the Madras salt contains:

93·4 Sodium chloride,
1·7 Magnesium chloride,
1·2 Magnesium sulphate,
1·0 Calcium salts.

Compare this with Dr. Ratan's analysis of common salt:

Sodium chloride	..	..	..	86·137
Magnesium chloride	..	..	..	2·05
Calcium chloride	..	..	..	·438
Magnesium sulphate	..	..	..	·416
Calcium sulphate	..	..	..	1·610

Well, Sir, how does the Madras salt suffer by comparison? In some factories of Madras there is a still nearer approach to the chemical analysis which has been given by Dr. Ratan in his book on salt. I ask which of the Bengal consumers made the chemical analysis in Bengal before they arrived at the conclusion that the quality of Madras salt was inferior to the quality of salt which is imported from Liverpool. The Government itself has not made any analysis as yet; how did the consumers make this analysis and arrive at the conclusion?

In answer to a question which I sent—here I must apologise to you, Sir, for not having been able to be present personally on the day when the question was set down in the agenda—in answer to a question which I sent on the 29th January, 1929, I have got the following answer:

"The Government of India are not in possession of analyses of imported salt, but have arranged to have typical samples of imported salt and of the various kinds of Indian salt analysed, and the results will be communicated to the Honourable Member in due course."

[Mr. C. Duraiswamy Aiyangar.]

I have had no communication till now on the point; probably it will take a pretty long time to make an analysis of these salts. So far as the analyses which I have given are concerned, I have taken them from the Salt Administration Report of the Madras Government. I have given the component parts of the Madras salt as given in that Report. If therefore, there has not been any chemical analysis or scientific analysis of the salts that formed the chief test of the Bengal people preferring the imported salt to Madras salt, then it is clear that it is merely colour, and nothing else, that weighed with the consumers. I ask, Sir, is it not possible for India to produce white salt? How does the colour affect the salt? All salts taken from the sea are of the same colour. All the seas over the world yield the same colour of salt. I do not know what the Black Sea does. So far as I know, we in India also get the same kind of salt with the same colour from the sea. The salt is more or less of the same quality. The colour gets into it because of the adulteration of the earth or the mud. The manufacturers create this defect, and the Government, which is in control of the salt factories, do not prevent this. Take away the mud and the earth that surrounds the salt, then the Madras salt is as white and as pure as salt imported into Bengal from the West. I dare say, if an anna, or two annas more per maund, is spent on salt, for refining it, then our salt also will be as good as the salt imported from abroad. It is for the Government to produce refined salt from the Madras Presidency. What does Mr. Strathy say about it? Here is a factory at Tuticorin which can supply as good a salt as that which Aden can supply. The salt that Karachi can supply is as good as that which is imported from Liverpool. Then, what is it, he asks, that deters us from confining ourselves to Indian salt? The total output from Karachi or Tuticorin is from 14 to 30 lakhs odd. My wonder is, has the sea become dry after so many years of manufacture of salt from the sea? I ask if the sea is not capable of producing any more salt in India. If only Government puts up the machinery, if they only put out the maximum efforts, they can produce any amount of salt that is required. How is it, you say, that the sea has exhausted itself and no more salt can be produced in this country? I say it is absolutely a wrong argument for Mr. Strathy to put forward and for the Central Board of Revenue to have swallowed.

Then, Sir, it is stated in the Report:

"It seems certain that so long as they can afford to buy foreign salt, the class who now use it will never transfer their custom on any large scale to the Madras or Bombay salt, however cheap it may be."

Well, Sir, on which authority is it that Mr. Strathy or the Central Board of Revenue has made this statement? I say again, Sir, there may be a handful of Europeans who will not transfer their custom to Madras salt; there may probably be equally quite a handful of tiptop Indians who may not go in for Madras salt, but the large mass of Bengalis would certainly go in for the Madras salt. I do not think the patriotism and self-respect of the Bengalis have been crushed down to such an extent that they will not prefer Indian salt to foreign imported salt, if you supply it in proper quantities.

Mr. Strathy puts forward a beautiful argument that Madras salt once went to Cuttack and began to be used in certain parts

there like Cuttack, Raipur and Chota Nagpur, but did not make its headway in Bengal. If salt is not supplied to Bengal in proper and sufficient quantities, how can you complain that it does not make any headway? It is just like this. Supposing the East Indian Railway—here I am not referring to the Honourable the Commerce Member—supposing the East Indian Railway is charging five pies per mile, and supposing the South Indian Railway takes passengers at the rate of three pies per mile, then, will all the Bengalis jump into the South Indian Railway instead of the East Indian Railway because the former is charging the passengers a less rate per mile than the latter? Those who live in Bengal have necessarily to travel by the East Indian Railway. They cannot help it. Similarly if you do not place before the Bengal people, Madras salt, or Tuticorin salt, how do you expect the Madras salt to make any headway? That is where I am unable to understand the Report of Mr. Strathy which is fully endorsed by the Central Board of Revenue.

Now, Sir, it is admitted that people at Cuttack, Sambhalpur and Raipur will use Indian salt, even if it is inferior, and even if they have to pay an addition of three annas per maund over imported salt, but not the people of Calcutta. What difference exists in the human nature or the qualities of human nature between the people at Cuttack and other places which keeps them up on Madras salt, whereas the Madras salt will not keep up the people of Bengal?

Pandit Nilakantha Das: There are lots of Bengalis in Cuttack area who use Madras salt.

Mr. C. Duraiswamy Aiyangar: I would like to hear it more strongly from my Honourable friend Mr. Neogy, that, when the Bengalis leave Bengal, they become patriotic and take to Madras salt, but so long as they are in Bengal, they want imported salt.

Sir, after all, the persons who are extremely anxious to get imported salt will not require more than 50,000 maunds of salt per year. For the sake of these people, I am surprised that the Government should not give to all other people in Bengal Indian salt, nor to the cattle in Bengal. Surely the cattle of Bengal do not require table salt. At least the cattle do relish Indian salt. If Indian salt is given, surely most of the Bengalis will relish it much better, and I ask, therefore, that this kind of argument should be given up and this is not the argument which should have got into a responsible communiqué such as the one which was published by the Finance Department on 12th May, 1928. Mr. Strathy says that Tuticorin can supply as good a salt as Aden, and Karachi can supply as good a salt as Liverpool and that all the facilities and natural circumstances there are very favourable. What he puts down as a drawback is that there may not be sufficient labour here. I am surprised, Sir, to hear that, in a country where the labour problem is most acute, where people are starving, where people are emigrating from the country even to suffer servitude and slavery in British colonies—that in a country like this labour could not be found, is a matter which Mr. Strathy, of all people, must be able to present to this Government and which the Central Board of Revenue only will swallow.

Sir, as Mr. Kelkar put it very graphically, to say that, when labour is available, skilled labour is not available, I say is really an untenable

[Mr. C. Duraiswamy Aiyangar.]

position. So far as I am aware, so far as my information goes in this matter, attaining skill in the matter of salt manufacture is not, after all, a very great thing. It is a skill which an agriculturist can with ease attain. Therefore, I do not believe for one moment that skilled labour is not available either at Tuticorin or at Karachi. Skill is not born with a man, skill is acquired, as even you on the other side have acquired it. Therefore, to say that skilled labour is not available at these factories, I submit, is certainly an untenable position to take up.

