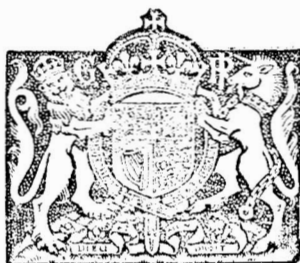


LEGISLATIVE ASSEMBLY DEBATES

WEDNESDAY, 20th FEBRUARY, 1929

Vol. I—No. 15

OFFICIAL REPORT



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LEGISLATIVE ASSEMBLY.

Wednesday, 20th February, 1929.

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

QUESTIONS AND ANSWERS.

REGULATION OF HACKNEY CARRIAGE TRAFFIC AT CUTTACK RAILWAY STATION.

676. *Mr. Ram Narayan Singh: (a) Has the attention of Government been drawn to a report published in the *Searchlight* of Patna in its issue of the 6th February, 1929, that at the Cuttack railway station, all hackney carriages have always gone up to the main gate of the station to let down or take passengers since the establishment of the station there, and that the railway authority of the station, at the instance of the Sub-Divisional Officer of Cuttack, has recently passed orders making it compulsory for all hackney carriages to be kept at a very long distance from the said gate, thus causing a great inconvenience to passengers?

(b) Do Government propose to take any steps in the matter?

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

(b) No. The matter is one for the local civil authorities to decide in consultation with the railway authorities.

Mr. Ram Narayan Singh: May I know whether the servants of the Railway have to obey the orders of the local executive officers?

Mr. A. A. L. Parsons: I imagine so, if it is a matter of traffic regulation outside railway premises.

NUMBER OF MONEY ORDERS DELIVERED TO WRONG PERSONS IN BENGAL AND BIHAR AND ORISSA.

677. *Mr. Ram Narayan Singh: (a) Will Government be pleased to state the number of ordinary postal and telegraphic money orders, with their respective amounts, which, either through mistakes or dishonesty of the officers in charge, have been delivered to persons other than the actual payees in the two provinces of Bengal and Bihar and Orissa within the last five years?

(b) Has the Postal and Telegraph Department refunded the money to the sender in each case? And if so, what is the departmental procedure which is generally followed before making such payments, and from what item of the budget is the expenditure met?

(c) In how many cases, did the enquiry result in finding officers of the department guilty of embezzlement, and what further steps were taken in each case and with what final results?

The Honourable Sir Bhupendra Nath Mitra: The detailed information asked for by the Honourable Member is not readily available and, as it would involve a great deal of labour to compile it, I do not propose to put this in hand. The procedure generally followed, before making payments in such cases, is that the particulars of the case are investigated by the local postal officials, and as soon as the liability of the department has been established, payment is made promptly to the person entitled to it. Losses entailed by such payments are charged off against the revenues of the Posts and Telegraphs Department under the headings "Losses, etc., written off—Irrecoverable overpayments".

Mr. Ram Narayan Singh: With your permission, Sir, I inform the Honourable Member that a telegraphic money order No. 4930 for Rs. 50, dated Hazaribagh, 6th February, 1928, remitted by one Ramsewak Sukul has not been delivered to the proper person and although the fact has been inquired into and proved to the satisfaction of the department, the money has not been yet refunded to the remitter.

The Honourable Sir Bhupendra Nath Mitra: If the Honourable Member will be kind enough to bring the facts of that individual case to my notice, I shall do my best to expedite matters.

Mr. Gaya Prasad Singh: And pay out the money also? (Laughter).

INSTRUCTIONS ISSUED BY THE AGENT, NORTH WESTERN RAILWAY, REGARDING THE SUBMISSION OF MEDICAL CERTIFICATES BY THE RAILWAY STAFF.

678. ***Mr. Gaya Prasad Singh:** (a) Will Government please state whether it is a fact that instructions have been issued by the Agent, North Western Railway, that medical certificates recommending Railway staff for leave issued by Railway medical officers other than the medical officer in charge of the section in which their headquarters are located, will not be accepted, and that disciplinary action will be taken against the Railway staff who present such certificates? If so, why?

(b) Is it a fact that, under these instructions, in the event of staff falling sick away from their headquarters section, the medical officer in charge of the section in which they happen to be, will not recommend them for leave, even if it is absolutely desirable and urgently needed, but will give them such treatment as is considered necessary by him, and instruct them to return to their headquarters as soon as they are considered fit to travel for reporting to the medical officer in charge of the section in which their headquarters are located? If so, what is the object of these orders?

(c) Do Government propose to order cancellation of these instructions and order acceptance of medical certificates from all medical officers wherever the Railway staff concerned happen to be?

Mr. A. A. L. Parsons: (a) Yes. The instructions apply to medical certificates recommending the grant of long leave for change of air.

(b) Yes. Staff reporting sick away from their headquarters are not required to return to their headquarters until they are fit to travel. Medical officers in charge of sections have instructions to report to the Chief Medical Officer for orders any case in which it is considered that strict adherence to the rules would inflict hardship on the employee.

(c) No. The issue of the orders referred to was found to be necessary on account of the difficulties caused to the administration by the production of certificates obtained irregularly recommending long leave.

RECRUITMENT OF RAILWAY "CREWS" IN THE LUCKNOW DIVISION.

679. ***Mr. Muhammad Ismail Khan:** (a) Is it a fact that in 1927 Mr. Gulam Mohammed Khan was deputed by the Agent, East Indian Railway, with the consent of the Railway Board, to organise the Crew Department in the Lucknow Division?

(b) Did the candidates recruited to the supervising staff possess the necessary qualifications?

(c) How many of them were Mussalmans and are they still serving in this Department?

(d) How many Mussalmans were taken as crewmen and crews, and is it not a fact that most of them have been reverted since the appointment of the present crew officer?

(e) Was Captain B. F. Williams put in charge of this Department? If so, why has he been reverted?

(f) Does the present crew officer possess the necessary qualifications for the post to which he has been appointed?

(g) Is it a fact that the vacancy of a crew-in-charge has been filled up by direct recruitment and that the claims of senior ticket collectors have been overlooked?

Mr. A. A. L. Parsons: (a) and (b). Yes.

(c) to (g). Except that the officer mentioned in part (e) was at one time in charge of the Department and has now been posted to some other appointment, Government have no information. They will, however, make enquiries with regard to parts (c) and (d) of the question and will let the Honourable Member know the result.

INCONVENIENCES AND ENHANCED RENTS OF BUNGALOWS FOR ORTHODOX MEMBERS IN FEROSHAH ROAD, NEW DELHI.

680. ***Mr. S. C. Mitra:** (a) Is it a fact that rents of bungalows for orthodox Members on Ferozshah Road have been considerably enhanced this year? If so, what is the reason for it?

(b) Is it a fact that occupants of the Ferozshah Road bungalows are required to make their own arrangement for sweepers, unlike occupants of other quarters? If so, what is the reason for this difference?

(c) Is it a fact that no table lamps or plugs are provided in Ferozshah Road bungalows? Are not other quarters provided with reading lamps and plugs?

(d) Is it a fact that servants' quarters and store rooms in these bungalows are not provided with lights? If so, why?

(e) In view of the enhancement of rents in these bungalows this year, do Government propose to remedy these inconveniences?

The Honourable Sir Bhupendra Nath Mitra: (a) There has been a slight enhancement of rent which represents a distribution of the charge on

account of certain work charged establishment (namely, farashes and a supervisor of quarters) whose services were omitted to be charged for last year, though they were similarly charged in respect of other quarters occupied by Members of the Legislature. For the rest, there has been a change of practice, as the rents now include the cost of electrical energy, water consumed and the replacement of electric bulbs, which was billed for separately in the past.

(b) By an oversight, certain sweepers were omitted to be engaged for some time. The omission has now been supplied and a refund will be made in respect of the pay of the sweepers which was included by mistake in the rent already recovered.

(c) No quarters of this type of bungalows (namely Orthodox D) are provided with table lamps or plugs; nor does the rent include any charges on this account. Quarters of other types include this provision, on which additional rent is recovered.

(d) The provision does not exist in any bungalows of this type.

(e) (b) is being remedied; (c) and (d) will be remedied if there is a general demand for the provision of these conveniences and on the understanding that additional rent will be payable on this account.

PAY IN THE ACCOUNTS DEPARTMENT OF EMPLOYERS HOLDING CERTAIN DEGREES.

681. ***Mr. Siddheswar Prasad Sinha:** (a) Will Government be pleased to state if Bachelors of Commerce carry the same value in respect of pay for recruitment in Government service, especially in the Accounts Department, as those holding the B.A. and B.Sc. degrees, stating reasons for differential treatment, if any?

(b) Is it a fact that those holding the B. A. and B. Sc. degrees start on higher salaries than Bachelors of Commerce in the office of the Accountant General, Central Revenues?

The Honourable Sir George Schuster: Enquiries are being made and a reply will be sent to the Honourable Member in due course.

DELAY IN GRANTING CASUAL LEAVE TO EMPLOYEES OF STATE RAILWAYS.

682. ***Mr. Siddheswar Prasad Sinha:** (a) Are Government aware that employees in the State Railways have to wait for a long time to obtain permission to avail themselves of casual leave, even for urgent work; thus defeating the purpose for which leave is sought?

(b) Is it a fact that employees in State Railways are not allowed to avail themselves of leave on account of shortness of relieving hands? If not, what are the other reasons for such unusual delays?

(c) Are Government aware that railway servants have to suffer great loss and hardships for such delays?

Mr. A. A. L. Parsons: I would refer the Honourable Member to the reply which I gave to Khan Bahadur Sarfaraz Hussain Khan's unstarred question No. 140 on the 28th of January, 1929. Casual leave cannot of course be claimed as of right, but Government are aware that, at any rate on the East Indian Railway, it may be necessary to appoint more relieving staff in certain branches, and this question is being examined.

RACIAL DISCRIMINATION IN RULES FOR ENTERING THE TAJ MAHAL, AGRA.

683. ***Mr. V. V. Joglah:** (a) Are Government aware, that at the entrance of the Taj Mahal at Agra, Indians are asked to leave their shoes, while the Europeans are allowed to go with shoes on into the Taj?

(b) If so, will Government state why this racial discrimination is made? If not, will Government be pleased to enquire and issue orders to make no such discrimination if the facts as stated are true?

Mr. J. A. Shillidy: Under rules framed by the Local Government under section 15 (1) of the Ancient Monuments Preservation Act, visitors to the Taj Mahal are required, as a matter of respect, either to remove their shoes or to take off their hats. This rule has apparently been framed to provide for differences of national custom in such a matter.

Diwan Chaman Lall: May I ask the Honourable Member whether it is the national custom nowadays for Indians to take their shoes off?

Mr. J. A. Shillidy: I understand it is more or less the national custom. Those who do not take off their shoes will take off their hats.

Diwan Chaman Lall: Does the Honourable Member realise the absurdity of this?

Mr. J. A. Shillidy: I am afraid I am unable to realise the absurdity of it.

Diwan Chaman Lall: Will the Honourable Member take steps to have this rule removed?

Mr. J. A. Shillidy: If necessary, we will inquire into that matter.

EXCESSIVE WORKING HOURS OF TICKET COLLECTORS AND GRANT OF UNIFORMS TO MENIALS AT MUTTRA STATION ON THE GREAT INDIAN PENINSULA RAILWAY.

684. ***Mr. V. V. Joglah:** (a) Is it a fact that at Muttra, on the Great Indian Peninsula Railway, about 42 trains pass within a period of 24 hours daily, and every day 6 out of the 14 ticket collectors attend to them?

(b) Is it also a fact that each ticket collector is made to work for 12 hours on week days and 18 hours on a Sunday?

(c) If so, are Government prepared to reduce the working hours of each ticket collector to 8 hours?

(d) Is it a fact that at Muttra, on the Great Indian Peninsula Railway the menial staff and some of the other officials of the Railway are entitled to get uniforms every winter?

(e) If so, are Government aware that the menial staff could not get the same this winter, though the winter season has almost passed?

(f) Do Government propose to set right the matter by granting them this year's uniforms even now and directing that the uniforms should be supplied to them hereafter in time before the winter begins?

Mr. A. A. L. Parsons: I am making enquiries from the Agent of the Great Indian Peninsula Railway, and will let the Honourable Member know the result.

Diwan Chaman Lal: May I ask the Honourable Member when he got notice of this question?

Mr. A. A. L. Parsons: I have not got the exact date—I suppose about ten days ago.

Diwan Chaman Lal: Does it take all that time to make inquiries in a matter of this kind?

Mr. A. A. L. Parsons: Yes, certainly. If the Honourable Member will read the question, he will discover that the inquiry must go to the Agent who would have to repeat it to Muttra.

UNSTARRED QUESTION AND ANSWER.

EXAMINATION FOR APPOINTMENT OF INSPECTORS, HEAD CLERKS, ETC., IN THE POSTAL DEPARTMENT.

245. **Mr. C. S. Ranga Iyer:** (a) Will Government be pleased to state whether it is a fact that the lower selection grade examination for the appointments of Inspectors, Head Clerks to Superintendents and in the general line was introduced in the Postal Department last year and was thrown open to senior willing officials, without any restriction of age limit and hindrance of nomination, on the basis of ten times the number of estimated vacancies each year in a Circle?

(b) If so, will Government be pleased to state whether it was deferred twice and finally postponed *sine die*?

(c) If the reply to part (b) is in the affirmative, will Government be pleased to state the circumstances leading to the postponement, and furnish the probable date when the examination will be held in its originally proposed form as stated in part (a)?

(d) If the original scheme has been abandoned, will Government be pleased to state the reasons for its abandonment without giving it a trial, and are Government considering the advisability of holding an examination of Inspectors and Head Clerks to Superintendents on the old lines? If so, who will be permitted to appear in it, and will there be any restrictions? If so, why?

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

(b) The examination was first fixed for December, 1928. It was postponed till March, 1929, and again postponed *sine die*.

(c) The first postponement was directly due to non-receipt from the Press of certain newly published departmental books of reference which could not be obtained for the use of candidates in time for the examination. The second postponement was due partly to the same reason, partly to administrative reasons. As the whole matter is under reconsideration, Government regret that they cannot at this stage state definitely, either the probable date of the examination, or whether it will be held in its originally proposed form.

(d) In view of what has been said in answer to part (c), this question does not arise.

NOMINATION OF MEMBERS FOR THE STANDING ADVISORY COMMITTEE FOR THE DEPARTMENT OF EDUCATION, HEALTH AND LANDS.

Mr. President: I have to inform the Assembly that up to 12 noon on Wednesday the 18th February, 1929, which was the time fixed for receiving nominations for the Standing Advisory Committee for the Department of Education, Health and Lands, only six nominations had been received. As the panel will consist of nine members and only six have been nominated, I appoint a further period up to 12 noon on Thursday the 21st February, 1929, within which nominations will be received. The election if necessary will take place in this Chamber on Monday the 4th March, 1929.

ELECTION OF MEMBERS FOR THE STANDING FINANCE COMMITTEE.

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

1. Mr. S. C. Mukherjee.
2. Sir Darcy Lindsay.
3. Dr. B. S. Moonje.
4. Diwan Chaman Lall.
5. Mr. Gaya Prasad Singh.
6. Haji Chaudhury Mohammad Ismael Khan.
7. Mr. Amar Nath Dutt.
8. Maulvi Sayyid Murtuza Sahib Bahadur.
9. Revd. J. C. Chatterjee.
10. Colonel J. D. Crawford.
11. Nawab Sir Sahibzada Abdul Qaiyum.
12. Mr. Muhammad Ismael Khan.
13. Rai Bahadur Tarit Bhusan Roy.
14. Mr. Sarabhai Nemchand Haji.

BILL PASSED BY THE COUNCIL OF STATE LAID ON THE TABLE.

Secretary of the Assembly: In accordance with Rule 25 of the Indian Legislative Rules, I lay on the table a Bill further to amend the Presidency-towns Insolvency Act, 1909 for a certain purpose, passed by the Council of State at their meeting held on the 19th February 1929.

THE PUBLIC SAFETY BILL.

PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

The Honourable Mr. J. Grerar (Home Member): Sir, I beg to present the Report of the Select Committee on the Bill to check the dissemination in British India from other countries of certain forms of propaganda.

THE ABOLITION OF DEFERRED REBATES BILL.

Mr. Sarabhai Nemchand Haji (Bombay Central Division: Non-Muham-
madan Rural): Sir, I beg to move:

"That the Bill to provide for the abolition of the deferred rebates in the coasting trade of India be referred to a Select Committee consisting of the Honourable Sir George Rainy, Mr. Ghanshyam Das Birla, Colonel J. D. Crawford, Mr. C. Duraiswamy Aiyangar, Mr. A. H. Ghuznavi, Haji Abdoola Haroon, Mr. Jamnadas M. Mehta, Mr. K. C. Neogy, Sir Purshotamdas Thakurdas, Maulvi Muhammad Shafee, Mr. B. K. Shanmukham Chetty, and the Mover, and that the number of Members whose presence shall be necessary to constitute a meeting of the Committee shall be four."

Sir, the Bill which I now have the honour to move for reference to Select Committee is one which, in more senses than one, is complementary to the Bill for the Reservation of Coastal Traffic which is now before the Select Committee of this Honourable House.

Sir, the two Bills put together may be said to touch upon two important aspects of the important question of the development of an Indian mercantile marine. Nothing could be better than the simultaneous passing by this House of both the Bills at about the same time, but I claim that the Bill now before the House is one which is necessary in the interests of Indian shippers and shipowners, and of Indian trading generally, irrespective of the fate of the other Bill.

Sir, this Bill, though it is co-related to the other, is not contingent upon the passing of the Coastal Bill. The deferred rebates system is a system which is operating in the coasting trade of this country and elsewhere and it has done already a lot of harm in the past both to the shippers and to the new shipowners, and it is likely to do still more harm as the desire for an Indian mercantile marine grows in this country, and would most certainly be checked if the deferred rebates system is not abolished by law. The abolition of this system is necessary in order to enable the entry of new lines into the coasting trade, in order to facilitate the growth of a national mercantile marine which has to fight, under present-day conditions, powerful combinations. They may be combinations of Indians only, or they may be combinations of non-Indians only, or they may be combinations of both.

I claim, Sir, that whether it is a combination between one set of ship-owners or the other, it is a monopoly, and the operation of that monopoly is of such a vicious character that every step should be taken to abolish that monopoly, and the best way to do so is to abolish the deferred rebates system. The deferred rebates system is the method by which a shipping conference continues to exercise its hold on the shipper. The hold is permanent, and as a result we have the transformation in the Indian coastal trade of one or two shipping companies into a powerful monopoly, which, in its own interests, prevents the further advent of new tonnage owned by rival owners in the trade concerned.

Sir, I could not do better than draw the attention of this Honourable House to the fact that this question of shipping rings and deferred rebates was examined at great length in 1907 in England, when a Royal Commission was appointed to go into the whole subject, and, with your permission, I will just read to this House the definition of a shipping ring or a conference as given in the Report of this Royal Commission:

"A Shipping 'Ring' or 'Conference' is a combination more or less close of shipping companies formed for the purpose of regulating or restricting competition in the

carrying trade on a given trade route or routes. The vessels employed by these companies are usually of the class known as liners, i.e., vessels of high class and speed, sailing and arriving at fixed dates advertised beforehand. In addition to mail steamers and passenger steamers, they include vessels which carry cargo only and are known as cargo-liners. In some cases vessels which operate elsewhere and at other times as tramps are also employed by the Conference Lines."

This will make it clear to the House that the conference system is an alliance between one or more ship-owners in order to control the operations of shipping in a certain specified area. The area with which this Bill is concerned is the coasting trade of this country, and I claim that, in order to develop an Indian mercantile marine on what I might call a small scale development, it is necessary that this system should be abolished and the existence of a conference, of which the nature I have just pointed out to the House should be made impossible.

Sir, the deferred rebate system is relatively a modern innovation. We have it on the high authority of Sir Thomas Sutherland, who was at one time Chairman of the Peninsular and Oriental Company:

"Conferences, pooling arrangements, and rebates were unknown in the Eastern trade until some years after the Suez Canal was opened. The carrying trade was free at all points to whosoever might choose to put his capital into it, and yet rates of freight were then higher than they have ever been since. This state of affairs was due to the fact that the supply of steam tonnage was then limited. But in a very few years an entire change in the situation was evolved"—

This is the point of importance,—

"by what was called the compound engine, and the tonnage in the Eastern trade soon outstripped its requirements. The natural result was impoverished rates and a struggle for existence, which led to several lines withdrawing from the field, although they had entered under fair enough auspices. It was in the late seventies that the remaining lines, then engaged in a hand to hand competition, began to draw together so as to stave off disaster by coming to arrangements between themselves and with their customers."

It should be noticed that the beginnings of the conference and of the rebate system are to be traced to a time when, owing to the development of science, there was such a keen competition among the shipowners that the rates began to go down. At that stage in the evolution of shipping, instead of allowing the natural forces to apply, the shipping companies combined together to stave off, as it is said, the disaster by evolving the conference system and the deferred rebate system. As I said before, the first conference was started in the seventies of the last century and I will just give you, Sir, a few historical details so as to give you an idea as to how that system grew almost by leaps and bounds in a few years following the date of origin. The first shipping ring—and here it is interesting to observe that its beginnings were laid in the trade of this country—the first shipping ring, the Calcutta Conference, was formed in 1875. It consisted of the Peninsular and Oriental Company, the British India Company and one or two other lines in London, George Smith and Sons, the City Line of Glasgow, Rathbone Bros. and Co. and T. & J. Harrison of Liverpool. After experimenting with various forms of contract between the shippers and shipowners, the system of deferred rebates was introduced in 1877 and applied to the shipment of Manchester piece goods. Having benefitted by the system, the shipping companies lost no time in extending the system to other trades and routes. It was introduced in the China trade in 1879, in the Australian trade in 1884, in the South African trade in 1886, in the West African trade in 1895, in the River Plate and South Brazil trades in

[Mr. Sarabhai Nemchand Haji.]

1896, in the North Brazil trade in 1895 and in the trade to the west coast of South America in 1904. Practically, Sir, by the beginning of this century there was no overseas business with the exception of the Atlantic trade, and the carriage of cargoes of coal outward from the United Kingdom, that had not come under the operations of this vicious system. The result of this has been that in the early years of this century, this rebate system was further introduced into the coasting trade of India and we have had the evidence of Indian merchants before the Indian Mercantile Marine Committee to show that, ever since its introduction, the deferred rebate system has worked in the putting of various hardships upon the merchants and in the prevention of new companies being able to get into the coasting trade. Sir, with your permission, I would draw the attention of the House to the definition of the deferred rebate system which is given in the Bill and I will just point out how the system works in operation. Its operation results in the shippers being, so to say, enslaved by the shipping company practically for good. The system of deferred rebates works in practice as under. The companies issue a notice or circular to shippers informing them that, if at the end of a certain period, usually four or six months, they have not shipped goods by any vessels other than those despatched by the members of the conference, they will be credited with a sum equivalent to a certain part, usually 10 per cent. of the aggregate freights paid on their shipments during that period, and this sum will be paid over to them, if at the end of a further period, usually four or six months, they have continued to confine their shipments to vessels belonging to the members of the conference. The sum so paid is known as deferred rebate.

I will now give a practical illustration. In the Indian coastal trade at the present day the amount of rebate payable may be said to be approximately 10 per cent. of the freight paid by the shipper. Now rebates are calculated in respect of two six monthly periods ending with 30th June and 31st December respectively, but their payment to the shipper is not due until a further period of six months has elapsed. That is to say as to the shipments made between the 1st January and 30th June the rebates are payable on the 1st January following and as to shipments made between the 1st July and 31st December, rebates are payable on 1st July next. It follows therefore that in every case it is practically impossible for a shipper to get away from the particular shipping company or the Conference without a great loss to himself. As a matter of fact, he cannot get away unless he is prepared to lose the rebate locked up with the shipping company. The amount of rebate may vary according to the importance of the shipper, say from Rs. 5,000 to Rs. 50,000. Thus, Sir, it will be noticed that the result of the operation of the deferred rebate system is to keep the shipper tied to the shipowner in perpetuity. It is impossible for a man to get out of the clutches of the conference once he has been taken in. It is quite clear therefore that the system acts in a way to restrain the freedom of the trader, and moreover, by so restraining his freedom, it prevents, particularly, the Indian shipper, from encouraging Indian shipping companies, because if he does so his rebate locked up with the shipping conference will be forfeited.

I am aware, Sir, that it is usual for shipowners to urge that there are very many advantages of this system and that therefore it should be allowed to continue to operate. But my study of this subject, both with regard

to the Royal Commission's Report and later developments, the Report of the Imperial Shipping Committee on this subject in 1928, as also my study of the opinions that were expressed by Indian merchants before the Indian Mercantile Marine Committee, and lastly the opinions expressed by Indian Merchant Associations on this Bill, my study of all these together with my practical knowledge of the working of the system does not show that in any one of these cases, unless I am greatly mistaken, the Indian merchants, as such, have welcomed the conference system or its operation. I am aware, Sir, that there are merchants and probably some of my friends here in the European group are included among them—who favour the continuance of the deferred rebates system. But, as has been pointed out by a number of witnesses before these Committees and Commissions, shippers who take up the cause of the shipowners in connection with the question of the deferred rebates are generally people who are interested not only as shippers of goods but also as agents of shipping companies. No doubt it is true that the conditions prevailing in India to-day are also to be found in other parts of the world; but in India the combination of powerful non-Indian shipping companies with equally powerful non-Indian shippers, has resulted in the Indian merchants being brought into submission by the shipping Conference, and the Indian shipowners being driven out of the field, with the result that you have in operation to-day even a Conference system, whose main purpose—it may be more difficult to fulfil it now than perhaps it was hitherto owing to awakened public opinion—whose main purpose it is to prevent the entry of new companies into the coasting trade of India. It is usual to claim that—and I have no doubt it will be claimed by some of my friends who will speak against this motion—the deferred rebates system enables the shipping company to provide for the shippers regular sailings of high class steamers at stable and uniform rates of freight. With your permission, Sir, I should like to examine more fully these so-called advantages of the deferred rebates system.

Sir, with regard to the regular sailings, it is a fact that there were regular sailings in the trade long before the conference system was inaugurated. We have, for example, a statement of Sir Stephen Demetriadi, a prince of merchants in England, to the effect that regular sailings were known before the deferred rebates system was introduced. Moreover, Sir, where the sailings are regular, on a closer examination we find that the regularity is not the result of the goodwill of the shipowner towards the shipper, but usually the result of the payment of the mail subsidy, one of the conditions of which is that the sailings must be regular. Therefore, it is unfair to allocate to the Conference system the advantage which accrues from subsidy payments in connection with the carriage of mails. Moreover, Sir, it is said that one of the benefits of the deferred rebates system is that very high-class steamers are provided; even cargo steamers, have come to be regarded as cargo liners. But, Sir, this is not due to the operation of the deferred rebates system at all. If there are large vessels available to-day and if the comforts of passengers are much greater than, say, in the middle of the last century, and if the speed is higher and the sailings are regular—all these advantages have accrued because of progress in scientific achievement and the higher standard demanded both by the shipper and the passenger. And it is a fact which cannot be challenged that, even today, in those trades where the deferred rebates system does not operate, equally high-class steamers giving equally regular sailings are to be found. So far, Sir, as the coasting trade of India is concerned, I

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challenge any Honourable gentleman to prove that any vessels other than passenger vessels belonging to companies getting mail subsidies provide regular sailings. After all, even where regular sailings are provided, they are sailings between one or two important ports. So far as service along the coast is concerned, it would be incorrect to say that the steamers, the cargo steamers particularly to which the deferred rebates system, mostly applies, arrive at stated hours or stated days and leave at stated hours or stated days. Nothing of the kind, Sir. What happens is that a ship arrives at a port only when there is a demand and leaves a port only when the shipowner thinks that the ship has been filled up or that there is a demand for the ship at another port. Therefore, Sir, I fail to understand how it is possible to claim for this system those advantages which have resulted, as I said, from the progress of civilization and the demands of the customers. As a matter of fact, Sir, even where this system of deferred rebates, as has been stated before, does not operate, there are afforded all these advantages, and I claim that if the system of deferred rebates is abolished, the advantages will continue to operate irrespective of the existence or non-existence of the Conference and the deferred rebate systems.

It is, moreover, stated, Sir, that the deferred rebate system enables the shipowner to give the shippers the advantages of uniform and stable rates of freight. Now, I shall be the last man in the world to discount the importance of stable and uniform rates; but, Sir, it should be remembered that these stable rates are pitched very high by the shipowners in their own interests, and their uniformity lies in the fact that they are high throughout the trades in which the system operates. I will give you an example showing certain facts of Indian trade as put before the Imperial Shipping Committee in 1923, I believe, by Sir Stephen Demetriadi to the effect that in the trade between Bombay and the United Kingdom, and Calcutta and the United Kingdom, there has been an enormous disparity in the rates owing to the fact that, while in the Bombay trade there is no Conference or deferred rebate system, in the Calcutta trade, at least since 1919, the rebate system has been introduced. Here, Sir, I have got figures to show that while on 1st December, 1920, the rate from Bombay to the United Kingdom was 56s. 3d., the rate from Calcutta was 115s. On the 15th December, 1920, the Bombay rate was 43s. 9d., and the Calcutta rate was 115s. On the 3rd January 1921, the Bombay rate was 31s. 8d., while the Calcutta rate was 85s., because Calcutta has the Conference system and Bombay has not. On the 15th January, 1921, the Bombay rate was the same, viz., 31s. 8d., and the Calcutta rate was 70s., and even where the rates have come down in Calcutta, they have not come down to that level which would have been normal if natural competitions had been allowed to operate. We find that on the 15th February, 1921, while the Bombay rate remained the same as before, namely, 31s. 8d., the Calcutta rate was 55s. On 1st March, 1921, the Bombay rate was 31s. 5d., and the Calcutta rate was 55s. Now, Sir, it is stated that the Calcutta voyages are at least one week longer than the voyages from Bombay, but that means that if Bombay to the United Kingdom takes say 4 weeks, Calcutta to the United Kingdom must take 5 weeks. That would account only for an addition of one-fifth to the Bombay rate. If the freedom of shipment was guaranteed to the shippers on the parity of the Bombay rate of 31s. 8d.,

the Calcutta rate should not exceed 40 shillings at the most as against which we find the Calcutta rate to be 55. I have in these figures which I have taken from the Report of the Imperial Shipping Committee found that the necessary modifications have been made in connection with the quoted rates because the measurements and other factors in Calcutta are different from those in Bombay. Taking the two rates on an absolutely uniform basis the Calcutta rate was in March, 1921,—a date when all shipping rates were coming down—higher than the Bombay rate by 15 shillings and in boom times the difference varied from 40 to 60 shillings. The only fact which can explain this big difference is the existence of the rebate system in the Calcutta trade from 1919 onwards and the absence of that system in the trade from Bombay. I shall not weary the House with present day figures because I want to put before you authenticated statements which have been made by responsible people in England and which have been reproduced in the Report volumes of authoritative English Committees. It is therefore not at all to be wondered at if we find that whenever shippers' opinion has found expression on the subject that opinion has always been against the operation of a deferred rebate system. In 1907, Sir, when the question of deferred rebates was being considered by the Royal Commission in England steps were taken to get the opinions of Indian shippers and other people interested in the Indian trade for the benefit of the Royal Commission, and we find that in the course of those opinions, officers of Government or of public bodies, like the Collector of Customs and Port Officers at various ports, have expressed opinions hostile to the deferred rebate system. Not only that, but I shall be glad to quote you the opinion of, I think, a Government officer, the Collector of Customs, Calcutta, wherein it is stated that he was aware of the use which a shipping company was making of the deferred rebate system to get out of competition an Indian rival in the trade. But, Sir, it is not only Indian merchants who are opposed to this system. I find on going through the pages of the Evidence volume of the Royal Commission's Report, that besides the Government officers I mentioned before, we have in opposition to the deferred rebates the Calcutta firms of Messrs. G. Atherton and Co., Messrs. Ralli Bros., Messrs. Birkmyre Bros., the Secretary of the Jute Fabrics Shippers Association, Calcutta, the Calcutta Baled Jutes Association, the Rangoon Trades Association, the Indian Tea Association, and the Association of my Honourable friend Sir Victor Sassoon, the Millowners' Association of Bombay. I rather miss him today because if he had been present I think I would have succeeded in getting his vote in my favour.