Then it is stated that, though salt can be produced, it could not be easily conveyed to Calcutta at a reasonable price. What is it that stands in the way? Mr. Strathy says that the Northern India salt sources are unavailable to Calcutta on account of their long lead. I ask, is the length of road from Northern India to Calcutta greater than the lead from Liverpool to Calcutta? How is it then that, with this shorter lead, you are not able to bring to Calcutta the salt from Northern India sources at a cheap price? It is probably because your railway freights are heavy? Every inch of railway line in this country is a tyranny upon the industries of this country, and every one mile of railway here is equivalent to 5,000 miles on the sea. That is how you stop, that is how you barricade every kind of industry which can grow in this country. If that difficulty can be overcome by this Government—and it can be easily overcome by a considerable reduction of freights in railways—then I ask, what is possibly the difficulty in taking Northern India salt to the Calcutta market at a cheaper price? If you wish to have the glory given only to Sir George Rainy that he shows a grand income and surplus in the railway budget, of contributing more than five crores to the general revenues, I say you are doing that only at a considerable sacrifice of this industry, as a result of considerable pressure put on the people of this country. It is in that way the Honourable the Finance Member suffers, and it is in that way that the Honourable Sir George Rainy gains at his cost. I ask him to yield, and sacrifice a portion of the railway revenues by cutting off the freights on articles like salt, and hand it over to his neighbour Sir George Schuster. Then, I submit, between the two Georges, George I and George II, our industries will thrive all right. (Laughter.)

Then the Report says in another place "other considerations come into play". It is very difficult for us to understand what are the "other considerations". Are they considerations of Liverpool and not of India? If such considerations come into play, then we can never solve this question. But if they really do not come into play, I am sure the Honourable the Finance Member can solve this problem at this very moment.

Sir, John Crauford in his statement submitted to the 1836 Select Committee on salt with regard to the aptitude of Madras to supply salt to Calcutta observed:

"The Coromandel Coast or Eastern Coast of the peninsula is by soil, climate and locality peculiarly fitted for the manufacture of salt by the process of solar evaporation, and unless factitious means be taken to hinder, it will in all probability always furnish a considerable portion of the consumption of the Bengal Provinces. The supply on that coast, I believe, seldom or never fails, from vicissitudes of climate, for the draughts which in those parts of India are so unpropitious to agriculture, are the very causes which conduce most to a certain and constant supply of salt."

That is the evidence he has given. What circumstances have intervened which make that statement unreliable at this stage? I think, Sir, it holds good quite as well now as it held good in those days.

Then it is stated that the Central Board has no information regarding the cost of production in Cheshire, where salt is obtained by flooding natural subterranean deposits and pumping out the brine. Now, it would not have been difficult for them to get the figures regarding the cost of production per maund or per ton in Liverpool. They have had enough time to make such an inquiry. If there it is obtained by flooding the subterranean deposits, surely here also the same process may be adopted; and the water of the Bay of Bengal will submit to the same operation as well as there. The process of loading may be adopted in subterranean deposits if available. I say the same process as is adopted in Liverpool may be adopted here. What I suggest is, by all means send an officer from here, at our cost, to get himself acquainted with the process of manufacture of salt in Liverpool, to get the necessary information. I do not, for one moment, imagine that if you have the will, there will not be a way. Commissions and persons are always sent here for getting information but we have never sent any person from this country for getting any information. I suggest, why not send some persons from this country to Liverpool to understand the process of manufacture of salt at a cheap rate, so that the salt at present manufactured here may not always be condemned as being costly and as one which cannot compete in the market with Liverpool salt. The Tuticorin salt is produced—the ordinary salt is produced—at a cost of annas 2 a maund. The loading and conveyance charges to Calcutta come to annas 7, and the refining process costs annas 2; and therefore you have to pay annas 11 for bringing a maund of salt from Tuticorin to Calcutta. After all, the refining charges are not more than annas 2 and the ordinary manufacturing cost is not more than annas 2; but what is it that falls heavily upon it? It is the conveyance charge to Calcutta. In favour of the Liverpool salt, Sir Basil Blackett once told me, in answer to one of my questions, that salt is coming from Liverpool by ballast and it is therefore very difficult to compete with that. I say, why not take salt in ballast when coal wagons return from Madras to Calcutta? Such a process can be very well applied here. Apart from that, Sir, I do not take my stand on this or on that particular principle; but I only say that it is open to this Government to reduce the price of salt and make it cheap and make it compete with the imported salt.

Sir Victor Sassoon (Bombay Millowners' Association: Indian Commerce): Send it on by sea.

Mr. C. Duraiswamy Aiyangar: Now, Sir, it has been said that the economic effects of making India self-sufficient are not quite alluring to this Government. I ask how is it not? The question has been principally discussed as regards insurance against shortage in war time. That there has been shortage in war time is admitted; but the boast of this Government is that, even during that war time, the imports of this country did not fall far short of one half the usual imports. Whereas ordinarily we import 541,000 tons, in that year it came only to 342,000. Is that a source of satisfaction or a matter for gratification for you that, during the war time, it did not go below one half, and is this Government waiting for another war, when even Aden will be cut off from India, to see what the shortage in salt supply will then be, and take steps after that to make

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India self-sufficient? This is as clear as anything, that where there is a country which can produce a particular commodity which is sufficient for its own ordinary needs, as well as any extra needs, and can even help other countries, that opportunity should not be lost sight of. Sir, the British exploiter of this country carried away my cloth, carried away my cotton, my sugar, my wheat, but he could not carry away the sea. The sea is left behind. To take that away is an impossible proposition. Why not then take advantage of that opportunity to see that although we are dependent for everything else on foreign countries, at least, in the case of salt, we shall depend on ourselves. That, Sir, is a most easy matter for the Government to do. Now, Sir, it cannot be denied that this salt industry, the starting of a number of factories along the sea-coast will naturally, will necessarily, give room for more employment and will solve the question of unemployment in this country to a great extent. In the face of these facts, we cannot see how the economic effect of making India self-sufficient is not a matter which should be taken into consideration, or is one which can be easily ignored. How any one today can possibly come to the conclusion that economically we shall not be in a better position by making India depend on herself for her entire supply of salt, I fail to see.

Now, Sir, the only question that arises out of the Taxation Inquiry Committee and the promise made by Sir Basil Blackett on the floor of this House in 1927, is the question whether or not there is a *prima facie* case to go before the Tariff Board. That is the principal point. It is not the decision of one Indian Civil Service officer, whatever may be his service in the country, it is not that opinion which should weigh with the Central Board of Revenue, as against the responsible suggestion made in the recommendations of the Taxation Inquiry Committee. Whether it is about the possibility of improving our salt, whether it is about the fineness of the quality, whether it is about the quality from a scientific point of view—all these are matters which should rather be left in the hands of the Tariff Board to ascertain and investigate and report upon rather than be left to an Indian Civil Service officer. Whatever the merits of the Indian Civil Service officer, and he has so many merits, it is not for him to determine the quality of salt or to make comparison between one salt and another. On the very facts of the Report made by the Central Board of Revenue, I say a *prima facie* case has arisen; and I say it for these reasons. Certain facts are admitted and not denied. It is admitted that (1) Indian resources are sufficient to supply all the salt required in India; (2) that the Bengal market can be captured without any alteration in the quality if Tuticorin and Karachi sources are improved; (3) the Northern India resources can be usefully tapped if only railways will help them in the matter of freights; (4) good quality salt is available in India, as was once before admitted by Sir Basil Blackett himself; (5) the question of chemical analysis has still to be solved; (6) the question of comparative costs between Liverpool and India has still to be solved; (7) it will be a subsidiary occupation to the unemployed agriculturists. If these, Sir, do not constitute a *prima facie* ground for reference to the Tariff Board, as recommended by the Taxation Inquiry Committee, I ask what other ground will?