Moreover, Sir, there is one point which I should like to draw your attention to, and that is an interesting fact which we come across in the pages of the Royal Commission's Report to this effect. It is stated in the evidence of the Millowners' Association that the Nippon Yusen Kaisha and the late Mr. J. N. Tata began two lines of steamers in 1893. The combination of the Peninsular and Oriental, the Austrian Lloyd and the Rubbatino proved too powerful for the new line. Mr. Tata had to retire from the field and the Nippon Yusen Kaisha had to join the combine. Observe, Sir, that whenever anything is stated in this House with regard to the curtailment of the privileges of British shipowners in this country, we are told that they are British subjects whose interests must be safeguarded; but here we have British shipowners allying themselves with Italian and German shipowners in order to oust an Indian rival from the

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field. This, Sir, is a case where the deferred rebate system has enabled powerful foreign interests to keep out Indians even of the eminence of the late Mr. J. N. Tata, from the overseas trade of this country. But, as I stated before, I now come to the opinion of the Collector of Customs, given for the use of the Royal Commission, in which there is a very pathetic story. It relates, Sir, to the Bengal Steam Navigation Company. In regard to this Company the Collector of Customs, Calcutta, says:

"The Bengal Steam Navigation Company are making a bid for the Rangoon-Chittagong-Calcutta traffic. The Company is a *swadeshi* one with a capital of 45 lakhs and has at present two steamers plying and two more building. Fares lower than those of the British India and Asiatic Combination are accepted, and the Line is obtaining freight from Rangoon but not from Calcutta. This is believed to be due to fact that the combination mentioned has its principal Calcutta shippers under a three years' agreement, upon which a 10 per cent. rebate depends."

The Chairman of the Port Commissioners of Chittagong referring to this particular Company says:

"I have seen many signs that the other Companies, namely, the British India and the Asiatic Steam Navigation Co. Ltd., desire to get rid of this rival."

And, Sir, they did get rid of this rival, because we find Maulvi Muhammad Nur-ul-Haq Chaudhuri, the son of this Indian pioneer of shipping, stating in his evidence before the Indian Mercantile Marine Committee, in reply to a question from the President:

"I belong to a mercantile family; my father floated the ill-fated Bengal Steamship Company, which carried on trade between Calcutta, Rangoon and Chittagong in competition with the British India. I represent the Labour Association and the Inland Steamship Association as its President. I come from Chittagong, where you get seamen in plenty."

Somehow the President of the Indian Mercantile Marine Committee was annoyed with this gentleman because he had referred to the unholy combination between shipowners in order to oust Indian shipowners. So the President says:

"In your replies you have used terms like 'unholy combination' which are objectionable; while criticising the Government you have to refrain from using objectionable terms. In the company which your father floated, how many ships were there"

and so on. Sir, this witness probably lost his wits when the President began to cross-examine him so severely; but when he was being examined by another member, in reply to this question—"You say that your family is connected with some ill-fated steamship company: will you please give the history of that company?" this gentleman says:

"It was a purely Indian venture. The British India and Asiatic Companies were at that time trading between Rangoon, Akyab, Calcutta and Chittagong. Our company had only two steamers in which we used to carry passengers to Rangoon and from there to Calcutta Chittagong and Akyab. When the English companies found an Indian company brought into existence they cut down their freights as well as their passenger fares to such ridiculously low amounts as eight annas and sometimes they would take passengers free and sometimes they would give a handkerchief as present to the passengers in addition to their being carried free. Owing to this cut-throat competition our company had to be liquidated."

Sir, in reply to another question further on, he proceeds to say:

"The President of the company did not like the running of the ships and so he got them attached. We were told that the British India had a great hand in the matter of attachment."

Such, Sir, has been the fate of the Bengal Steamship Company, which I believe was the first Indian company floated under the impulse of

swadeshi in the first decade of the present century. And what has been true of this unfortunate Indian company will probably be true in the next few months of another Indian shipping company, which is operating today passenger vessels between Rangoon and Chittagong. This company is now faced with a very virulent rate-war by the non-Indian interests and I understand that even at this moment a big rate-war is on, and it is only a question of months, or perhaps weeks, before which another Indian concern will have met with an untimely end because of the practices of conference liners in this country.

But, Sir, it is not merely the opinion of an individual witness before the Indian Mercantile Marine Committee that I want to draw your attention to. I find that a large number of Indian Merchants' Associations have in their evidence before the Committee expressed a desire for the abolition of the deferred rebates system, not only in their own interests as shippers but as Indians, in the interests of the development of an adequate national mercantile marine for India. Sir, we find the demand for the abolition of this system coming from the following Associations:

- The Bombay Rice Merchants' Association.
- The Indian Merchants' Chamber, Bombay.
- The Grain Merchants' Association, Bombay.
- The Karachi Buyers' and Shippers' Chamber.
- The Indian Association, Calcutta.
- The Bengal National Chamber of Commerce, Calcutta.
- The Southern Indian Hides and Skins Merchants' Association, Madras.

In addition to them, there are men belonging to firms well-versed in the details of coastal trade, brokers' firms, like Messrs. Pitamber and Company of Bombay; and we also have Indian shipowners condemning this system, *e.g.*, the Bengal River Steam Navigation Company, and the Scindia Steam Navigation Company of Bombay. We find, Sir, that so far as Indian shippers are concerned, so far as the small British shippers in India are concerned, so far as the Indian shipowners themselves are concerned, all these interests have combined to demand the abolition of this system; and if one finds opposition to this abolition from large European shippers, the conclusion is to my mind inevitable that that opposition results not merely from the point of view of themselves as shippers, but also that they are directly or indirectly interested in large ship-owning organisations either as agents or on any other basis. This is a case where we find, as I stated a short while ago, European Associations and European merchants allying themselves with Indian public opinion for the abolition of this system. Not only that, but in addition to European Associations in India, the Associations in England of men who are interested in Indian trade also are opposed to this system; for example, we find it recorded before the Imperial Shipping Committee that the East Indian and Oil Seeds Association and nine other Associations in the United Kingdom interested in the Indian trade made a joint representation against the rebate system as obtaining in the Calcutta home-ward trade. But more than that, the following Associations in India made representations before the Imperial Shipping Committee against the rebate system—

- The Calcutta Jute Fabrics Shippers' Association;
- The Baled Jute Shippers' Association; and
- The Wheat and Seed Trade Association.

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No wonder, then, Sir, that this Bill, when it was first brought up before the Central Legislature by the late Mr. T. V. Seshagiri Ayyar, to whom at this stage I would like to pay my homage, and when it was afterwards circulated for eliciting opinions thereon, we find in the copies of opinions, which, I daresay are in the hands of Honourable Members, that the association, both Indian and non-Indian, support the Bill—some of them wholly, and some partly—say that the details should be changed, but they are all in favour of the principle of this measure. Those associations are:—

The Bangalore Trades' Association,
 The Indian Chamber of Commerce, Lahore,
 The Chinese Chamber of Commerce, Rangoon.
 The Burmese Chamber of Commerce, Rangoon,
 The Rangoon Trades' Association,
 The Bengal National Chamber of Commerce,
 The Marwari Chamber of Commerce,
 The United Provinces Chamber of Commerce,
 The Indian Merchants Chamber, Bombay, and
 The Millowners Association of Bombay.

Now, Sir, it is the opinion of the Millowners' Association to which I would like to draw the particular attention of this Honourable House. I hope that now that my friend Sir Victor Sassoon is here, at least in connection with this Bill he will not, as he did in Simla, try and play with words and say that there is a difference between the principle underlying the Bill and the principle of the Bill, because those of us who were present to hear, shall I say, his jovial remarks

Sir Victor Sassoon (Bombay Millowners' Association: Indian Commerce): Jovial! Very serious. !

Mr. Sarabhai Nemchand Haji: Very well—serious remarks—I should like to remind the Honourable Member of what he said: he said that if the opinion of the Millowners Association had been that they approved of the principle of the Bill, he would have voted for my motion

Sir Victor Sassoon: I never said that.

Mr. Sarabhai Nemchand Haji: I knew the Honourable Member would make that statement. I have got with me the authoritative report. Sir Victor Sassoon speaking on the motion to refer the Coastal Reservation Bill on the 20th September 1928 said that some people in his Committee were anxious that the Committee should commit itself to supporting Mr. Haji's Bill. "My Committee refused to do so"—this is what Sir Victor Sassoon said—"and so the suggestion was then made that it should commit itself at any rate to approving the principle of the Bill and with one dissentient voice the Committee turned it down and merely said that it would approve the principle underlying the Bill". So I take it

Sir Victor Sassoon: That my constituency and I agreed.

Mr. Sarabhai Nemchand Haji: Are you with me?

Mr. President: Order, order.

Mr. Sarabhai Nemchand Haji: The only ground, however flimsy, on which it is possible to understand the opposition of the Honourable Bombay Baronet against that motion in September last can be arrived at in his own words. This is what he said, and that is what most of us understood him to say, that if his Association had said that they approved of the Bill then he would have voted for the motion, but as they said they approved of the principle underlying the Bill he was justified in opposing it. Anyhow, I do not want to go into the details, but I should like to leave Sir Victor Sassoon to his conscience and to the opinion of his Association, which is contained in these papers. Sir, The Mill Owners' Association said as follows:—

"While my Committee are in entire agreement with the principle of the Bill, it is thought that its details will probably need some alterations and amplification before they prove an effective safeguard."

The words here are "My Committee are in entire agreement with the principle of the Bill". The motion to-day amounts to this that this House do commit itself to the principle of the Bill and send it to the Select Committee in order that necessary modifications may be made there. Of course, it would be possible for the Honourable the Bombay Baronet to find out some reason

Mr. Jamnadas M. Mehta (Bombay City: Non-Muhammadan Urban): He is supporting you.

Sir Victor Sassoon: I do not object.

Mr. Sarabhai Nemchand Haji: If I should get his vote in favour of my effort, I should consider myself fortunate, and should he vote with me he would be doing so not only for himself but also according to the desires of the Association of which he is such a distinguished Member.

But, Sir, we find on a perusal of the opinions on this Bill, that even some of the Governments of Provinces and Chief Commissioners of big Divisions are all in favour of this measure. I know, Sir, that all of them have found themselves unable to agree with the details, but I will just mention the names of some of the Governments that directly or indirectly in some way or other bless the general tenor of the Bill, and among these Governments I may mention the Governments of Assam, Bihar and Orissa, the Punjab, United Provinces and Bombay. With regard to Bombay, Sir, with your permission, I should like to draw the attention of the House to the Minute of Dissent which they have sent while expressing their opinion on this subject; out of the four Executive Councillors in Bombay I have got here the support of two Members, and they say that they are in favour of the principle of the Bill though some details require modification. This being the case, Sir, I do hope that the Government of India will consider from their own point of view the advisability of supporting the motion that I now make. The more so, Sir, because, as we are all aware, the Honourable the Commerce Member—at least so I understood him—accepted the motion, perhaps under certain reservations

The Honourable Sir George Rainy: What motion?

Mr. Sarabhai Nemchand Haji: The motion of Mr. Neogy about the Inland Steam Navigation Bill.

The Honourable Sir George Rainy: Government accepted the motion to refer that particular Bill to the Select Committee.

Mr. Sarabhai Nemchand Haji: Thank you, Sir. One of the items under that particular Bill was and is the question of deferred rebates. In that Bill, Sir, the Government have swallowed how many things. The question of rates, rebates, minimum and maximum rates under reservations and so on. Now, Sir, when I ask the Government for their approval of this motion which refers only to Deferred Rebates, one out of the four big things which Mr. Neogy asked for, and which the Honourable the Commerce Member agreed to, I trust I shall get his support, which is due to this small measure. It is not only, Sir, that the Association of Indian and European Merchants are opposed to the Deferred Rebate System but we find that in some of the modern countries, definite legislation has already been put on the Statute Book against the operation of this system in the trades that they control. In the United States of America, in addition to the State Laws which, as Honourable Members are aware, are very strict against monopolies, they have definitely made the deferred rebate system illegal by the Merchant Shipping Act of 1916, which was later amended by the American Marine Act of 1920. In France, Austria and Germany before the war, the system was rendered ineffectual by special or general laws or by case law. Sir, even within the British Empire itself, in Australia, the Industries Preservation Act of 1906-10 makes the use of the rebate system illegal. In South Africa they have tackled the problem in an indirect manner. There they have passed a law under which no shipping Company that operates the deferred rebate system will be entitled to carry the mails of the South African Government. The Act in question is called the Post Office Administration and Shipping Combinations Discouragement Act of 1911, and it says this:

"Provided that no ocean mail contract will be entered into with a party that gives any rebate upon condition of the exclusive shipment of goods by vessels of particular lines."

This Act was so efficacious that the shipowners have had to enter, since the passing of the Act, into a more equitable by-lateral arrangement with the shippers under which both the shipowners and the shippers have mutual privileges and obligations. Lastly, Sir, the deferred rebates system results, and is intended to result, in the creation of a monopoly and I feel that even on this general ground, we are entitled to oppose the operation of that system. Sir, if I may, I will just quote a statement I made before the Indian Mercantile Marine Committee in this connection. I stated:

"Water transport in modern times, largely conditioned by the laws of joint cost and increasing returns, is peculiarly amenable to large scale production. To prevent such economic evolution is neither necessary nor desirable. If, however, large scale production leads to a complex organization emerging in a monopoly, it is time for the Government to take notice of its existence and if necessary to control its activities. A monopoly requires a cautious watch, a foreign monopoly requires a vigilant watch; a foreign monopoly thwarting indigenous enterprise deserves immediate abolition."

It has been the experience of the people of this country that powerful non-Indian interests have, by the use of the conference system and the deferred rebate method, prevented the entry of new Indian shipping companies in large numbers. Moreover, not only have they penalised the Indian shippers, but they have done incalculable harm to the trade of this country. It is with a view that such harm may not be done in future that I make my motion. Sir, I move.

Sir James Simpson (Associated Chambers of Commerce, Nominated Non-Official): Mr. President, I regret to have to oppose this motion and this Bill. I say regret, Sir, because I know beforehand that my opposition, and the opposition of the interests which I represent here, has been condemned already, so to speak. The Honourable Mover did so while he was speaking and I have no doubt many Honourable Members opposite will consider our opposition insincere, if not actually dishonest. It has become the fashion of late, Sir, for non-commercial Indian politicians to characterise British merchants as foreign exploiters, out only for their own selfish ends and oblivious or blind or worse to the real economic interests of India. That, Sir, is where the regret comes in, because we are convinced that our opposition to this particular measure and to similar legislation is conceived, not in our own interests, but in the highest interests of India's trade and commerce. It is not legislation such as this, Sir, that has brought India's commerce to the fifth place in the whole world as it stands to-day. On the contrary, I hold that it is legislation such as this and the other two measures that the Honourable Member referred to, the Coastal Reservation Bill and the Bill to amend the Indian Steam Vessels Act, that endanger the position of India's trade and commerce. It is co-operation that is required to-day for India to continue to occupy that place and not discrimination, which will ruin it. Mr. President, things are not always what they seem, and this Bill is one of those things. I admit that it is not such a bad Bill as the former Bill that was introduced and has been before the country for five years. The present Bill drops the clauses dealing with the question of maximum and minimum rates, and I welcome the exclusion of that very vicious and bad principle. That principle obtains in the Inland Steam Vessels Amendment Bill that we discussed last week, and which you will recollect, Sir, I refrained from speaking at length upon. The other day, in his long speech, our friend Mr. Ranga Iyer referred to the Defence of the Realm Act, "DORA", as it is called in Britain. That Act is in the last stages of being abolished, and the trade and commerce of Great Britain are welcoming freedom from Government control, interference and trammels. Here the selfless patriots of India are trying to enmesh themselves, give themselves over bound hand and foot in Government control and interference. I do not say this particular measure goes as far as that, but there is sufficient Government interference and control of trade and commerce in this Bill to warrant my opposing it on that ground alone. I want emphatically to warn the House against the dangers of inviting Government interference and control of trade and commerce and private enterprise. I will not follow the Honourable Mover in his references to the opinions evoked by this Bill. I noticed one Honourable Member opposite was feeling very like myself that he only got these opinions last night.

Mr. President: Order, order. Honourable Members know very well that these opinions were supplied to them during the Simla session. It was for the second time that copies were supplied to them yesterday.

Sir James Simpson: Yes, Sir, those opinions were recorded five years ago. I have them in an old file here, and while I will not traverse all that the Honourable Mover has said in giving opinions against the deferred rebate system, I would just like, with your permission, to read a few short extracts which are in favour of the system which is well known to trade and commerce and has been tried and, I maintain, not found wanting, over a long series of years. The Honourable Mover said that the matter has been inquired into by a Royal Commission. Let me read, Sir:

"It has been inquired into by two Royal Commissions within recent years. These included representatives of both shippers and shipowners. They examined a large number of witnesses representing shippers and shipowners drawn from all parts of the British Empire. The general conclusion arrived at was that, in order to ensure a regular service at regular rates over a period making modern business possible, there must be some tie between the shipowner and the shipper, by which the latter, in return for such services, undertook to confine his shipments to the former. The deferred rebates system appeared to these committees to be the best system available in the interests of both parties. The principal advantages of the deferred rebates system are:

1. It secures regular services at rates fixed for a period, rendering forward business possible.
 2. It ensures that, at a time when there is a strong demand for tonnage, as in the case of a famine, the shipper will not have the freight market put up against him.
 3. It secures to the shipper a regular supply of tonnage at times when it would be more profitable to the shipowner to divert his tonnage to other trades.
 4. It gives the shipowner the security as to support, which enables him to sink capital in ships of a type suitable for a particular trade with a view to developing that trade.
 5. It protects the small shipper as he gets tonnage at the same rate as the large shipper, the terms of the contract as to freight, etc., which are known, being the same for both.
- It is true that at times a shipper not bound by contract might get cheaper tonnage, but on the other hand, when tonnage is scarce, he is at the mercy of the market as to rates, and may in fact be unable to get tonnage at all.

It is said that the deferred rebate has been used to keep Indian Companies out of the coasting trade of India. This is true, but it has not been used against them because they are Indian Companies, but because they are breaking into a trade which has been built up by British Companies during the last 55 years. These Companies have taken all the risk entailed in sinking capital in ships and building up the trade, and they naturally defend it against outside Companies of whatever nationality, which, having waited until the trade has been developed by others, have tried, after it has been built up and there is no risk in entering it, to force their way into and obtain a share of it. These British Companies have been given no monopoly as is so often stated. They took up the trade when no one else thought it worth while to do so, and have developed it. They have taken all the risks and naturally desire to protect themselves against others who have taken none of the risks and desire only to share in the profits.

It is not suggested that the rebate system benefits the shipper only. It benefits both the shipper and the shipowner, and it makes trade conditions more stable as it eliminates the factor of violent fluctuations in freight either way. It has the advantage of being in the open. If it did not exist there would be nothing to prevent secret agreements between shipowners and shippers in which large shippers would have a great advantage over small shippers."

These, Sir, are the practical business like advantages, against the purely theoretical and political advantages and reasons advocated in favour of this Bill, and it is because of these practical and business like advantages of the deferred rebate system that I strongly oppose this Bill.

Mr. W. S. Lamb (Burma: European): Sir, I rise to join with my Honourable friend, Sir James Simpson, in opposition to this Bill, and I do so because I think the Bill is against the best interests of shippers and shippers alone. Perhaps, before I come to the remarks I have to make, I might say that I have no interest in the matter either as a shareholder or as an agent in any way whatever.

Now it appears to me that there is a plain issue before the House, and it is not whether or not we should have deferred rebates, but whether the Indian-controlled Mercantile Marine is to be forbidden by law to be under obligations to anybody except their own shareholders.

The principle of this Bill, Sir, so far as I can see it, is that in the coastal traffic in India there will be no tie of any nature whatsoever. The Honourable Mover did not actually address himself to the question whether there should be ties, but he recited the history of early happenings and asked us to believe that, when there were no rebates of any kind there were regular sailing, there were stable freights, etc. And perhaps he thinks that the business can be done and should be done without any ties.

Now I should like to refer him and the House to the final Report of the Imperial Shipping Committee on the Deferred Rebate System. On page 18 it is stated:

"We have carefully considered the question of the necessity for a 'tie' and it appears to us that there is a clear mutual obligation—the shipper wants the ship on the berth without fail and the shipowner wants the goods on the berth without fail. Hence we find that it is necessary for the Conference to have some assurance of continuous support from shippers such as will constitute an effective method of preventing intermittent and irresponsible competition for berth cargo by outside ships."

That is from the Imperial Shipping Committee on this particular question.

Mr. Sarabhai Nemchand Haji: Does the Report not state that the deferred rebate system is open to objections?

Mr. W. S. Lamb: I am coming to that. That is the view of the Imperial Shipping Committee.

My Honourable friend, Sir James Simpson, has told us the advantages, the undoubted advantages, there are in the deferred rebate system. You have regular steamer trade, you have ships coming and going in the manner to which shippers are now accustomed. You have the fact that all shippers, whether big or small, will be treated alike. You have also the decided advantage that you know positively that shipowners will not fill up their own ships with goods and so compete with the shippers. The effect of this Act, if it is passed, into law, will be that, with a properly constituted Indian-controlled Mercantile Marine, the only obligations of the shipowners will be to their own shareholders. The shipper will have no guarantee that there will be any ships at all. If there are ships he will be as free as air to ship how he likes, just as if he owned the ships himself. But under this measure, it is by no means certain that there will be any ships, so

[Mr. W. S. Lamb.]

that what it amounts to is this, that assuming the Coastal Traffic Bill is accepted, and that this further one before us also succeeds, you will have the worst kind of monopoly. By this measure Indian shippers will be entirely in the hands of the Indian Mercantile Marine. There will be no opportunity for shippers to ship by any other line, and if trade becomes depressed after these Indian ships have been established, there would be nothing to prevent them from leaving the coastal traffic and seeking other places where they could secure better and more profitable freights.

On the other hand if this Indian-controlled Mercantile Marine is not constituted and conditions are very much as they are at present, you will have a different kind of situation, and with regard to that I will quote again from this official Report of the Imperial Shipping Committee :

"It is also clear that if a trade becomes open to competition by outside ships, the cutting of rates becomes a normal operation and all stability is destroyed. This would render it difficult for shippers to make forward contracts with any degree of certainty, and would introduce that speculative element which is detrimental to modern commerce and which shippers desire to avoid. Further, individual lines, anxious to secure their own positions as far as possible, would gradually be driven to make preferential contracts with customers controlling large amounts of cargo, and such contracts would naturally give a large merchant considerable advantage over his smaller competitors."

That is the opinion of the Imperial Shipping Committee on deferred rebates. That describes the situation if this Bill is passed and goes into law before there is constituted an Indian-controlled mercantile marine. That is the position, Sir. It is perfectly true, as the Honourable Mover reminded me, that this Imperial Shipping Committee declared there were objections to the deferred rebate system. They considered another system in the nature of an agreement which was in operation in the South African trades. They have also taken objections to that system of agreement. But they say that they were convinced that there must be "ties" and that what they would suggest to meet the situation would be that each shipper should be given the option, if he so desired, to come to an agreement based on the South African agreement system or that they could at the same time continue the deferred rebate system. Therefore, I suggest that that is a reasonable recommendation for us to consider. The Fiscal Committee, in 1921-22, discussed the matter of freights and suggested that the Government should undertake investigations into the question of rates and rebates. They have not done so. But whether they are right or wrong in delaying the matter, the fact remains that, at the present moment, notwithstanding what has been said by the Honourable Mover, in the face of what you know has happened elsewhere, and in the face of what would certainly happen if shippers were left in the hands of owners, the fact remains that there is nothing to justify passing this Bill. If it is clearly understood that the effect of the Bill will be that the shippers would be wholly in the hands of those who have a monopoly in shipping in Indian-controlled vessels, if it is remembered that these shipowners will have no obligations beyond their own shareholders, if this is borne in mind I think the House will show its disapproval by throwing out this Bill.

Mr. Vidya Sagar Pandya (Madras: Indian Commerce): Sir, I rise to support the motion of my Honourable friend Sarabhai Haji. This House, Sir, having, by a record majority, pledged itself to the principle of the Coastal Reservation Bill, it is only right that it should agree to pass measures logically arising out of it. In order to

supplement the Coastal Reservation Bill, it is of utmost importance that this Bill also should soon become law. One of the means, and the most deadly and effective of them all, by which the alien monopolists of the Indian Coastal trade, have stifled the birth and expansion of indigenous competition, has been through the operation of the immoral, I had almost said, scandalous, system of deferred rebates. Like opium gangs and other similar rings the close combines euphemistically called Conference Lines, have debased coastal trade into another traffic in a vicious circle. Sir, the system of deferred rebates has operated as a menace, as I have said, to the development of Indian shipping, and what is more dreadful, it particularly ruins the prospect of smaller shipping companies ever rearing their heads. This Honourable House would nullify its own vote if, after passing the Coastal Reservation Bill, it does not also take steps to prevent powerful Indian companies from pursuing the same objectionable tactics that their British models are doing today. The comparison that I have instituted between the present method of coastal trade and traffic in vice is very close. I say so, Sir, because the system of deferred rebates means holding shippers in perpetual bondage by the exploitation of their cupidity. An objection was heard in this House, Sir, when my Honourable friend Mr. Haji's motion to refer his Coastal Reservation Bill to a Select committee was debated, that one of the most formidable dangers that would arise from the passage of his measure would be the concentration of the attention of the Indian shipping lines on a few major ports. The Honourable Mr. Haji however took very good care to counter that argument by pointing out that it is today that that unfortunate state of affairs prevails and it is due wholly to the existence of a monopoly in the coastal trade. It is clear therefore, Sir, that the minor ports and the non-seasonal trade must continue to suffer if the present monopoly is simply replaced by an indigenous variety of it. I do not pretend, Sir, that some of the Indian shipowners are more angelic than their British *confreres* and will, out of their overflowing charity, go out of their way to make rivalry more easy, and thus the curtailment of their own profits more certain. They will behave in identically the same way as happens now. And they will have the benefit of the experience and success of their predecessors in exploitation. They will employ big tonnage, concentrate on the more profitable ports, and save themselves the worry of serving other trade. The development of smaller shipping companies therefore, as this House will see, is of paramount urgency. That can only be done if the law steps in to prevent improper competition and protects the small company against the rich. I congratulate my Honourable friend, Mr. Haji, who I see is not here now, on his having come forward with the logical corollary to the Coastal Reservation Bill. On the floor of this House, the unfortunate suggestion was made that he was interested in a particular shipping concern and that his Coastal Reservation Bill was intended to promote an indigenous monopoly. His motion today however, is an effective answer to that unbecoming accusation. He has more than amply justified his Bill for the Reservation of the Coastal Trade by bringing up the Deferred Rebates Bill thereby seeking to prevent monopoly, Indian or alien. In the interest of the healthy development of indigenous coastal traffic, this House must pass this motion.

Sir, I support the motion.

Mr. C. Duraiswamy Aiyangar (Madras ceded Districts and Chittoor: Non-Muhammadan Rural): Sir, it will almost be surprising that one who

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is not in the line, neither as a shipowner nor as a shipper but one who has spent most of his life in a court of law, should rise in support of the Bill which has been brought forward by my Honourable friend Mr. Haji.

Sir, this Bill and the Coastal Reservation Bill were both born as twin-sisters, but were immediately handed over to bottle nursing without the advantage of the mother's breast; and I am glad, Sir, that during the last three years, my Honourable friend Mr. Haji has taken to his own bosom his two children. During the stage of that wet nursing I had my own humble duty to perform, to sit at least at times by the side of the cradle. Now, Sir, I am glad that these two children of Mr. Haji have well developed, and I hope we will very soon find them very vigorously working as well built adults in this country.

Sir, among the several criticisms that have been received to the former Bill of Mr. T. V. Seshagiri Ayyar, I have found several persons wishing heartily to kill these Bills; but at the same time they are very exuberant in their sympathy and exuberant in their eloquent expressions for the growth of the Indian mercantile marine. The more determined a man is for killing the Bill, the more exuberant he has been to bestow his hearty wishes for the growth and development of the Indian mercantile marine. I have been unable to reconcile both these and I am unable to see how these two processes can go on hand in hand. To-day, Sir, I am surprised to find my Honourable friend Sir James Simpson introducing a political element and a political colour into this Bill, a Bill which has been moved in a very calm manner and in a very businesslike manner by my Honourable friend Mr. Haji, and I expected a similar reply from Sir James Simpson. On the other hand he seeks to introduce into this an element of politics, and thereby wants to create an atmosphere around it in order to get the sympathy probably of those who sit on his side and think like him. Perhaps Sir, this is not the first occasion when such an attempt has been made, as I find from among the criticisms that have been offered on the Bill of Mr. Seshagiri Ayyar, a letter from the Secretary of the Bengal Chamber of Commerce to the Secretary to the Government of Bengal, Marine Department, wherein he says:

"Every newly established owner will however want to attract them somehow; and, so far as the Committee can see, there is nothing in the Bill to prevent his using means that will be far more objectionable than the charging of low freights. And it is only reasonable to expect that, if shippers are to be denied the advantages of competitive rates, they should also be protected against pressure being brought to bear upon them by political or social boycott, or by the force of religion or other means tending to compel them to ship by a particular Line or Lines."