My Honourable friend Mr. Kelkar was probably under a little confusion when he said that people, if they take to salt manufacture, will be diverted from their agricultural occupation.

Mr. N. O. Kelkar: No, I opposed that contention.

Mr. C. Duraiswamy Aiyangar: Yes, but you were under the impression that the Report said that it would divert them from agricultural occupation. That is not what the Report said, because the manufacture of salt takes place at a season when agricultural work is off and that is the season when you require subsidiary occupation to be provided for these people. What the Report says is that they will be diverted from industries of a better order—as if we have got so many industries of a better order in which labourers could be employed from day to day! As if we have not a greater supply of labourers in this country than the demand. The Report says they will be diverted from better occupation than this insignificant one of the manufacture of salt.

Mr. N. C. Kelkar: What they said was that, in most places where salt can be produced, an extension of salt manufacture will result in the diversion of labour from agriculture.

Mr. C. Duraiswamy Aiyangar: I understood them to say some better occupation. If I understood it like that, I could not see anything more untenable than saying that these men would be diverted from agriculture to the manufacture of salt, because it is admitted that the manufacture of salt takes place at a season when the agriculturist is not occupied on his field. That much is clear from the Report itself. Therefore, Sir, I do think that the Report itself contains matter which should open the eyes of Government, that there is a *prima facie* case for reference of the whole question to the Tariff Board as was once promised by Sir Basil Blackett. In effect we have been seeing that, year after year, the imports are rising while at the same time the manufacture in India is going down. In 1923-24 the quantity produced in maunds was 42,124,412 maunds. In 1926-27, it was 36,876,584 maunds. Whereas in the imported salt for 1923-24 we find it to be 474,606 tons, in 1926-27 it became 541,770 tons. Therefore the imports have increased from 1923-24 to 1926-27, while the production in this country has simultaneously decreased from 1923-24 to 1926-27. This, Sir, is an absolutely unjustifiable situation and the Government will not be justified, will not be true to the salt which they are eating from day to day, if they allow such a state of things to go on.

The Assembly then adjourned for Lunch till a Quarter to Three of the Clock.

The Assembly re-assembled after Lunch at a Quarter to Three of the Clock, Mr. President in the Chair.

The Honourable Sir George Rainy (Member for Commerce and Railways): Mr. President, my Honourable friend, Mr. Kelkar, began his speech by making clear the value he attached to increasing the consumption of salt and the supply of salt in India, so that the ordinary cultivator and the ordinary labourer might get more salt than he does at present. Therefore, Sir, it is from that basis that we have to start. Now, there is one obvious preliminary objection here. If what we want to do is to increase the consumption of salt and make it more freely available, than it is at present, then we must be cautious about any method which proposes to operate by restricting the sources of supply by methods which tend to raise

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the price. I do not want to plead that argument too high, but I am anxious to draw attention to an obvious aspect of the case which we cannot ignore.

What I have got to say today will be confined practically to one issue, namely, the question whether there should be an inquiry by the Tariff Board into the question of protection for salt. But before I come to that, I should like to refer briefly to one or two remarks made by other speakers and to clear away one or two misconceptions.

Now, Sir, several speakers attributed the policy adopted by the Government of India and the East India Company in the past to a desire to encourage the British product at the expense of the Indian product. Into the question of history I do not propose to enter at all today; but lest any Honourable Members should have an impression that, on this side of the House, our policy is in any way influenced by a desire to assist or protect the manufacture of salt in England, I should like to give a few figures. The total consumption of salt in India—that is to say, imports and local production—in the year 1927-28 was a little more than 2 million tons. The imports were about 6,00,000 tons, and the imports from the United Kingdom about 80,000 tons—that is, only 4 per cent. of the total consumption and only 13 per cent. of the total imports. Now, I think it must be clear that the quantity involved is relatively so small that to suppose that that is a guiding factor in our minds would almost be an insult to the intelligence of the Treasury Benches—I will not put it higher than that. . .

Mr. N. C. Kelkar: What was it when you began the policy?

Mr. K. C. Neogy: You have lost your ground since.

The Honourable Sir George Rainy: I am quite willing, for the purposes of argument, to leave the question of history alone. All I am saying is that, today, the imports from the United Kingdom are very much smaller than the imports from Spain, from Egypt and from Aden. The great bulk of the imported salt is coming from countries other than the United Kingdom.

Another very small point was one, argued by my Honourable friend Mr. Kelkar, that it was not fair that ships of under 1,000 tons should not be allowed to carry salt. I should like to explain that, if duty has been paid on the salt, there is no limitation; the limitation comes in only if the salt is taken on board before it has paid duty, that is, if it is transported in bond before it has paid duty. The reason for retaining the rule is purely a preventive one, that is to say, it is apprehended that salt may be landed at various points along the coast with the result of serious loss of revenue to the Government.

Certain speakers today, Sir, have taken a line which I find it very difficult to follow, or to appreciate. For instance, it has been pointed out that the whole of the Government case, as presented in the Report of the Central Board of Revenue, proceeds on the basis that the people of Bengal—and this applies also to the inhabitants of a part of the Province of Bihar—have got so accustomed to salt of the quality of the imported salt, that they will not eat anything else; and it was sought to discredit that theory

on general grounds. There is plenty of evidence in support of the theory however. The hard facts are there that, even when the price of imported salt rises very high, it does not lead people to transfer their custom to the inferior Indian-made salt. If they were likely readily to transfer their custom, then I think that that would happen at once when there was a big rise in prices.

Then again, Sir, several speakers seemed to me to support the theory that it was quite reasonable for Government and the Legislature to say to the people of Bengal, "Whatever your tastes may be, you have got to have Indian salt, because that is what we think is good for you." I, Sir, should hesitate a very long time before I endorsed an attitude of that kind. I do not think it is a reasonable attitude for Government or the Legislature to take, that they are to decide what is good for the people, or what is good enough for them. I could not in any way support a policy of that kind. Then again my Honourable friend, Mr. Neogy was inclined to make unduly light of the difficulties which undoubtedly attend the manufacture of salt on the coast of Bengal and Orissa. The manufacture of salt on this particular coast is subject to certain natural disadvantages and they are set forth in the Report of the Central Board of Revenue. I will mention them briefly. One is the low density of the sea brine due to the enormous discharge of fresh water from the great rivers, which results on a lower production of salt from a given area. Secondly there is the prevalence of damp and cloudy weather. Thirdly there is the scarcity of fuel, and finally there is the fact that storms are apt to occur at the critical season for salt manufacture

Mr. K. C. Neogy: How did they manufacture it in the past?