This has been hinted at by that gentleman then, and it is probably echoed by the Honourable Sir James Simpson to-day. I do not really see, at this particular moment, what political connection there is between this Bill, which is intended purely to develop a mercantile marine in this country, and has absolutely nothing to do with boycott and politics. But, Sir, a stage may come when it may be necessary even to boycott the foreign ships, relying upon the strength of the Indian ships, and we will not then hesitate to make even a political use of such a situation. But this opportunity will come only when we have all the necessary conditions, and I am surprised, therefore, that my Honourable friend Sir James Simpson should have introduced it at a time when my leaders on this side are not here to cross swords with him.

Now, Sir, among the criticisms, I also find that many do object to the various details of the Bill. Some have condemned the Bill as the worst drafting they have ever seen—probably they are not aware of even worse drafting coming even from the Government Benches—but on the other hand, there are persons who commend the principle and at the same time condemn the details. But, Sir, this is not the time for us to go into this class of criticisms, and it is quite a sufficient answer that was given by my friend Mr. Haji, that this Bill may be referred to a Select Committee, where it may be amended and the clauses also may be put into proper shape. But there is one point, Sir, I want to refer to at this stage, and that is, that there is, in some of these criticisms, a constructive suggestion to replace the control of the Governor General in Council by that of some statutory bodies as we find in the United States of America. This is the first time that the European Bench and the Commercial Bench have lost all confidence in the Governor General! They are prepared to appreciate the powers of the Governor General in Council in the matter of deporting people without trial; they would rely upon his competency in the matter of condemning people unheard; but when a question comes up about settling the point as to whether a particular agency or a steamship company is carrying on any unjust transactions by iniquitous methods in order to kill Indian enterprise, then they think it is not competent for the Governor General in Council to judge all these matters and decide, but that there should be a special tribunal. They even recommend the High Courts of Calcutta, Madras and Bombay in preference to the Governor General in Council in a matter like this; but they would not think of these High Courts when the question of the Public Safety Bill comes up or any deportation Bill comes up. Sir, as I said, it is not necessary that we should go into these details at present; but so far as the principle of the Bill is concerned, it cannot be doubted for one moment that the principle is very good, and it has been found good in various other countries. Sir James Simpson today congratulated Mr. Haji on his having omitted some of the clauses from the previous Bill, that is the Bill introduced by Mr. Seshagiri Ayyar, and I am sorry that my Honourable friend Mr. Haji also put it in a sort of apologetic tone to this House that he has taken care to omit some of the clauses which appeared as a red rag on previous occasions, notably the clause relating to the fixation of minimum and maximum rates. I am sorry, Sir, I cannot agree with Mr. Haji in his omission of these particularly important clauses, particularly in view of the fact that British steamship companies which have established a repute of strength, as they call it, are now trying to kill and bring down Indian infant companies by a rate-war. As I was coming to Delhi, two pamphlets were put into my hands at Samalkot, two pamphlets printed in Telugu, intended for being read by the masses. They are intended as a crusade against a petty infant concern started by a Muhammadan capitalist in Bengal, I understand. Sir, of the two pamphlets that I have in my hands, one is a decent pamphlet canvassing passengers for the British India Steam Navigation Company, and it starts with a big illustrated diagram of a nice steamer which they own, and calls upon people to resort to that steamship company for transport purposes. It also gives the tonnage, the carrying capacity of the steamship, the names of the ships, S.S. "Cocanada" and S.S. "Chilka," and this is subscribed to by three gentlemen who call themselves the "B. I. S. N. Co., recruiters." Side by side with that, Sir, we find another pamphlet, printed by the same press at Cocanada, which is anonymous and which is full of the most despicable Billingsgate

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language, in order to encourage the people to go to the British India Steam Navigation Company and kill the other small company which has been started by a Muhammadan gentleman recently. I do not wish to take the time of the House, nor is it even decent for me to quote or to translate to this House the whole of this worthless and despicable pamphlet; but I would read out from it only one sentence. I shall read it in Telugu first and then give the substance in English:

"Para purushulu thaggaraku nellithēy pancha bhakshya paramānālu pedathā-dujathā! Avi āsa padinālu ippudu kotthagā vochi kalla bollikaburlu cheppāy kottha cum pesu steamerlalo ekbadum munchithā kāthugathā? Kotthagagadu vayassumannā-lā pedathādu. Aāpayini pomundā antādu! Aāmoosharugāne charteru anagā ennāttu ākotha compenēvāttē steameru attheku puchchu kunnāsō annāttu clā mayakaburlu cheppi ā tharuvātha kattū cheythulu challapadi thellamohameōsi chathikilabodathāru. Appudu mattee pāthamagodu Kosum thiriginattu B. I. Company ōdalakōsum prardhin-chavalasi vasthumthe."

Sir, I shall now give the substance of it in English. It is to the following effect:

"Just as women seek paramours in the desire to get rich and sumptuous meals, it is not proper to get into new steamers believing the lies uttered and the inducements offered. The new husband may keep you as long as he has his youth, and then drive you away. Similarly when the chartered period for the new ship is over you will be driven back to the old husband the B. I. S. N. Co."

This is by a company which calls itself a company of eighty years' standing, a company of repute; and is this the manner in which it has to canvass passengers? And I am told, Sir, that it is competing with the small steamship company by taking passengers at lower rates, sometimes at very cheap rates, and sometimes freely, and sometimes even by offering presents, not of handkerchiefs which Mr. Haji read out to this House a few minutes ago, but in ways more despicable than that. I am sorry, Sir, that this kind of line is to be adopted by the emissaries of a respectable company, and yet my Honourable friend Mr. Haji is prepared today to omit a clause regarding the fixation of maximum and minimum rates. I therefore appeal to this House to send this Bill to Select Committee with power even to add the clause which is not there: I am sure, if the principle is once accepted, any clause which may be thought necessary to carry out that principle can be added by the Select Committee, and I hope Honourable Members of this House will take this point particularly into consideration and give their hearty support to the motion made by my Honourable friend Mr. Sarabhai Nemchand Haji.

The Honourable Sir George Rainy: Member for Commerce and Railways): Sir, my Honourable friend Mr. Haji described this Bill as being complementary to his earlier Bill, now before a Select Committee of this House, for the reservation of the coastal trade. I have found a good deal of difficulty, after listening to this speech, in determining in exactly what sense he regards the one Bill as complementary to the other. When the original Bill—or rather, the predecessor of this Bill—was introduced in the first Assembly by Mr. Seshagiri Ayyer, it was made plain in the Statement of Objects and Reasons—and I think in the preamble—that its primary object was the building up of an Indian mercantile marine.

I think also that in the Statement of Objects and Reasons and in the preamble of the present Bill it would be true to say that all the emphasis is laid on that side of the case.

Now, if the object of this Bill is to be taken to be the building up of an Indian mercantile marine, then we are in this difficulty, that, so far as this House is concerned, the House has expressed its opinion that the proper way to provide for the building up of an Indian mercantile marine is by the reservation of the coastal trade. If that be so, if we are to provide for our object by direct means, it becomes unnecessary and superfluous to provide for the same object by indirect means. I do not wish to be misunderstood. I made the attitude of Government on that Bill plain when I spoke on it in this House, but the House having accepted the principle of that Bill, so long as it is at its present stage, it seems to me to block the way, and to rule out other measures proposing to attain the same object by indirect means.

My second comment on this Bill is that, if its object is the building up of an Indian mercantile marine, it is ineffective for its purpose; and I should like to explain why I think that it must be so. In the first place, my Honourable friend Mr. Haji would be the first to admit that the existence of the deferred rebate system has not prevented the admission of an Indian company to the Coastal Trade Conference. It is evident therefore that it is possible, without abolishing the deferred rebate system, for an Indian company to establish itself. In the second place, the instance quoted by my Honourable friend this morning seems to be dead in the teeth of his own argument. He referred to the case of an Indian firm which had started a goods and passenger service between Rangoon and Chittagong, and he said that the firm was in danger of extinction owing to the rate-cutting competition of the British India Company. Well, if I have understood the facts correctly, the existence of the deferred rebate system did not prevent that firm from starting its service, and the existence of that system was not sufficient to enable the British India Company to prevent its carrying on its business, and for that reason it found it necessary to start a rate war. That, I think, is the inference to be drawn from the facts as stated by my Honourable friend. But this Bill will do nothing to stop rate wars. Mr. Seshagiri Ayyer's Bill would have, or might have done so, because that Bill included provision for the imposition of maximum and minimum rates, and in the Statement of Objects and Reasons it was specifically stated that one of the objects of the Bill was the prevention of rate wars by common carriers engaged in the coasting trade of British India. Now, Sir, the preamble to the present Bill does not contain these words, and the Bill does not contain the clauses providing for the imposition of maximum and minimum rates. Presumably, therefore, those words and these clauses were deliberately left out by the Honourable Mover of the Bill, and the object he has in view is more restricted than the object which the original Bill was designed to attain. That, therefore, is my second criticism of the Bill, that, in so far as its object is to build up an Indian mercantile marine, it is likely to be ineffective for its purpose.

My Honourable friend, Mr. Vidya Sagar Pandya, in his speech, explained in what sense this Bill could be regarded as complementary to the previous Bill introduced by my Honourable friend Mr. Haji.

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namely, that since it has been urged that the reservation of the coastal trade for Indian vessels might lead to the establishment of a monopoly quite as dangerous and quite as injurious to trade as any monopoly that exists at present, since that had been argued, Mr. Haji had made perfectly plain that this was not his object, or the object of the Company with which, I understand, he is connected, and that the abolition of this system of deferred rebates would be just as necessary if the coastal trade were reserved as it would be if that trade is not reserved.

Now if that is the position from which we are to argue, if we are to proceed on the assumption that this Bill is a desirable Bill, even though the coastal trade is to be reserved for Indian vessels, my first criticism would be this, that I think we want a great deal more discussion of the economic facts of the situation before the House commits itself to the principle of the Bill. I have read through the opinions received when Mr. Seshagiri Ayyer's Bill was circulated, and what interested me most was this, that those bodies or associations or individuals who might be considered as speaking from the point of view of the shipper and who supported the Bill did so, so far as their expressed opinions were concerned, almost entirely from the point of view of building up an Indian

1 P.M. mercantile marine. There was very very little said indeed on the purely economic side as to the effect which the abolition or the retention of this system might have on trade. In fact there was only one sentence that quite definitely gave an opinion on a purely economic question, and that was in the opinion expressed by the minority of the Bombay Chamber of Commerce, who held that advantage had been taken of the system in the past to fix freight rates higher than were necessary. Now, Sir, it seems to me that the economic side of the question was unduly neglected when the Bill was circulated, and this is natural enough for it is easy to understand that the question of building up an Indian mercantile marine is a matter likely to attract far more attention and far more interest than the somewhat dry and difficult economic details of a system like the deferred rebates system. But if we are to put aside the more popular and patriotic aspect of things and discuss the Bill on the basis of what is good for Indian trade, once the coastal trade is reserved for Indian vessels, then I do think that the question requires a great deal more discussion from the economic side than it has yet received. My Honourable friend, Mr. Haji, remarked that he had always made a point of this, that there was a great part of the coastal trade of India where what was required was not a regular service of large vessels, but a frequent service of small vessels. If he was referring to the west coast of India right down to Malabar, I should be inclined to agree with him. But I should like to point out to him that so far as my information goes the deferred rebate system is not in force in connection with the Malabar ports. Therefore the abolition of the system would produce no change so far as that area is concerned. Whereas on the other hand, in the case of a trade like the trade between Calcutta and Rangoon, it might be of great importance for the maintenance of a regular service—assuming that the trade was reserved for Indian vessels—it might be of great importance that it should be possible for the shippers and the shipowners by agreement in one form or another, to provide for a tie

between them so that a regular service could be maintained. My Honourable friend, Mr. Haji, said that there was no regular service of that kind maintained except in connection with passenger steamers. Well, Sir, that might be a point for investigation. But I cannot help thinking that the probability that a regular service can be maintained will be very greatly increased if, in addition to the passenger service, the shipowners were in a position to rely on getting a regular shipment of cargo on the days on which their ships sail. For practical purposes, the one thing is a corollary to the other, and if the shipowner is to start his ship on a fixed day at a fixed hour, then he on his part will require that the cargo should be waiting for him, so that he can get it on board at once, and will not frequently have to sail with an empty ship so far as cargo is concerned.

My Honourable friend, Mr. Haji, did not dwell at any length on the detailed provisions of his Bill; and I was not surprised at his reserve on that subject. When the Bill was originally circulated in 1923, the various clauses of the Bill incurred a good deal of rather pungent criticism, not only those clauses which have been eliminated, but also those which are still retained; and I think in a case of this kind, when the author of the Bill, or rather the god-father of the Bill—because Mr. Haji himself was not the original author of this Bill—wishes to bring it forward again, the House is entitled to expect that some attempt should be made to meet the more obvious and damaging criticisms before the Bill is again brought forward. My Honourable friend, Mr. Duraiswami Iyengar, compared the unfavourable attitude of the European group to this Bill with the attitude they assumed on the Public Safety Bill. Well, Mr. President, it seems to me that the powers proposed to be conferred on the Governor General in Council by the Public Safety Bill are absolutely nothing compared with the powers which my Honourable friend, Mr. Haji, is prepared to confer upon the Governor General in Council by this Bill. I have been surprised not to see Members springing up from every part of the Opposition Benches demanding from Mr. Haji a solemn pledge that he will agree to judicial safeguards, to a Bench of three Judges and to various other precautions of that kind, because otherwise they would be unable to support his Bill. Now, Sir, what are the provisions to which I refer? I do not wish to go into great detail and I will deal with them briefly . . .

Mr. A. Rangaswami Iyengar (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): You can suggest them in the Select Committee.

The Honourable Sir George Rainy: The Governor General in Council is given power to determine whether any person, joint-stock company, corporation or association engaged in the coasting trade of India has violated any provision of section 3 which is the main section of the Act, or is a party to any combination for that purpose. It is true that the Bill leaves resort to the Courts still open on this particular point. But it also puts in the hands of the Governor General in Council, after he is satisfied that the law has been violated, power to refuse such person, joint-stock company, corporation or association the right of entry for any common carrier, directly or indirectly under his or its control, into any port of British India. This is not a case of removing one or two persons and sending them home on a steamer; this is a case of refusing

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to admit steamers into any port of British India altogether. That seems to me a very extraordinary power to be conferred upon the executive; and the resort to the Courts may not be much of a safeguard because, before the Courts decide the question whether the decision of the Governor General in Council is correct or not, considerable damage and injury might be inflicted not only on the common carrier, but also on the passengers, presumably mostly Indian, whom it was carrying, and who would be denied access to their native country.

The other very summary power which it is proposed to confer on the Governor General in Council is this: he may by order disapprove, cancel or modify any agreement or any modification or cancellation thereof, whether or not previously approved by him, that he finds to be unjustly discriminatory or unfair as between carriers, shippers, exporters and importers or to operate to the detriment of the commerce of British India or to be in violation of the Act. That is a more sweeping power than, so far as I know, has ever been proposed to be conferred upon the Executive Government without any safeguarding clause whatever.

Now, Sir, I regard this matter as of some little importance. It is quite true that obvious defects of this kind can be put right in the Select Committee. It is true, that when the drafting of a Bill is imperfect, the task of drafting can be finished in the Select Committee; but my criticism of this Bill is that its drafting has not yet been begun. I do not think that there is one sentence in this Bill that would emerge from the Select Committee unchanged. It does not seem to me quite reasonable that the authors of private Bills should expect the whole of the work, which naturally falls on them to be done for them in the Select Committee. It is inflicting an unfair burden upon the officials and non-officials concerned.

Maulvi Muhammad Yakub (Rohilkund and Kumaon Divisions; Muhammadan Rural): Why was this procedure adopted with regard to Mr. Sarada's Bill? As far as I know, the whole Bill was re-drafted in the Select Committee.

The Honourable Sir George Rainy: I know the Bill to which my Honourable friend refers though I had not the privilege of being a Member of that Select Committee. I do not say that there may not be particular cases in which a procedure of that kind would be justifiable, but my friend Mr. Haji is rather making a practice of making his Bill undergo somewhat extensive revision in the Select Committee.

Mr. A. Rangaswami Iyengar: We have no Secretariat.

The Honourable Sir George Rainy: I do not wish to weary the House with any prolonged disquisition upon the economic aspects of the rebate system. I quite recognise that a good deal has been said and can be said both for and against the system, but I do maintain that it is quite clear from the Report of the Royal Commission and from the Report of the Imperial Shipping Committee that, directly connected with the existence of the system, there are three distinct advantages, namely, the maintenance of regular services, the stability of freight rates and equality of treatment for all alike, that is to say, the big shipper and the small shipper

are given exactly the same rates of freight. My Honourable friend Mr. Haji will not differ from me on the last point, because his own Bill contains provisions the express object of which is to prevent discrimination between the large shipper and the small shipper, a danger which he thinks is likely to arise if the deferred rebate system is abolished. But the main objection to this system, and my Honourable friend Mr. Haji has referred to it, is the fact that unquestionably it gives the shipowner a continuous hold over the shipper. Perhaps I may be pardoned if what I am going to say does to a certain extent repeat what Mr. Haji has already said. The system works like this. If at the end of four months, shippers have not shipped goods by any vessels other than those despatched by the members of a shipping conference, they will be credited with 10 per cent. of the aggregate freights paid on their shipment during that period, and this sum will be paid to them at the end of a further period of four months, but the shippers have to confine all their shipments to vessels despatched by the Conference. Now, the House will see that it means the shipowners have always at least four months' rebates in hand. That makes it very difficult for the shipper to break away from the Conference because, if he does so, he must sacrifice four months' rebates and the time when he can break away without loss never occurs. That is a feature of the system which tends directly to the creation of a monopoly, and some modification would clearly be desirable. Now, some sort of solution to this difficulty was found in the Straits Settlement Homeward Trade Conference, where an agreement was arrived at in 1911 by which the Conference undertook that, once in every three years, the overlapping rebates should cease, and the shippers should be free to leave the Conference without loss of rebates. I understand that this opportunity was given regularly at three years intervals from 1911 to 1920. Now, if anything similar could be arranged in the case of the Indian coasting trade, I think the main objection which my Honourable friend Mr. Haji has been able to adduce against the deferred rebate system would to a large extent be removed. The Indian Coasting Trade Conference includes, I understand, three companies, namely, the British India Steam Navigation Company, the Asiatic Steam Navigation Company and the Scindia Steam Navigation Company. I am in a position to say, Mr. President, that the first two of these three Steamship companies, namely, the British India Steam Navigation Company and the Asiatic Steam Navigation Company, are prepared to consider an arrangement of that kind; that is, they would be prepared to agree that the overlapping rebates should cease once in every three years in order that shippers might be free to leave the Conference without any loss of rebates. I have not consulted the Scindia Steam Navigation Company about that suggestion, but I have not the least doubt from the line which my Honourable friend Mr. Haji has always taken on this question that that company will be perfectly willing to enter into an agreement of that kind.

I hope that the House will consider well what I have said in this matter. On general grounds it is very undesirable, until the Coastal Reservation Bill is out of the way and it has been finally settled whether it is to become part of the law or not, that we should proceed with further legislation simultaneously on other aspects of the case, and since the main objection to the deferred rebate system will to a large extent be removed, so far as the coastal trade is concerned, by the readiness of the

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companies in the Conference to agree to this system by which it will be possible for shippers to leave the Conference without loss of rebate. I hope, Sir, that my Honourable friend Mr. Haji will not press his motion to a division today: If he does so, I can only make it plain that it will be necessary for Government to oppose it.

Sir Victor Sassoon: Sir, the constituency that I represent happens to be a mixed one, and therefore probably has the advantage of viewing these questions more particularly from the economic standpoint and not from the political standpoint, and therefore I propose to deal with this Bill from the former point of view. Honourable Members of this House should appreciate the point that the question of deferred rebates is not one which shipowners can force on their customers. Naturally some customers may prefer to have it, and as there is a distinct opposition in certain quarters to the deferred rebate system, we may also take it that another class of customer would prefer not to have this form of agreement. It will probably be found that among those who, like the large body of the members of my constituency, carry on their business at a large terminal port where one can generally count on a large and even flow of tonnage, whether regular or tramp, there is a general feeling of, shall we say, impatience at the system of these deferred rebates, because, as has been admitted, there is little doubt that some of the large lines do take advantage of the power which this system gives them to impose conditions on customers which are resented. Therefore those who are at a large terminal port and are not so dependent on a regular traffic, from say, one or two lines, are naturally more impatient and more anxious that there should be free competition, and therefore view any suggestion of disallowance of deferred rebates with sympathy. It may be a selfish point of view, and therefore when my constituency supports the principle of this Bill I must say frankly that we are not in the position of being hurt by it as may be those having to trade in smaller ports, or places round India which are not served by regular visits of tramp steamers, as well as the usual Conference lines. We prefer to have as much open competition as possible, and really, in view of Mr. Haji's other Bill for coastal reservation, it is rather attractive to feel, that the more or less monopoly, which it appears will be created under that Bill, might not have its path rendered too easy by allowing them to institute deferred rebates—another reason why I feel in sympathy with this Bill. But I am not here only as a representative of the Millowners' Association. I am here as a Member of this Assembly, and I therefore feel that I must, at any rate in argument, if not in vote, put forward the points of view of other parts of India as well as that of my own constituency. I do see that, if there were to be no deferred rebate system, and if there were no other similar system by which some agreement could take place between a group of shippers and some line of steamers, the group of shippers in a small port might find themselves suffering very severely by not finding tonnage to take away their goods when they want to remove them or perhaps not find sufficient tonnage, and they might find their cargo lying at the port for an indefinite period of time simply because the line of ships that used to serve that port find that they can make more money by taking tonnage from other ports. I therefore feel that there ought to be some safeguard by which the traders in these small ports can be assured of having some sort of definite service.

The House must not forget that, in return for tying shippers down under this scheme, the shipowners have got the obligation to run the ships to these ports whether any tonnage happens to be available or not.

Mr. E. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot): Is that a legal obligation on the part of the shipowner?

Sir Victor Sassoon: I do not say there is a legal obligation, but that is what they give to the shippers in return for this system.

An Honourable Member: Is a legal obligation laid down?

Sir Victor Sassoon: It may be done by a form of contract. If there were no form of contract and if these steamship companies do not give regular service, there would really be no point in anybody taking advantage of what was offered. It is no good offering me a rebate on tonnage if I am not going to be supplied with sufficient tonnage to take my goods away. My friend Sir James Simpson is an authority in these matters. I understand that, under the contract, the shipowner undertakes to supply the tonnage required for the trade, and if he cannot supply this from his own fleet, he must charter outside, and he has to take the risks of the market. In other words, there are two sides to this agreement. Now, let us assume that this Bill passes through, and let us assume that a certain group of traders come to some agreement and say to the steamship line: "You will run a regular service from this port to some other port, and in return for that we will ship all our goods which we have available by your line, because otherwise you will ask us definitely to say 'You will ship so many tons per month or per year' ". Of course that can be done if the shipper is in a position to contract with the shipowner and say "We will have so much cargo available at a particular time". That is a straightforward agreement. The rates will be fixed, the ships will come and pick up the cargo. But suppose the shipper says: "I know we will have about so many tons a season to ship, but we cannot definitely say whether they will come down from up-country by a certain date when the ship is waiting. What we ask you to do is to supply the tonnage and take our produce when it is there and take the risks of having to go empty if the cargo is not there. We in return will ship all our goods by your line, because we are assured of our tonnage". Surely, it is not unfair for the shipowner to say: "In case you fail to do this, there must be some fine", and this deferred rebate is really a form of fine. Something of that kind must be allowed. Are you going to say that these groups of shippers must not be allowed to contract in some form or another, in order to be assured of tonnage? Surely that cannot be the view of this House, because otherwise the unfortunate shipper will find that he is not getting the freight when he wants it. I hope too, that when this Bill goes into Select Committee, one thing at any rate will be done. That is, that the Select Committee will agree in this case, as in the case of the Select Committee on the Public Safety Bill, which has nothing whatever to do with this question, but has been referred to, there should be a time limit, because I should like to see how a Bill of this kind is going to work in practice. When all is said and done, Bills like this are not mere gestures. This Bill is going to affect the trade of the country. If it has a bad effect, I take it that the House does not want that bad effect to continue, because that cannot be to the advantage of the trade of this country. I take it that this Bill is not merely intended to benefit the Indian steamship lines. I take it that it is

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intended to benefit the trade of this country. I do not pretend to be an authority on these matters, because I have not had the training or the time to deal with it. I would therefore suggest that, if we are going to have a Bill of this sort, we should have a time limit in case it is found that it is a mistaken measure. On the other hand too, I do suggest that a large number of safeguards should be put into this Bill. I do not like to give the powers that are given here to the Government. I am surprised at Mr. Haji being so ready to give these large powers to the Government to interfere in the business in which he is interested. If I had anything to do with the steamship companies, I should be very nervous of allowing the Government—especially such a Government, (Laughter and Applause)—such powers. I am going to argue the point of view of my friends opposite: let us suppose that a new steamship company is started under the auspices of my friends on the extremist side, and let us say that sometime during their dealings, it is found that there has been a discriminating agreement. My friend, the Honourable Sir George Rainy, who is noted for his sense of humour, says "This contravenes the section of Mr. Haji's Act." He will then be able to say that this perfectly good *Swarajist* company shall not be allowed to put their ship's nose into any port in British India. Of course I don't know if that is what Mr. Haji wants. Perhaps it is a very subtle way to make sure that no new company finds its way to compete with him. I do feel that, from the point of view of my friends opposite, they ought to see that there are some safeguards, and very stringent safeguards, introduced in this Bill. My own personal view is that, as a trader having business in a terminal port, I can afford to take risks, which I might not perhaps be prepared to do if in a smaller port. If this Bill is going to affect any section of the business community detrimentally, it is more likely to do so in smaller ports. I do not want to oppose the Bill going to Select Committee, but I do feel, as a Member of this Legislature, that there should be very drastic changes in it before it is allowed to go on the Statute-book.

The Assembly then adjourned for Lunch till Twenty Minutes to Three of the Clock.

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

Mr. President: The Assembly will now resume the further consideration of Mr. Haji's motion to refer the Bill to provide for the abolition of the deferred rebates in the Coasting Trade of India to a Select Committee.

Mr. Sarabhai Nemchand Haji: Sir, with your permission, I will now deal briefly with some of the points that have been raised in connection with this question of deferred rebates. I think it was my Honourable friend Mr. Duraiswamy Aiyangar who drew the attention of the House to the fact that some of the clauses in the Bill dealing with the minimum and maximum rates, which were present in the Bill introduced by the late Mr. Seshagiri Avvar, were not to be found in this Bill. The reason why these clauses were omitted by me was that there was a consensus of

opinion against the principle, as also the drafting of those clauses. But I should be quite prepared, speaking personally for myself, to have these points of minimum and maximum considered by the Select Committee, and I hope they will emerge out of the Select Committee as part of the Bill. Attention was drawn by my Honourable friend Mr. Lamb to the fact that the Fiscal Commission did not express any opinion on the Bill, and the inquiry which the Fiscal Commission had asked the Government to conduct had not yet been undertaken. But, Sir, we have here the definite opinion of the Fiscal Commission to the effect that the system of shipping rebates is one of the strongest buttresses of monopoly, and if any thing more than this was required, it has been more than amply provided by the various opinions favouring this Bill and also in favour of the abolition of the deferred rebate system to which I drew the attention of the House this morning.

Moreover, Sir, the Indian Mercantile Marine Committee have also adverted to this question. They say with reference to the Licensing Authority, the institution of which they recommend, in condition 4 of the licensing clause that:

"The Licensing Authority may also be vested with power to take such steps, with the approval of the Government of India, as may be considered advisable to deal with deferred rebates, rate wars and any conditions which unduly put a restraint on trade."

These facts, Sir, show that, even in the opinion of the Members of the Indian Mercantile Marine Committee, the deferred rebate question was one which hampered the development of a national marine for India and should therefore be considered by the Government of India when the license was granted to a shipping company to ply in the coastal trade. As regards the details of the procedure by which the abolition of the evils of the system in the coasting trade of India is to be achieved, I think it will be quite open to the Select Committee to consider in place of Government control that I have suggested, control by a statutory body, as suggested by my Honourable friend Mr. Duraiswamy Aiyangar. Or the Select Committee might solve the whole problem on the lines of providing licenses for engaging in the coastal trade of India. These points of detail I am sure can be taken up by the Select Committee.

I will now come to the remarks that were made by the Honourable the Commerce Member. He said that he did not quite see how the Coastal Bill and the present Bill were complementary to each other. To my mind the co-relation is quite clear. With the aid of the Coastal Reservation Bill you get your development, however partial, of the Indian mercantile marine. But in order that that development of a national marine should not be synonymous with the development of one or two large companies only, but should allow of a normal development, whether of large ships or small ships, whether of small companies or large companies as required by the economic conditions of trade, it is necessary that this rebate system should be abolished. That is the reason why I want the deferred rebate system to be abolished side by side with coastal reservation, so that a proper national shipping might develop in the economic interests

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of this country. The Honourable the Commerce Member further asked, why employ both direct and indirect methods at once? I am rather surprised at that charge, because I claim that both the Bills are examples of indirect methods. Direct methods, so far as I know in shipping literature, are generally said to consist in the payment of mail subsidies, in the payment of construction subsidies, in the payment of navigation subsidies and so on. The abolition of deferred rebates and the reservation of coastal trade and similar methods are indirect methods of developing national shipping and I claim that these two indirect methods are necessary in order that we might get an early realisation of our hopes that at least the coastal trade of India should be properly served by vessels owned and controlled by Indians. The Honourable the Commerce Member further stated that, after all, the deferred rebate system was not quite so bad. Had it not allowed one Indian company to get into the Conference line? But, Sir, he forgets that, as against that one Indian shipping company that has got into that Conference line, there are 25 and more Indian shipping companies that have been destroyed in the past by the non-Indian monopoly. What about the Indian capital of almost ten crores of rupees that has been wasted, lost for good, because the deferred rebate system has crushed new Indian liners attempting to enter into the coastal trade? That is why I feel, Sir, that we should have this system abolished, if we do not want to see repeated the experience of the past in connection with the entry and continuance of new Indian ships in the coastal trade. Moreover, Sir, I think it was the Honourable the Commerce Member who said that the economic side of this deferred rebates question was not discussed by the witnesses before the Indian Mercantile Marine Committee, which also had not paid any attention to the economic side of this question. I am rather surprised, Sir, that the Members on the Government Benches talk of the general neglect of the economic aspects of different questions that come up for discussion or acceptance before this House, all the time oblivious of the fact that the people who make these recommendations that is, in this case, the merchants who ask for the abolition of the deferred rebates system, actually breathe the business atmosphere all the 24 hours of the day (Hear, hear) and know quite clearly what the economic aspect means. They are not the people who could afford, like the Honourable the Commerce Member, to take only an intellectual interest in these questions, for they are the people affected by all the grinding done by the Conference system; and if they go to the committee appointed by the Government and give out their bare conclusions, it does not mean that those conclusions have no economic value. It is futile, therefore, to say that there is no economic background behind the opposition to the deferred rebates.