The Honourable Sir George Rainy: The question has been investigated again and again, and it seems to me exceedingly improbable that the manufacture of salt in Bengal or Orissa could be established on an economic basis. That leads me to what I consider the crucial point of the case, namely; can salt be produced in India of the quality which the people of Bengal demand? Can it be produced in sufficient quantities to replace a substantial quantity of imported salt, and can it be done at a cost low enough to make it unnecessary to impose a heavy burden in the shape of a protective duty on the people of Bengal and Bihar? That, I think, is the practical point on which the attention of the House should be concentrated. The Government of India considered that matter, and the conclusion at which they arrived was set forth in their Resolution, which was published last May. It is impossible, of course, to go in detail through the whole Report of the Central Board of Revenue, but what I want to make clear is this, that the question before the Government of India was not, whether salt should be protected, but whether there was a *prima facie* case for a Tariff Board Inquiry. There are several paragraphs in the Report of the Central Board of Revenue which practically imply that salt ought not to be protected. I want to make it clear that the Government of India are not committed to each and every expression of opinion contained in the Report of the Central Board of Revenue. All that the Government of India committed themselves to last year was that they did not think that a sufficient case existed for an inquiry by the Tariff Board. The points which appealed most to myself in coming to that conclusion were these. In the first place, the Fiscal Commission, in a well-known passage, deprecated the grant of protection to infant industries, that is to say, to

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industries which had hardly yet come into existence. What they said was this:

"If applications for tariff assistance are entertained on behalf of industries which have not come into existence, and the Tariff Board has to consider not facts but the anticipations of the promoters, it will be a task of great difficulty to make a selection with any reasonable assurance of success."

What I mean by an infant industry in this case is the manufacture, on a commercial scale, of salt of the quality which Bengal demands. The reason is quite simple. One of the most important things that we want the Tariff Board to do is to investigate the cost of production so that the amount of protection necessary may be accurately assessed. If there is nobody in India who can give this cost of production, then we do not get from the Tariff Board the kind of information we particularly want. It is possible that, since Mr. Strathie went into this question, additional evidence has become available. On that point, I express no opinion, because I do not know, but I have heard of the commencement of manufacture of a superior quality of salt in Kathiawar, and I understand that, at Karachi, there has been a substantial increase in the production of salt. But the point itself is one to which I attach importance. If we are to have a Tariff Board Inquiry there must be the kind of evidence available to make the inquiry useful.

Another point which I thought of importance was this. Sometimes we can say, "Although the conditions laid down by the Fiscal Commission are not fully satisfied, yet nevertheless we ought to go ahead with an inquiry, because, on national grounds, it is important that the manufacture should exist". Now, the experience of the last war as regards salt is largely this, that in many cases it would be more difficult to convey the Indian salt to the places where it is wanted than to deal with the imported salt. Let us suppose that the manufacture of white, crushed salt was established in Kathiawar or Sind. Then, in war time, if there was a shortage of shipping, it would not be easier to bring salt from Kathiawar or from Sind than it would be to bring it from Aden or Egypt. Of course, my Honourable friend Mr. Duraiswamy Aiyangar would say, what about your railways; why don't you bring it by rail? But I am afraid that one of the inevitable results of war is to produce extreme congestion on the railways, and the conveyance of salt by rail instead of by water, would not only be very expensive; but exceedingly slow, and would merely add to the congestion on the railways. Therefore, it did not seem to me that you could make out a strong case on national grounds. These are the two important points that I thought I should mention to the House.

Sir, I am fully responsible in every sense for the decision that Government announced last year. My Honourable colleague the Finance Member, on the other hand, approaches the question with an entirely fresh mind, and naturally this is a question which he is entitled to, and which he would naturally desire to, examine for himself. I do not regard the view expressed by Government last year to the effect that they did not think there ought to be a Tariff Board Inquiry as one of the laws of the Medes and Persians which cannot be altered. We did not commit ourselves to a particular line of policy; we merely decided against an inquiry into a particular matter. In the nature of the case the circumstances may

change; new facts may come to knowledge or may come into existence, which would lead Government to take a different view. There has not been sufficient opportunity for my Honourable colleague and myself to go into the matter again, in order to see whether there were adequate reasons why Government should reconsider the decision at which they arrived last year. Therefore, I am not prepared to say whether Government will be able to come to a different conclusion or not, but I am quite prepared to say that the matter will be examined, and the Government of India will have the advantage of the collaboration of my Honourable colleague Sir George Schuster who, as I have said, will approach the question with an entirely fresh mind, without any of the prepossessions which those of us, who have already examined the question, might labour under. That being so, I trust that the House will accept that assurance and will, at any rate, believe that Government will again look into the matter and after that decide whether there are sufficient grounds for an inquiry by the Tariff Board.

Mr. Gaya Prasad Singh (Muzaffarpur cum Champaran: Non-Muhamadan): May I ask one question, Sir, before you put the motion? May I know why salt manufactured in Kathiawar is absolutely prohibited from entering British India except perhaps in distant Bengal and Burma, while salt manufactured all over the world is allowed entry into British India?

The Honourable Sir George Schuster: Perhaps I might be allowed to deal with this question because it is one which concerns the administration of the salt department, rather than the particular question of the appointment of the Tariff Board, which was the occasion for my Honourable colleague to join in this debate. I do not know, Sir, whether it is your intention to close this debate now, but several questions have been raised in it; topics have been touched upon, which were not strictly included in the topic, which was mentioned as the reason for moving this out, and I had expected myself to have an opportunity of addressing this House on the question of the general administration of the salt department, because a question in connection with that was raised by my Honourable friend Sir Purshotamdas Thakurdas in connection with his speech on this particular cut. My Honourable friend, Mr. Gaya Prasad Singh, has now raised another question which was the topic in connection with which he himself has put down a motion for a cut, and I do not know whether it is the wish of the House and whether it will be proper for me to deal with those questions now.

Mr. Gaya Prasad Singh: I do not know whether that particular cut will be reached.

Pandit Nilakantha Das: I have put down a cut on Orissa salt, and as there has been some reference to it in the reply of Sir George Rainy particularly, I do not know if I may be allowed to speak on this motion.

Mr. President: The Honourable Member has every right to speak.

Pandit Nilakantha Das: I have also been particularly invited by my friends on this side to speak on Orissa salt, and I do not propose to go much into the general question because it is the desire of my Honourable friends on this side that the debate should end very soon. So, I shall confine myself particularly to two or three points raised on Orissa and Bengal salt by my Honourable friend, Sir George Rainy. He said

Sir Victor Sassoon: On a point of order, Sir. May I ask whether Members will be allowed to discuss points raised by other cuts, on this cut?

Mr. President: Not at all.

Pandit Nilakantha Das: No. I forego the right to move the other cut: I know that myself. (Laughter.) Low density of the brine on the Orissa coast is one of the reasons ascribed. This subject was discussed in the Bihar and Orissa Legislative Council when it was not exactly a central subject, as such, as it is now. In 1918 it was discussed by the late lamented Pandit Gopabandhu Das in the Bihar and Orissa Legislative Council, where a *prima facie* case was made out for reviving salt manufacture in Orissa, as well as in regard to the favourable density of the Orissa brine. At that time the brine of the Orissa salt manufacturing area was compared with that of North Madras, and it was found out that the brine of Orissa, even where the river mouths joined the sea, was 3° in density, whereas in the Ganjam area it was 2·75°. (See Bihar and Orissa Gazette, 1918, page 241). As regards season available for manufacture, in the very same debate it was discussed, and in the comparative table given, you will find, in the Madras area, where salt manufacture is still continuing, the date for the commencement of operations is January 1st, and in Chilka January 3 in 1895, and January 7th in 1896. The commencement of scraping in the former place was February 25th and February 16th in the two years, and in the latter place, March 4th and March 5th. The closing in the former place began on the 18th and 17th June, and in the latter place on the 22nd and 1st June.