I was rather glad to find, Sir, that at least in the case of this Bill, the Honourable the Commerce Member thinks that the Government of India is an institution of such a type—I will not use any obnoxious adjective—that it cannot be trusted, that it should not be trusted, with very wide powers. I am glad that that point has been made clear, and I hope he and his colleagues will remember this point when they come to tackle political problems like those involved in the passing of the Public Safety Bill. (Hear, hear.)

An Honourable Member: Not yet passed!

Mr. Sarabhai Nemchand Haji: As regards the Rebates Bill, Sir, if it is found at the consideration stage, or in the Select Committee, that the powers proposed to be given to the Governor General in Council should be vested in some other body, or that those powers should be curtailed, or that a system of control on the deferred rebates system should be introduced in a manner different from the two or three systems suggested here—these are all points for discussion in the Select Committee; and I am sure that a satisfactory conclusion can be reached thereon.

Then, Sir, there is one point with which I should like to say here that I do not agree. I find that the Honourable the Commerce Member has been authorised by the British India and the Asiatic Companies to say that they agree to the operation of some such system as is prevalent in the Straits Settlements today. Now, Sir, it is rather an intricate point, but with your permission, I shall just say a word or two about it. This system, which is prevailing in the Straits Settlements homeward trade—I think that is what the Honourable Member referred to—is described in the report of the Imperial Shipping Committee at page 11. This is what is stated there:

“In 1911, an agreement was arrived at in London under which the Conference undertook that once every three years the overlapping of rebates should cease and shippers be free to leave the Conference without loss of rebates. This opportunity was given in 1911, 1914, 1917 and 1920.”

Sir, it will be found that this system, though it gives freedom to the shipper every three years, is still a system that does not give him as much liberty as he is entitled to. The very fact that the authoritative report of the Imperial Shipping Committee says nothing more on the subject than merely to indicate that they have merely considered this system among others shows that they wanted fully to solve the problems which we are now considering. If any system is to be introduced, that system, to my mind, should be the one which has been not merely considered but also approved of by the Imperial Shipping Committee and that system, Sir, is the “Agreement system”. The Agreement system, as recommended for adoption throughout, I suppose, the British Empire, by the Imperial Shipping Committee, is the system which prevails in South Africa today. Its prevalence in that country has an interesting bit of history behind it. The Agreement system came into operation in South Africa after the abolition of the deferred rebates system resulting from that Act of 1911, to which I referred this morning. That is the system, Sir, which it may be desirable to introduce in this country, and for the introduction of which it is certainly necessary to create an atmosphere in this country. That atmosphere can be created only by the abolition of the deferred rebates system. Even under the suggestion thrown out by the Honourable the Commerce Member, the rebate is deferred for three years. Moreover, that particular arrangement is only uni-lateral in practice. All the rights and the privileges which belong to the Conference Lines today will continue. The shipper has no privileges today, and that state of affairs also will continue. All that will happen is, that instead of the hold of the shipping company upon the shipper being permanent, it will be restricted to a period of three years. So, Sir, this is a system to which I for one am not prepared to agree; because it is necessary, if you are going to give freedom to the shipper, that a bi-lateral arrangement or agreement, with mutual

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obligations and privileges, should be introduced as between the ship-owner and the shipper, in order that the shipper may have freedom, say after six months, to go to another company if he chooses to do so. This can only be done by the mutual agreement system. This system, Sir, is referred to in page 10 of the report of the Imperial Shipping Committee as follows:

"As a result of the new legislation in South Africa it became necessary for the Union Castle Mail Steamship Co., Ltd., who held the mail contract between the United Kingdom and South Africa, to discontinue the deferred rebate system, and it was also dropped by the other Lines in the South African Conference. It has been replaced by the 'Agreement system' to which we shall have occasion to refer later."

So, Sir, if you want an "Agreement system" introduced in the Indian coastal trade, the essential preliminary is the abolition of the deferred rebate system.

I will now say a word or two with regard to the Agreement system, as it has been evolved during the last 15 years or more in South Africa. It is a system which has now got the blessing, after full consideration of all the alternatives, of the Imperial Shipping Committee, and it is a system which to my mind is the minimum to which the shippers of India are entitled. Referring to the system of agreement in South Africa, the report of the Imperial Shipping Committee of 1923 says:

"Since the issue of the Royal Commission's Report, however, a new method of tying the shippers has recently come into operation. We refer to the South African Agreement. When the South African legislation, which we have mentioned above, forced the liner companies trading to South Africa to relinquish the rebate system, an agreement was drawn up after negotiations between the South African Trade Association and the South African Shipping Conference. A copy of the agreement is attached as Appendix IV. The individual shippers who sign it agree to give their entire support to the regular lines in the Conference. In return, the lines undertake to maintain regular berth sailings at advertised dates, the ships to sail full or not full, and to provide sufficient tonnage for the ordinary requirements of the trade; and, further, to maintain stability of freights, which are definitely prescribed in the agreement, and equality of rates to large and small shippers alike. Arrangements are made for consultation between the Association and the Conference regarding any revision of freight rates and other matters, and also to meet any disturbances caused to the stability of rates through the cutting of rates by outside lines. The agreement is for one year and is terminable by either party at any time thereafter at six months' notice."

An agreement system like the one now prevailing in South Africa would take in almost all the points that it is desirable should be taken in in the interests of the shippers in the event of any agreement system being introduced in India. On the other hand a system like the one prevailing in 1911 in the Straits Settlements is one-sided and just as bad as the deferred rebate system, except that the period is restricted to three years. That is not a satisfactory method at all. In this connection, Sir, I should like to make it clear that there is no justification for the statement made by the Honourable the Bombay Baronet to the effect that the deferred rebate system means an agreement between the shipowner and the shipper, under which the shipper has a legal claim. Nothing of the kind. The shipper has no legal claim. If the shipper gets regular sailings, uniform rates and so on and so forth, they are simply in the nature of voluntary gifts from the shipping company to the shipper. I want that the shipper should have rights and privileges to which he is entitled by law as is not the case to-day. For example, I will just draw your attention to

the form in which the deferred rebate is claimed. I have got here the form which was used when the deferred rebate system was first introduced in the coastal trade between Bombay and Rangoon. The shipper had to forward the following letter to the shipping company:

"Annexed we beg to hand you a list of our shipments of cargo by your line of steamers to Rangoon during the six months ending . . . on the freight of which we claim a rebate of 10 per cent. in consideration of our not having made or held any interest whatever in other shipments from Bombay to that port by vessels other than those belonging to the British India Steam Navigation Company, Ltd., and Asiatic Steam Navigation Company, Ltd., during the past twelve months."

Where are the rights and privileges of the shipper here? Where is it possible for the shipper to have any legal right to, say, damages if his requirements are not satisfied? That is why I claim, Sir, that if the Government are in future to bring their influence to bear upon the interests concerned, to get a modification of the present system, that influence should be wielded—and nothing else will be satisfactory—that influence should be wielded to get for the shippers an agreement system on the basis of the South African model. Merely reducing the period of rebate, of deferred payment, to three years, as I said before, will not do.

There is one further point to which, before I resume my seat, I should like to draw attention and it is this. I hope I have got the words of the Honourable the Commerce Member correctly—and if I am wrong I hope he will correct me—but I think he used words to the effect that no progress in shipping matters was possible until the Coastal Shipping Bill was out of the way.

The Honourable Sir George Rainy: I do not recollect using those words, Sir, or words conveying that meaning.

Mr. Sarabhai Nemchand Haji: I am very glad of the correction, Sir, particularly because the wrong impression that I had in my head has now been removed. But now that I have mentioned the other Bill, I should like to say that, though the Coastal Trade Reservation Bill and the Deferred Rebates Bill are, as I think I made it quite clear this morning, complementary, the Deferred Rebates Bill is not contingent upon the other Bill passing. That is why I say that the question of the Deferred Rebates Bill, though analogous in nature to the question of the Coastal Reservation Bill, in so far as both aim at developing an Indian mercantile marine, should be separately regarded on its own merits when Honourable Members of this House make up their minds in connection with the voting on the present motion. Sir, I beg to move the motion standing in my name.

The Honourable Sir George Rainy: Sir, my Honourable friend Mr. Haji did not, I think, quite appreciate the point I made in my previous speech when I was pointing out that the economic aspects of the case required further examination before the House committed itself to approval of the principle of the Bill. I was dealing specifically with the opinions which were given by various commercial bodies and others at the time that Mr. Seshagiri Ayyar's Bill was circulated. I had not definitely in my mind the evidence given before the Mercantile Marine Committee. My Honourable friend's reply however is that, when we get an opinion from a mercantile association, we must assume that it is thoroughly permeated with the economic aspects of the case, because the merchant breathes the economic atmosphere twenty-four hours of the day. Well, Mr. President, I am inclined to ask the question, what atmosphere the writers of the letters we

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receive from mercantile associations sometimes breathe, because I have seen letters, the writers of which, I should have been tempted to say, must have been breathing a political atmosphere. Therefore, Sir, I adhere to what I have already said on that point; and one of the reasons for my opposition to the Honourable Member's motion to-day is that, in my view, the question whether the deferred rebate system—apart altogether from the question of an Indian mercantile marine or a British mercantile marine—has worked well or ill, or for the good or evil of trade. I think that there is a great deal more which requires investigation before we are justified in coming to a final conclusion on that subject. Speaking for myself, I am not in the least satisfied that the retention of the deferred rebates system would be for the benefit of India as a whole. My Honourable friend referred to the Indian companies which he said had been driven out of existence owing to the operation of the deferred rebates system. All I can say about that is, that that is not my information. My information is that, when there has been competition between the older British companies and the newer Indian companies, and the Indian companies have failed to survive, it has been due to rate wars and not to the operation of the deferred rebate system; and, as I have already pointed out, this Bill contains no provision for preventing rate wars. I was a little surprised to hear my Honourable friend say—he will correct me if I have not got his attitude correctly—he was inclined to favour the agreement system which grew up in South Africa after the deferred rebates had been abolished by law. I think he was inclined to regard that system as a reasonably good one. But he said: "Before you can get that system, you must abolish the deferred rebates." That historically is what took place in South Africa, but I do not in the least understand why the course of events here should be the same, and the Imperial Shipping Committee did not take that view at all. What they said was this:

"Impressed by the possibilities of the agreement or general contract system as an alternative to the deferred rebate system, we explored the idea of an option being given to shippers to choose between the two systems, and as the attitude of the ship owners has led us to believe that they would be genuinely anxious to fall in with the views of their customers in any practical scheme, we brought this question to the notice of the Chamber of Shipping."

Then in another place they say:

"On further consideration, we have accordingly come to the conclusion that in the adoption of such an agreement system as an alternative, a solution or at least an avenue to a solution, of this vexed question of deferred rebates may be found. The deferred rebates system is plainly open to certain objections, and although the agreement system is equally open to objections, we recommend that it should be given to shippers as a running choice. Individual shippers should have the choice (a) of binding themselves by means of an agreement over a certain period or of a running agreement subject to a certain period of determination, or (b) of remaining under the deferred rebates system."

There is no question there of the rebate system being abolished as a necessary preliminary to the adoption of the agreement system. What the Committee contemplated was that both systems should exist side by side, some shippers, if they preferred, coming under the deferred rebate system, and others coming under the agreement system. Therefore the fact that my Honourable friend looks with favour on this agreement system is really no argument for his Bill at all.

I do not think, Mr. President, that I should be justified in treating the case at greater length to-day. I tried to explain in my previous speech what the reasons were which made it impossible for Government to accept this motion. As a means for building up an Indian Mercantile Marine, they regard this measure as ineffective and unlikely to secure its object; while we have to discuss it in the position that the House has already given its approval to a more direct method of building up an Indian mercantile marine. Looked at from the point of view that the Bill might be necessary to prevent the growing up of a monopoly, even if the coastal trade were reserved, my answer to that is that there again I am not satisfied that it would be effective, and I am not satisfied that the abolition of the deferred rebate system would really be for the economic good of the country. Finally, Sir, I pointed out that the Bill, as drafted, was such that it would have to be drafted all over again before we can make any progress with it. For all these reasons, Mr. President, I am unable to accept the motion of my Honourable friend that the Bill be referred to a Select Committee.

Mr. President: The question is:

"That the Bill to provide for the abolition of the deferred rebates in the coasting trade of India be referred to a Select Committee consisting of the Honourable Sir George Ran'y, Mr. Ghanashyam Das Birla, Colonel J. D. Crawford, Mr. Duraiswamy Aiyangar, Mr. A. H. Ghuznavi, Haji Abdoola Haroon, Mr. Jamnadas M. Mehta, Mr. K. C. Neogy, Sir Purshotamdas Thakurdas, Maulvi Muhammad Shafee, Mr. R. K. Shanmukham Chetty and the Mover, and that the number of Members whose presence shall be necessary to constitute a meeting of the Committee shall be four."

The Assembly divided.

AYES—52.

Abdul Matin Chaudhury, Maulvi.
 Acharya, Mr. M. K.
 Aiyangar, Mr. C. Duraiswamy.
 Aney, Mr. M. S.
 Ayyangar, Mr. M. S. Sessa.
 Badi-uz-Zaman, Maulvi.
 Belvi, Mr. D. V.
 Bhargava, Pandit Thakur Das.
 Birla, Mr. Ghanashyam Das.
 Chaman Lall, Diwan.
 Chetty, Mr. R. K. Shanmukham.
 Chunder, Mr. N. C.
 Das, Pandit Nilakantha.
 Dutt, Mr. Amar Nath.
 Ghuznavi, Mr. A. H.
 Goswami, Mr. T. C.
 Gulab Singh, Sardar.
 Haji, Mr. Sarabhai Nemohand.
 Hans Raj, Lala.
 Iswar Saran, Munshi.
 Iyengar, Mr. A. Rangaswami.
 Jayakar, Mr. M. R.
 Jogiah, Mr. V. V.
 Kelkar, Mr. N. C.
 Kidwai, Mr. Rafi Ahmad.
 Kunzru, Pandit Hirday Nath.
 Malaviya, Pandit Madan Mohan.

Mehta, Mr. Jamnadas M.
 Misra, Mr. Dwarka Prasad.
 Mitra, Mr. S. C.
 Moonje, Dr. B. S.
 Murtuza Saheb Bahadur, Maulvi.
 Sayyid.
 Naidu, Mr. B. P.
 Nehru, Pandit Motilal.
 Pandya, Mr. Vidya Sagar.
 Phookun, Srijut T. R.
 Purshotamdas Thakurdas, Sir.
 Rajan Bakhsh Shah, Khan Bahadur.
 Makhdum Syed.
 Rang Behari Lal, Lala.
 Ranga Iyer, Mr. C. S.
 Roy, Rai Bahadur Tarit Bhusan.
 Sassoon, Sir Victor.
 Shafee, Maulvi Mohammad.
 Shah Nawaz, Mian Mohammad.
 Siddiqi, Mr. Abdul Qadir.
 Singh, Mr. Gaya Prasad.
 Singh, Mr. Narayan Prasad.
 Singh, Mr. Ram Narayan.
 Sinha, Kumar Ganganand.
 Sinha, Mr. Rajivaranjan Prasad.
 Sinha, Mr. Siddheswar Prasad.
 Yusuf Imam, Mr.

NOES—42.

Abdul Aziz, Khan Bahadur Mian.	Lall, Mr. S.
Alexander, Mr. William.	Lindsay, Sir Darcy.
Allison, Mr. F. W.	Mitra, The Honourable Sir Bhupendra Nath.
Ashrafuddin Ahmed, Khan Bahadur Nawabzada Sayid.	Moore, Mr. Arthur.
Bajpai, Mr. G. S.	Mukharji, Rai Bahadur A. K.
Bower, Mr. E. H. M.	Mukherjee, Mr. S. C.
Bray, Sir Denys.	Parsons, Mr. A. A. L.
Chalmers, Mr. T. A.	Rainy, The Honourable Sir George.
Chatterjee, the Revd. J. C.	Rao, Mr. V. Panduranga.
Coatman, Mr. J.	Row, Mr. K. Sanjiva.
Cocke, Mr. H. G.	Roy, Mr. K. C.
Cosgrave, Mr. W. A.	Sams, Mr. H. A.
Crawford, Colonel J. D.	Schuster, The Honourable Sir George.
Crerar, The Honourable Mr. J.	Shillidy, Mr. J. A.
Dalal, Sardar Sir Bomanji.	Simpson, Sir James.
French, Mr. J. C.	Singh, Rai Bahadur S. N.
Gavin-Jones, Mr. T.	Stevenson, Mr. H. L.
Ghazanfar Ali Khan, Mr.	Sykes, Mr. E. F.
Graham, Mr. L.	Webb, Mr. M.
Jowahir Singh, Sardar Bahadur Sardar.	Yamin Khan, Mr. Muhammad.
Keane, Mr. M.	Young, Mr. G. M.

The motion was adopted.

THE CODE OF CRIMINAL PROCEDURE (AMENDMENT) BILL.

(AMENDMENT OF SECTION 552.)

Pandit Thakur Das Bhargava (Ambala Division: Non-Muhammadian):
Sir, I beg to move:

"That the Bill further to amend the Code of Criminal Procedure, 1898 (Amendment of section 552) be circulated for the purpose of eliciting opinions thereon."

Sir, the provisions of section 552 have not got a very long history behind them. In the year 1882, when the Code of Criminal Procedure was consolidated, these provisions became part of the law of the land, and from that time, the only time when they have undergone alteration was in the year 1923, when the age of girls was increased from 14 to 16. It is true, that in some of the earlier Acts, I mean in the local Acts in Bengal and other provinces there were provisions which empowered Courts to liberate young girls from certain kinds of detentions, but the provisions in their present form were for the first time enacted in the year 1886 in a Bengal Act, and the words which existed previously in those earlier Acts, *viz.*, "adultery, concubinage, prostitution, deflowering or disposing her in marriage", were substituted by the words "for an unlawful purpose". Now the present section 552 only provides for certain contingencies. A perusal of the section would establish that in certain classes of cases only the provisions of section 52 could be made use of. To start with, it is only the cases of women and girls below the age of 16, provided they have got guardians to look after them, "parent, husband or other person having lawful charge" which are provided for. Secondly it is only the Presidency Magistrate or the District Magistrate who is empowered to act under the provisions of this section. Further, it is only in certain circumstances

that this power can be exercised by the Presidency Magistrate or the District Magistrate, and that is in cases of abduction or unlawful detention for an unlawful purpose. Now, a perusal of the provisions of the Bill which I introduced would show that I want that the present section should be substituted by another section and the main points of difference are :

- (1) that the words "for an unlawful purpose" be deleted;
- (2) that the powers be made exerciseable by a Presidency Magistrate, District Magistrate, Sub-Divisional Magistrate and a Magistrate of the first class specially empowered in this behalf;
- (3) that instead of women and girls below 16 being protected, all men and women, and boys and girls of the age of less than 18 be protected.

I have made further provision in this Bill for the protection of those who have neither got husband, parent nor any other kind of guardian, *i.e.*, orphans. At present there is another section in the Code of Criminal Procedure which is analogous in its provisions to section 552, and that is section 100. According to section 100, a Presidency Magistrate, Magistrate of the first class or Sub-Divisional Magistrate, if he has reason to believe that any person is confined in such circumstances that the confinement amounts to an offence, can issue a search warrant, and after the confined person is brought, he can pass any order which he considers proper. Now a comparison of these two sections would establish that these provisions overlap each other. In section 100 it is clear that the confinement should amount to an offence. Now it would be difficult to think of cases in which there will be abduction or unlawful detention for an unlawful purpose and such detention will not be criminal. So that, practically speaking, when we are able to distinguish between these two provisions, we have to decide between Tweedledum and Tweedledee. To me it looks that there is a distinction without a difference. Now in a ruling, 16 Calcutta, page 487, these words "for an unlawful purpose" were interpreted by the High Court of Calcutta. That was a case in which a Hindu girl of the age of 14 went to a mission and the missionaries kept that girl with a view to convert her to Christianity. The husband of that girl and the mother of that girl applied to the District Magistrate for the restoration of her liberty and the District Magistrate held that, on the facts found, even taking it to be true that the girl went of her own accord to the mission, still the circumstances of the case attracted the operation of the provisions of section 552, and he held that there was unlawful detention in the sense that that detention was against the will of the guardians of that girl. And he further held that that detention was for an unlawful purpose because the purpose behind that detention was conversion, but when the case went up to the High Court, the learned judges of that Court held that these words "unlawful purpose" meant immoral purpose and conversion was not an immoral purpose. Therefore the Honourable Judges of the Calcutta High Court were pleased to hold that, though the detention was unlawful, the purpose being not unlawful, the lower Court should not have passed an order for restoration. They further held that, because an order for restoration was passed it was not discreet to restore the girl to the mission. So that to-day the law is that, even if it is proved that the detention is unlawful, yet

[Pandit Thakur Das Bhargava.]

the provisions of section 552 are ineffectual for getting liberty for the person unlawfully detained. Now, Sir, I do not think that I should lay much stress on the fact that, according to the provisions of the Habeas Corpus Act, it is unlawful detention which by itself has been taken to constitute an evil of great magnitude. I find that in the Habeas Corpus Act of 1816 the words used are that, whenever any person is restrained in his liberty, or whenever he is confined, he is entitled to be released. Similarly if we turn to the provisions of section 456 of the old Code of Criminal Procedure, we find these very words used. In section 491 of the Code of Criminal Procedure also, the words used are "when any person is improperly or unlawfully detained", so that it is clear that it is not unlawful detention for any unlawful purpose only which is the care and concern of the State to eliminate, but unlawful detention by itself has been regarded as sufficient to attract the protective provisions of the Code of Criminal Procedure. Now, Sir, so far as this aspect of the case is concerned, I will go further and say, that if these words "for an unlawful purpose" are allowed to remain on the Statute-book, the beneficent effect of the provisions contained in section 552 is to a very great extent diminished. At present it happens that boys and girls are abducted and yet the law is ineffectual in giving them liberty. I may tell this House that the criminal law of this land, section 362 of the Indian Penal Code, does not make abduction by itself an offence, unless it be attended with some object which has been regarded by law to be criminal. Abduction by itself constitutes no offence. The main difference between the provisions of section 552 and section 100 is that, whereas section 100 provides for confinements which amount to an offence under the law of the land, section 552 is only restricted to cases in which unlawful detention or abduction as such does not amount to an offence. If that is so, I would submit that, according to the provisions of the Habeas Corpus Act, these unnecessary words should be taken away from the section. Now, it happens that young boys and girls of immature age are taken away by missionary societies of all religious denominations, be they Christian, Hindu or Muhammadan for conversion. I am not here to accuse any particular society; but this is a fact which we cannot ignore, that communal conflicts and religious feelings are excited on account of abductions of young boys and girls. What happened in Bombay? There was a kidnapping scare. Some time ago I remember that the same kind of feelings were excited in Lahore.

Now if there is a handy provision and the local Courts can grant speedy remedy to the aggrieved persons, such feelings will not be excited, whereas according to the present law, as conversion by itself is not unlawful, no Court would be justified in giving liberty to such abducted or unlawfully detained persons.

Now, the second illustration that I would like to give is about brothels.

Mr. President: Order, order. This is not the stage when the Honourable Member is entitled to go into details. He knows perfectly well—as the House also does—that in making this motion he does not ask the House to commit itself to the principle of the Bill.

Pandit Thakur Das Bhargava: Without going any further into details of the question, I respectfully submit that the other purpose that would be served by this Bill would be to fill the gap regarding orphans and to

provide for cases which are not today provided for by any section of the Indian Penal Code. At present the Court has no such power in regard to orphans, and if the House agrees to the principle that such powers should be given to a Court, the Courts will enjoy such powers and protect the class of people who are at present without any protection. In this country there exist many societies for the protection of children, and they could very well take charge of such children. I know that there are some local Acts in Bombay and Calcutta which aim at the protection of children, but still a perusal of those Acts would establish that they do not go as far as the provisions of this Bill go.

The other important change that this Bill seeks to make is the increase of the age from 16 to 18. I will not go into the merits of the question whether it is a proper age or not, but I will only point out at this stage that, for certain sections of the Indian Penal Code, this House has already accepted the age of 18, for instance section 366(a). I am divulging no secret if I tell the House that the general opinion of the country is that girls of the age of 18 should be protected. (*Interruption by an Honourable Member indicating that other Members wished to introduce their own Bills.*)

I understand that other gentlemen are anxious to introduce their Bills, and I will not therefore weary the House by entering into details. The principle of the Bill briefly is this.

Mr. President: Order, order. We have nothing to do with the principle of the Bill. The Honourable Member is not asking the House to accept the principle of the Bill. The question is why you want the House to agree to this Bill being circulated for opinion.

Pandit Thakurdas Bhargava: I thought at this stage some mention of the principle would not be out of place. However, I commend my motion to the House.

Mr. J. A. Shillidy (Home Department: Nominated Official): Mr. President, while accepting, on behalf of Government, this motion for circulation, in accordance with your ruling I wish to make it quite clear that Government are not committed in any way to the principle of the Bill. The reason why they have accepted this motion for circulation is that they recognise the kind-hearted motive—perhaps the somewhat sentimental motive—behind the Mover, and that he has come across a few hard cases and wishes to make provision for them. Government do not wish to oppose hard-heartedness to the kind-heartedness on the opposite side. Therefore I am quite willing that what is now put down in the Bill, should be circulated and subjected to general examination.

There are various reasons, however, which I think I might point out, why we may anticipate a not too favourable reception to the Bill when the reports come back to us. The Mover of the Bill has given us a long history of it, and would like us to believe that after all he is doing nothing more than perhaps what our forefathers did before us. I don't know that we can go quite so far as that. We have to take the law as it stands, and it must be pointed out that, once the Bill excludes the words "for unlawful purposes", it changes the whole character of that section. Those words "for unlawful purposes" have been construed by a Court to mean for immoral purposes, and I submit that the section taken in that form had a very pertinent reason for its existence. If a girl, a

[Mr. J. A. Shillidy.]

woman, or a female child under the age of 16 has been abducted or unlawfully detained, and if thereafter the magistrate receives a complaint that the real object of that abduction or unlawful detention is for an immoral purpose, surely it is right and proper that he should be allowed, in view of the great danger that threatens that woman or child, to set her at liberty, or to make proper provision for her protection and custody. (*An Honourable Member*: A little louder, please.) I am so sorry. But when you go beyond that and leave out the words "for unlawful purposes" I submit that you are likely to put the magistrate in a very difficult position. If, after all, he is going to adjudicate on the question of abduction, or unlawful detention, and you ask him at an early stage to go into the question whether that person was taken away from lawful guardianship, and to decide the guardianship to which the child should be committed, then you are in great danger of forcing the magistrate to pronounce on the main issue of the case. I am quite certain that this difficulty has been overlooked, and it will certainly be pointed out to us in the many opinions that we shall receive after circulation.

Then he goes on in the third paragraph of the second clause to say:

"the Court may commit the child to the care of a suitable person or society for the protection of orphans and children", etc.

I have only to say with regard to this, that I am afraid he is a little bit more optimistic than I am. I would like to think that, whenever a magistrate is faced with this problem, he should always be able to say, without any difficulty, "Such and such a person is a suitable guardian", or "There is a society to which I can send the child." Unfortunately these societies are somewhat scarcer than mushrooms and cannot be found in every place. A magistrate will be in considerable difficulty. When Pandit Bhargava asks us to believe that it is a simple matter, I think we ought to accept his statement with a little caution. I do not say that there are no societies. I admit that there are societies, but I do not think that they are so widely spread as he suggests. But I think beyond that there is a graver objection, and that brings us down to the new sub-section 552-A. This Code of Criminal Procedure, if I may say a very obvious thing, is concerned with procedure. Now what the Honourable Pandit is asking us to do is really to introduce into it a law of very important substance, that is children's protection. Is it right and appropriate that you should bring into a Code which deals almost entirely with procedure, provisions which are really intended for the protection of children, and which in all countries and from our own experience in India require very special machinery, very special Courts and very special inquiry? All those difficulties occur to one. The sentimental urge behind the Pandit is so strong that he will not see these little difficulties. I admire him for the excellent, I hardly know the correct word to use but the excellent reasons actuating him. At the same time, he has let his sentiments outrun his discretion. I would ask the House to look at the words of the new sub-section 552-A:

"Whenever during any proceedings under this Code or otherwise any Magistrate exercises jurisdiction in any case in which any child under the age of eighteen years is concerned as a witness, accused or otherwise and whenever any child is brought before any Magistrate, he may make an *ad interim* or final order for the proper custody of the child"

If you bring that section in and make it law in this form, there will be many outlying districts where the parents will be afraid to let their children come into Court in any capacity whatsoever. There is nothing under this section to prevent a magistrate, when he sees a child before him, from making a final order for the custody of the child. That is, as the section is drafted at present; and I submit it can hardly have been the Pandit's intention. Admirable as his intentions are, here his intentions have even outrun his discretion.

As I said before, a section of this kind should not really have been put in. If you are anxious to give this special protection to children, it may be very necessary indeed, and about this I do not wish to express any opinion now, but if you are going to give protection to children, you want something less sweeping than this. You do not want—at least if you do, I am rather surprised to hear this House wants—a magistrate to have such a completely free hand, I submit that, when you want to deal with such a question, you must deal with it very much more carefully in the manner of a Children's Protection Bill.

I have nothing very much more to say on this Bill. I want to make the position of Government clear. We are not committed in any way whatsoever to the principles of this Bill. In recognition of the motives which have inspired the Honourable Mover of the Bill, we are quite prepared to receive opinions by circulating the Bill. But I may say quite clearly that we hold ourselves absolutely free to take any action we consider proper when we have received those opinions, and if I may hazard a prophecy or private opinion, I have little doubt that those opinions will be very heavily against the Bill. (Hear, hear.)

Mr. President: The question is:

"That the Bill further to amend the Code of Criminal Procedure, 1898 (Amendment of section 552) be circulated for the purpose of eliciting opinions thereon."

The motion was adopted.

Mr. President: I am quite prepared to sit till Half Past Four, but I do not think the next motion* is likely to be put through within that time I am entirely in the hands of the House.

The Honourable Mr. J. Orerar (Home Member): I am afraid, Sir, that this is a motion which we cannot accept.

Mr. President: The Government has decided to oppose this motion and it is not possible to finish it in half an hour.

Mr. Amar Nath Dutt: In that case the Bills awaiting introduction may be taken up.

Mr. President: The House stands adjourned.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 21st February, 1929.

* "That the Bill further to amend the Code of Criminal Procedure, 1898 (*Amendment of sections 205 and 540A*), be referred to a Select Committee consisting of the Honourable the Home Member, Mr. L. Graham, Mr. S. C. Mukherjee, Mr. Anwar-ul-Azim, Mr. Abdul Matin Chaudhury, Munshi Iswar Saran, Mr. Lalchand Navalrai, Mr. K. C. Neogy, Mr. Jamnadas M. Mehta, Mr. D. V. Belvi and the Mover, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be four."