As to *panga* salt which was being manufactured in Orissa—it is called *panga*, and it means salt obtained by evaporation by fire of sea water, i.e., salt obtained by artificial evaporation—it was declared by Mr. Sterling in 1822 as the “finest salt of all India”. I have myself seen *panga* salt prepared in times of famine and it is as good as, if not better than, Liverpool salt. It is white and has small grains and there is no difficulty in connection with magnesium chloride, as in the case of Tuticorin salt.

As regards another argument advanced by my Honourable friend, based on scarcity of fuel, I should like to say that, so long as this salt business is a money-making business of the Government, there may be many difficulties. *Panga* salt was prepared as a cottage industry. When there was famine in Orissa I know people used to take sea water in pans or in pots and prepare a certain amount of salt, which they not merely used in their own homes but also sold it to some outsiders. That was how it was being prepared; it was formerly also more or less a cottage industry sometimes on a rather big scale, and there was no big factory to manufacture *panga*. That *panga* salt, as well as Orissa *Karkach* of Puri used to command markets even up to Raipur and Jubbulpore in those days. A question has been raised with regard to communications. Now, you can carry by rail from Naupada or some other Madras factory to Raipur, and now the new Vizagapatam Harbour Railway will help the business. But what was the means of communication in those days? It was country bullock cart, or the bullock alone carrying loads. These bullocks or bullock carts carried merchandise from inland areas to Orissa coasts. Instead of taking back bullocks or carts empty or unloaded, the merchants carried salt on those bullocks or in those empty carts. This was the ancient ballast system in India—a system by which salt is now carried in ships from Liverpool to

India without freight. The same system, however, can be arranged on our Railways, if the Indian coal industry is not compelled to be ruined in competition with South African coal. Indian coal is found in Bihar and Orissa, and it should be enabled to be carried from Calcutta or places near it to command markets in Bombay, Cawnpore and even Lahore. The empty coal waggons may return with salt. Then there will be neither congestion in traffic, nor freight difficulty. Now, this salt industry has been killed by Government in Orissa. The history of it is long and woeful. The Government again, it appears, are determined not to revive it in Orissa. In the 1924-25 budget debates, I raised the question. Government replied that the Bengal Nagpur Railway brings salt more cheaply from Madras to Orissa. The freight across the Chilka Lake was dearer, they said; it was 6 pies dearer per maund. Then, the next year, I desired to know if the Government were prepared to lease out an area for the manufacture, and encourage the industry if a private individual or firm wanted to take up the business. Government tried to dissuade me by suggesting that no one ought to burn his fingers like that in a losing business of this kind. I pressed further to elicit the reply that they would make arrangements for advertising, to the effect that any private company, individual, or firm desiring to open salt manufacture on the Orissa coasts might apply for it, and Government would give them a lease. The Raja of Parikud was encouraged by this assurance to take up the manufacture of Chilka salt, which was the occupation of his forefathers. He has been applying for the last three years, and he is being, I am informed, asked to go from Provincial to Central and Central to Provincial Government. Nothing has been done in the matter till now. Government are very careful, perhaps even now, to see that their subjects are not allowed to burn their fingers. I say there is some motive behind it. Foreign imports of salt into this country are not being tabooed, on the contrary various facilities are afforded to them. Why?

I am not going into any discussion of the publication of the Central Board of Revenue and the recommendations of the Taxation Committee, I should not enter into details. But the gist of the whole thing is that salt is plentiful in India and able even to compete in quality with foreign salt. It is there in Tuticorin, which has only 16 to 80 lakhs of maunds, which will go for local consumption and the Ceylon supply. It is abundant in Karachi. But there is no labour to manufacture it. It would be more than enough for Bengal supply in Northern India. But there would be railway congestion, and there is also the freight difficulty. Is the motive far to seek?

Now, my friend Mr. Duraiswamy Aiyangar has said that 1.6 is the average percentage of magnesium chloride in Madras salt whereas it is 2.005 in nine different salts averaged in Dr. Ratan's book. It is said that magnesium chloride is the difficulty in Tuticorin in regard to crushing the salt for the Bengal market, for the crushing machines cannot long be worked. They get corroded. It may be a difficulty in Tuticorin, but will the Government tell us if, in other factories in Madras, salt of less magnesium chloride variety can be made and crushed for Bengal purposes? We have no knowledge as to that. But I know, as a matter of fact, that scraping can be regulated, and the first crop of salt in Madras factories can be gathered almost as white as foreign salt without any process of artificial evaporating. I am glad to find some arrangements for regulating scraping in the Report of the Madras Salt Department.

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But the secret of the whole thing is that it must be made a source of revenue. That is the main difficulty. I would ask my friend Sir George Rainy how many crores he has got in the railway reserve? It is about 23½ crores. Where did he get the money from? Whenever the railways wanted money, was it not taken from salt? If you want money, salt is laid under contribution—salt is taxed. We do not care for your traffic congestion on the railways. We do not care for your high freight. You must give some of the money back to salt. Salt cannot be made for all time a revenue reserve, and a poor scapegoat for fresh taxation. That is the long and short of it. The revenue that is in the reserve should be made worth the salt from which it has been taken.

Now, I was going to say something about *panga* salt. I say it should be revived again as a cottage industry, which it used to be. Salt is the gift of God and nature and so very necessary for man, animal and the fields. We are not able to give salt to our cattle, and our fields are starving. Though I am glad to learn that salt is well supplied to cattle and animals in our Army, in the cultivators' homes cattle have been without salt for these two generations. Big agricultural projects are in the making directly under the Indian Government. 25 lakhs are being set apart for the purpose. But will all this pomp ever bring salt to our agricultural cattle? Will even twice this 25 lakhs buy duty-paid salt for any fraction of the vast number of our useful animals? Will it supply any percentage of the demand for manure in our fields? Salt is such a necessary of life—to man, cattle, and even crops, and it should be made free. There should be no preventive measures against its manufacture. Let the old cottage industry be allowed to go its merry course. You say *punga* salt is costly for there is scarcity of fuel. But in Orissa only a few years ago, when free manufacture was allowed in the famine area, I know how it was cheap to the poor man. But all the same, I understand how you manage to call it costly. You purchase pans in a factory, prepare the oven for which you employ the services of paid coolies, spend on every little preparation accessory to the process, use fuel purchased at a distance of 300 miles and carry it at a freight, calculate all these items, then by a process of rule of three you find out the rate per maund, and then you say the cost price is 8 as. 6 ps. whereas otherwise it ought to be perhaps less than 3 as. 6 ps. How can that be, may be the question. A villager in his cottage does not purchase his fuel and the members of his family find occupation in the activity. Thus all over the land people were happy in their cottages with industries like this. Salt making was thus a good industry. Now the whole thing has been stopped. With these few words I support the motion.

Khan Bahadur Sarfaraz Hussain Khan (Patna and Chota Nagpur *cum* Orissa: Muhammadan): I do not see why salt in India cannot be made self-supporting by Government. I have with me the Annual Administration Report of the Northern India Salt Department and I find from it the following figures of production of salt. The Sambhar Lake, Didwana and Pachbadra produce 97,20,756 maunds; the Khewra and Wardha mines produce 30,62,223 maunds. Then you have got the Kohat mines producing 4,84,765 maunds and the Mandi salt mines produce 1,28,230 maunds, making a total of 1,33,90,974 maunds. I have left out the other figures, because I could not get those for Bihar and other provinces, but adding up all these figures we get a total of 2 crores of maunds at least. If this

quantity is properly manufactured and the industry is fostered by Government, I don't see why India should not be self-supporting in respect of salt. There would be no need for any importation.

As regards Bengal, Bengal I think is sufficiently patriotic not to take any foreign salt. If you have a sufficiently large quantity of wagons and convey salt from one province to another, and purify the salt properly, and develop and foster the industry, I don't think you will be short of salt and will need to import any.

I simply wish to draw the serious attention of the Government to the figures I have given. It is no good arguing the matter. It is sufficient to give these figures and if you get a sufficient number of wagons to convey the salt from one province to another, that will remove the difficulty. Bengal, as I have said, is sufficiently patriotic to see that no foreign salt is imported.

Maulvi Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): Mr. Kabiruddin Ahmed does not like Indian salt.

Khan Bahadur Sarfaraz Hussain Khan: If he does not like it, let him leave India. (Laughter.) What is the good of his staying on here? (Laughter.)

An Honourable Member: The Assembly will be very dull without him (Laughter).

Khan Bahadur Sarfaraz Hussain Khan: Let them send some other man equal to him? (Laughter.)

If Government only gives attention to this matter, I don't think there should be any difficulty in making India self-supporting in respect of salt. With these words I support the motion.

U. Tok Kyi (Burma: Non-European): Sir, it was not my intention to intervene in this discussion, but the Honourable Mover this morning has invited Members from Bengal and Burma to answer his question. The question is a very simple one. He asks whether the people of Bengal and the people of Burma like foreign salt better than the locally-manufactured salt. This is not a difficult question to answer. My Honourable friend, Mr. Neogy, has already answered for Bengal, and it is now my turn to answer for the people of Burma. I am very glad to answer: "Naturally we Burmans like local salt much better than foreign salt". In the pre-British days, Burma was self-sufficient in regard to supply of salt. But nowadays Government have not given enough encouragement to the local industry in Burma. I will not go so far as to say that they have killed the industry, but I will say this much; that they have not done anything for its encouragement, in fact they have discouraged the industry as much as possible in their power. Only two months ago I happened to visit Amherst Town. It is in a district on the sea-board of Burma where salt is being manufactured. I made it a point to see some of the salt boilers and I made some inquiries about the salt manufactured there. One of my informants said that nowadays it does not pay to manufacture salt. He said that he had to pay the Government a duty of Rs. 54 on every

[U. Tok Kyi.]

thousand viss of salt he had boiled, whereas the cost of production was only a little over Rs. 20; that is, the duty on salt is about 250 per cent. of the cost of production. He further told me that, during the past four or five years, a good number of the salt factories had to be shut down on account of the depressed state of the salt trade. This was in one district. There is another sea-board district called Myaungmya, where formerly a good deal of salt manufacture was done, but since 1926-27 practically all salt manufacture in that district has ceased. Sir, in spite of the fact that Government is in the way, I am glad to note that there is a gradual increase in the output of salt in Burma and a gradual decrease in the quantity of imported foreign salt.

With these few remarks I heartily support the motion moved by my Honourable friend.

Mr. Gaya Prasad Singh: Sir, I would like to know whether my motion No. 37.—Salt-tax policy—Kharagoda Salt Works—is substantially covered by the present motion.

Mr. President: Not at all. It is not covered by the present motion. The Honourable Member will have full opportunity of discussing the motion that he has put down.

The Honourable Sir George Schuster: Sir, it appears to me that the points raised in this debate have touched on rather wider topics than were actually referred to in the wording of the motion. The particular question of making India self-supporting in salt and the undertaking of a Tariff Board inquiry has been dealt with by my Honourable friend Sir George Rainy, who is properly responsible for this aspect of the matter. But the question of the administration of the salt department, which is properly my own responsibility, is also closely connected with that other question, for, as Sir George Rainy has said, the question as to whether the Tariff Board inquiry should be undertaken or not, is largely dependent on another question, namely, whether it will be possible to obtain evidence as to the cost of manufacturing that white crushed salt which really is the only quality of salt which comes in question in connection with this particular matter. Now, in a sense, that brings the matter back to the heading of the administration of the salt department, for it might be argued that the salt department ought to have done more than it has done to encourage the manufacture of that quality of salt. In actual fact, I understand that the manufacture of white crushed salt at Karachi—which at present is the only place in India where it has been demonstrated that it can be manufactured on a commercial basis,—the manufacture, I say, of that quality of salt at Karachi has advanced to what may be described as a commercial stage. The Government itself is not taking any direct part in it, but the Government is directly encouraging private enterprise to take up that manufacture, and the question really is whether the labour supply at Karachi is likely to be sufficient,—and this means—the supply of skilled labour, because in the manufacture of this quality of salt, skill and whole-time labour is required. The question is whether a sufficient supply of that

skilled labour will be available to make the manufacture at Karachi an appreciable factor in the supply of salt for Bengal. As the Honourable Sir George Rainy reminded this House, I myself have only recently come in contact with this matter, and it is going to be one of my earliest tasks to examine this particular question. It seems to me that it is possible that events have moved since Government's Resolution of last May sufficiently far for us to be able to say that there is a *prima facie* case for the Tariff Board inquiry on that particular aspect of the matter. On this particular question, I preserve that open mind which Honourable Members on the opposite benches have asked me to on every possible subject, and until I have myself been further into the matter, I do not like to commit myself definitely about it. But, as I said, I propose to pay an early visit to Karachi, and as a counter to the invitation which my Honourable friend Mr. Duraiswamy Aiyangar offered to me this morning, if he would like to come with me there and have a look into the technical questions that are involved, I should be delighted to have his company. I think there are very difficult technical points involved and I do not think that the whole matter is nearly so easy one as the Honourable Members on the opposite benches would have led us to believe in their speeches this morning. But it is a question which is worth investigating, and, as I say, I propose to investigate it. Subject to that, I should discuss the matter with my Honourable friend Sir George Rainy and the time would then come for making a further announcement on the subject.

Sir, on the general question of administration of the salt department, various questions have been raised in the course of this debate. My Honourable friend Sir Purshotamdas Thakurdas, this morning, made a particular reference to the production of salt at Sambhar, and asked for explanations as to what the Government's conduct in that matter had been, and what its policy for the future was to be. With your permission, Sir, I will reply to the question asked by my Honourable friend, although I realise that you might hold that it is not perhaps directly germane to this subject. But as he has raised it in this debate, I may be allowed to give the information which he has asked for.

The recent shortage in supply of salt at Sambhar is due to a miscalculation as to the probable demand of salt which was made in 1927. In September 1927, as a result of investigations made by Mr. Strathie, the Officer on special duty of the Central Board of Revenue, the Board decided that Sambhar should try to work to a stock balance of 80 lakhs of maunds at the end of a season, that is to say, in the month of June every year. On this basis, the Commissioner was told to restrict the output in the season 1927-28 to 50 lakhs of maunds. This was based on the assumption that the demand on Sambhar would be normal, and that the normal market for Sambhar on the basis of the previous twenty years' figures would be about 65 lakhs of maunds a year.

It happened, however, that, at the very time these orders were issued, forces were at work which invalidated the assumptions underlying the actual recommendation. Prior to the middle of 1926, the price of imported salt at Calcutta was roughly Rs. 65 to Rs. 70 per hundred maunds. As a consequence of the coal strike in England and the shortage of tonnage (a large number of the steamers that bring in salt from Aden, Italian East

[Sir George Schuster.]

Africa and nearabouts are coal steamers from England which discharge coal at Aden, Port Said, etc.), prices at Calcutta went up as high as Rs. 120 per hundred maunds. But even after the coal strike ended in England and conditions in regard to tonnage became more normal, a ring of merchants in Calcutta, who controlled salt prices, kept up the price at that high level for quite a long time—in fact till the middle of 1928, since when the price has fallen by stages to about Rs. 80 per 100 maunds. The result of this substantial increase in the price of imported salt at Calcutta was to throw the marginal markets, notably Northern Bihar, into the hands of Sambhar merchants. The result, therefore, was that, from some time in 1926 onwards, Sambhar had been gaining the Bihar markets at the cost of imported salt. In addition to this, it also appears that even elsewhere Sambhar was gaining to some extent at the cost of competitive sources like Kharaghoda and Khewra. The effect was that, as against an estimated normal demand of 65 lakhs of maunds from Sambhar, the issues during 1926-27 amounted to about 72 lakhs, and in 1927-28 to about 85 lakhs of maunds; and that at the end of June 1928, as against the balance of 80 lakhs which we expected the Department to keep, there was only about 61 lakhs. A mistake of that kind cannot, in the particular circumstances, be rectified quickly.

Salt is produced in Sambhar only between the months of November and May, and the market is averse from taking salt which has not been washed by a monsoon because firstly, if the merchant took wet salt, he would be paying duty, to some extent not on sodium chloride, but on water; and secondly, because salt that has been washed by rain is cleaner and therefore commands a more ready sale. The position thus was that the salt in stock would not be sufficient till after the next year's monsoon, that is, till about September or October 1929, when alone the next season's salt would be fit for handling. That is to say, the stock in June 1928, *vis.*, 61 lakhs of maunds, was much less than 15 months' consumption, as estimated by the merchants. That is how the shortage arose. So far as possible, steps have been taken to avoid it in the future. Actually, Sambhar is working at its maximum output during the present working season, and the neighbouring sources of salt supply have been called into play.

I entirely agree with the general intention of the remarks of my Honourable friend that the Government should not bring itself to a position such as this, which enables a small number of merchants practically to corner the supply of salt, and involves the risk of prices being put up to profiteering level. We ought always to keep a sufficient margin in hand. I will not however go quite so far as he went in saying that it is immaterial how much salt we keep in hand, because we have to consider the loss not only of interest on the cost of production, but loss due to wastage and deterioration. Serious losses were in fact incurred on this account recently at Kharaghoda, where stocks were allowed to mount up to an excessive figure. The fact is that in this case, as in the case of all commercial concerns, we have to keep a balance between excess and shortage of stocks. I can however assure my Honourable friend that the point is being kept well in mind and that everything will be done to avoid a similar occurrence in future.

Then certain points were raised as regards salt production in Orissa, and reference was made by my Honourable friend from Orissa to recent attempts to set up a factory there. The Government of India have no knowledge of the particular allegation. It is an agency subject in Orissa, and it must be the Bihar and Orissa Government that has dealt with the alleged application. However, we will take steps to inquire into the matter.

Generally speaking, the possibilities of producing salt in Orissa are, according to the opinion of the Government, not at all favourable. There are serious physical disadvantages. The brine does not contain as much salt as could be expected, because the fresh water from the rivers flowing into the sea is generally more than the normal quantity. Moreover the country is subject to visitation of cyclones and there is a long monsoon period and humid atmosphere. As far as the Government are concerned, the manufacture of salt became uneconomical when railways brought the salt into Calcutta, as compared with the cost when it was imported by sea. And Government, holding this view, are not prepared to undertake the manufacture of salt on an uneconomical basis.

Pandit Nilakantha Das: May I ask the Honourable Member if he can definitely assure me of his giving a chance to any private individual or company, if they are prepared to take it up?

The Honourable Sir George Schuster: I was just coming to that. I was going to say, that if the Honourable Pandit himself or anybody else liked to apply for facilities to be given to erect a factory, the Government would give him every encouragement.

Sir, that concludes what I have to say on this particular question; but on the general question of the administration of the salt department, and particularly on the question raised by my Honourable friend Mr. Gaya Prasad Singh, which may possibly come up in connection with the succeeding motions, I might say something now, which would save the time

Mr. Gaya Prasad Singh: If the Honourable Member will answer this point just now, I won't raise it on the other motion.

The Honourable Sir George Schuster: I was going to say that I might be able to save the time of the House if, Sir, with your permission, I made my remarks on this point

Mr. President: I am afraid the Honourable Member will not be in order in making his remarks on other cuts at this stage.

The Honourable Sir George Schuster: It was my intention, Sir, to make some general remarks as to my policy in connection with the question of the administration of the salt department.

Mr. President: He should have done so when he made the motion.

The question is:

"That the Demand under the head 'Salt' be reduced by Rs. 100."

The Assembly divided :

AYES—61.

Abdoola Haroon, Haji.
 Abdul Matin Chaudhury, Maulvi.
 Acharya, Mr. M. K.
 Aiyangar, Mr. C. Duraiswamy.
 Aney, Mr. M. S.
 Ayyangar, Mr. K. V. Rangaswami.
 Ayyangar, Mr. M. S. Sesha.
 Belvi, Mr. D. V.
 Bhargava, Pandit Thakur Das.
 Birla, Mr. Ghanshyam Das.
 Chaman Lall, Diwan.
 Chetty, Mr. R. K. Shanmukham.
 Chunder, Mr. N. C.
 Das, Pandit Nilakantha.
 Dutt, Mr. Amar Nath.
 Farookhi, Mr. Abdul Latif Saheb.
 Goswami, Mr. T. C.
 Gulab Singh, Sardar.
 Haji, Mr. Sarabhai Nemchand.
 Hans Raj, Lala.
 Ismail Khan, Mr. Muhammad.
 Iswar Saran, Munshi.
 Iyengar, Mr. A. Rangaswami.
 Iyengar, Mr. S. Srinivasa.
 Jogiah, Mr. V. V.
 Kartar Singh, Sardar.
 Kelkar, Mr. N. C.
 Kidwai, Mr. Rafi Ahmad.
 Lahiri Chaudhury, Mr. D. K.
 Malaviya, Pandit Madan Mohan.
 Mehta, Mr. Jamnadas M.

Misra, Mr. Dwarka Prasad.
 Mitra, Mr. S. C.
 Moonje, Dr. B. S.
 Mukhtar Singh, Mr.
 Munshi, Mr. Jehangir K.
 Murtuza, Saheb Bahadur, Maulvi
 Sayyid.
 Naidu, Mr. B. P.
 Nehru, Pandit Motilal.
 Neogy, Mr. K. C.
 Pandya, Mr. Vidya Sagar.
 Purshotamdas Thakurdas, Sir.
 Rafique, Mr. Muhammad.
 Rahimtulla, Mr. Fazal Ibrahim.
 Rang Behari Lal, Lala.
 Rao, Mr. G. Sarvotham.
 Roy, Mr. B. O.
 Sarfaraz Hoesain Khan, Khan Bahadur.
 Shafee, Maulvi Mohammad.
 Shah Nawaz, Mian Mohammad.
 Shervani, Mr. T. A. K.
 Siddiqi, Mr. Abdul Qadir.
 Singh, Kumar Rananjaya.
 Singh, Mr. Gaya Prasad.
 Singh, Mr. Narayan Prasad.
 Singh, Mr. Ram Narayan.
 Sinha, Kumar Ganganand.
 Sinha, Mr. Siddheswar Prasad.
 Tok Kyi, U.
 Yakub, Maulvi Muhammad.
 Yusuf Imam, Mr.

NOES—43.

Abdul Aziz, Khan Bahadur Mian.
 Alexander, Mr. William.
 Allison, Mr. F. W.
 Anwar-ul-Azim, Mr.
 Ashrafuddin Ahmed, Khan Bahadur
 Nawabzada Sayid.
 Bajpai, Mr. G. S.
 Bower, Mr. E. H. M.
 Bray, Sir Denys.
 Chatterjee, the Revd. J. C.
 Coatsman, Mr. J.
 Cosgrave, Mr. W. A.
 Crawford, Colonel J. D.
 Cramer, The Honourable Mr. J.
 Dalal, Sardar Sir Bomanji.
 French, Mr. J. C.
 Gavin-Jones, Mr. T.
 Ghazanfar Ali Khan, Mr.
 Gidney, Lieut.-Colonel H. A. J.
 Hira Singh, Brar, Sardar Bahadur,
 Honorary Captain.
 Jowahir Singh, Sardar Bahadur
 Sardar.
 Keane, Mr. M.

Lall, Mr. S.
 Lamb, Mr. W. S.
 Mitra, The Honourable Sir Bhupendra
 Nath.
 Mitter, The Honourable Sir Brojendra
 Moore, Mr. Arthur.
 Mukherji, Rai Bahadur A. K.
 Mukherjee, Mr. S. C.
 Rainy, The Honourable Sir George.
 Rao, Mr. V. Panduranga.
 Rau, Mr. H. Shankar.
 Rau, Mr. P. R.
 Roy, Mr. K. C.
 Sams, Mr. H. A.
 Sassoon, Sir Victor,
 Schuster, The Honourable Sir George.
 Shillidy, Mr. J. A.
 Singh, Rai Bahadur S. N.
 Stevenson, Mr. H. L.
 Sykes, Mr. E. F.
 Webb, Mr. M.
 Yamin Khan, Mr. Muhammad.
 Young, Mr. G. M.

The motion was adopted.

Mr. President: The question is:

"That a reduced sum not exceeding Rs. 86,94,900 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1930, in respect of 'Salt.'"

The motion was adopted.

DEMAND NO. 85—FINANCE DEPARTMENT.

The Honourable Sir George Schuster: Sir, I beg to move:

"That a sum not exceeding Rs. 10,74,000 be granted to the Governor General in Council to defray the charge which will come in course of payment during the year ending the 31st day of March, 1930, in respect of 'Finance Department'."

Borrowing policy of the Government of India.

Sir Victor Sassoon: Mr. President, I propose to move my cut:

"That the Demand under the head 'Finance Department' be reduced by Rs. 100." so that I may deal with the borrowing policy of the Government of India.

Sir, this question has already been referred to by speakers during the general debate on the budget, notably by my Honourable friends
4 P.M. Mr. Shanmukham Chetty and Sir Purshotamdas Thakurdas, and has also in part been replied to by the Honourable the Finance Member—which makes my task, on the one hand, easier and on the other, rather more difficult in a way which will no doubt be appreciated by the House, because the difficulty is merely that there is not so much to talk about as there might otherwise have been.

I understood, Sir, that Sir Purshotamdas Thakurdas' criticism of the borrowing policy of the Government was rather to the effect that it, if it were a private commercial concern, would be a company taking call loans for capital purposes. He pointed out how various items, such as the Savings Certificates, were being used for part of the general borrowing policy of the Government, and the result of taking such action, instead of making issues of long-term loans, would necessarily be an additional risk to Government. If I have understood my friend correctly, I entirely agree with him in this respect. Although a company, by taking call loans, may get that money at a cheaper rate of interest and therefore make a slight saving every year, that saving would be obtained at a very serious risk because, just at the time when the company may be needing finance most, at a time of tight money for instance, there would then always be a risk of these loans being called in, thus adding to the difficulty of the administration. Therefore, although the previous Finance Member may have found this policy of advantage to him, there is no doubt that it is a risky proceeding and it would make the task of a Finance Member more difficult if the series of good monsoons we have had so far were to cease and if we were to have an unlucky streak of bad monsoons. The previous administration has been enabled to reduce loan issues. The advantage to the previous administration of this reduction of borrowings has been that it caused a temporary shortage of Government securities available for investment. There was more money waiting to be invested in high-class securities than there were securities available. That naturally caused a temporary shortage, which forced up the price of Government securities, and so lowered the interest payable, and there is no doubt that the Government did have an advantage in consequence of floating their loans at a low rate of interest—at a rate which was unduly low

[Sir Victor Sassoon.]

even considering the good credit of this country; for I do not think that any Member of this House will maintain that the credit of India is so high that in the world's money markets she could obtain her capital necessities at a lower rate of interest than Great Britain herself would be able to do; and that was actually what was happening at the moment. At that particular moment, those that invested in the Government of India Loan issue were obtaining a smaller return than could have been obtained by buying British Government security even in gold dollars in the United States. To this extent therefore the Government of India derived some advantage by its policy; but the main disadvantage to my mind, which was a consequence of the action of the Government of India, was that capital, which was desirous of being invested in Indian Government securities, was driven abroad. That capital, which was perfectly prepared at that particular time to invest itself in Government of India securities, went out of this country and was invested in foreign gilt-edged securities, and is therefore to-day not available for the needs of India. That is, to my mind, one of the greatest disadvantages of that policy, and I do feel that if, instead of financing these capital requirements in the way that Sir Purshotamdas Thakurdas pointed out was done, an increased loan had been issued, although possibly a slightly higher rate of interest might have had to be paid, the Government of India would have financed a larger proportion of its requirements for the future and would not have been in the position, which may now happen, of wanting to make larger loans than the market can absorb.

My Honourable friend, the Finance Member, pointed out the other day that the country was suffering rather from a shortage of capital than from a shortage of currency. With that statement I associate myself entirely. I therefore do not quite understand how, with that opinion, he so much emphasised the fact that he would only borrow abroad if he found it impossible to satisfy his needs in this country. I agree that the question is somewhat an academic one as I shall explain in a moment or two. But to my mind the only state of circumstances which would justify a statement of that kind would be if there were sufficient capital in this country not only for Government needs but also

Mr. President: Is the Honourable Member going to take long?

Sir Victor Sassoon: No, Sir, ten minutes.

(It was noticed that the Chamber clock had stopped.)

Mr. President: Can the Honourable Member make the clock move? I wonder which Member of the Government of India is responsible for seeing that the clocks in the Chamber are in working order. If the Government of India are going to non-co-operate with this House in this way, I do not see why the Chair should help them in the transaction of official business! The House stands adjourned till Monday morning at 11 o'clock.

The Assembly then adjourned till Eleven of the Clock on Monday, the 11th March, 1929.