

**JOINT/SELECT COMMITTEE  
REPORTS OF LEGISLATIVE  
ASSEMBLY - 1932**

**The Bamboo Paper Industry  
(Protection) Bill**

List of Reports of Select or Joint Committees  
presented in the Legislative Assembly in 1932.

Serial No.	Short title of the Bill.	Date of presentation.	Remarks.
1.	The Indian Partnership Bill.	26.1.32.	
2.	The Wire and Wire Nail Industry (Protection) Bill.	15.2.32.	
3.	The Bamboo Paper Industry (Protection) Bill.	16.2.32.	
4.	The Bengal Criminal Law Amendment (Supplementary) Bill.	22.2.32.	
5.	The Sugar Industry (Protection) Bill.	23.2.32.	
6.	The Foreign Relations Bill.	29.2.32.	
7.	The Indian Air Force Bill.	10.3.32.	
8.	The Ancient Monuments Presentation (Amendment) Bill.	5.4.32.	
9.	The Port Haj Committees Bill.	5.9.32.	
10.	The Tea Districts Emigrant Labour Bill.	5.9.32.	
11.	The Code of Criminal Procedure (Amendment) Bill.	12.9.32.	
12.	The Children Pledging of Labour Bill.	19.9.32.	
13.	The Criminal Law Amendment Bill.	7.11.32.	
14.	The Indian Merchant Shipping (Amendment) Bill.	14.11.32.	
15.	The Indian Tariff (Ottawa Trade Agreement) Amendment Bill.	12.12.32.	

## LEGISLATIVE ASSEMBLY.

We, the undersigned, members of the Select Committee to which the Bill further to amend the law relating to the fostering and development of the bamboo paper industry in British India was referred, have considered the Bill and have now the honour to submit this our Report.

2. We note with approval the recommendation made by the Tariff Board in paragraph 108 of its Report that Government should take such steps as they may find practicable to secure compliance on the part of the paper and pulp making undertakings in India with the conditions which the Indian Fiscal Commission in paragraph 292 of

its Report laid down for observance by Companies receiving certain kinds of assistance from the State. We recommend that the Government of India and the Provincial Governments should wherever possible adopt the particular methods of ensuring observance of the conditions in question which the Tariff Board has suggested.

3. The Bill was published in the Gazette of India dated the 6th February, 1932.

4. We do not propose that any amendment should be made in the Bill and we recommend that it be passed as introduced.

R. K. SHANMUKHAM CHETTY.

\*G. RAINY.

B. V. JADHAV.

\*HARI RAJ SWARUP.

\*HARBANS SINGH.

\*SATISH CH. SEN.

\*MOHD. AZHAR ALI.

\*G. MORGAN.

\*EDGAR WOOD.

\*L. V. HEATHCOTE.

\*B. DAS.

\*S. C. MITRA.

\*R. S. SARMA.

\*ISMAIL ALI KHAN.

NEW DELHI ;

The 16th February, 1932.

\*Subject to a minute of dissent.

## MINUTES OF DISSENT.

I must dissent from the view expressed in the Report that effect should be given to the recommendations made in paragraph 108 of the Tariff Board Report. In that paragraph the Board has not accurately stated the settled policy of the Government of India as regards the conditions which ought to be enforced when a company receives direct financial assistance from the State. The view taken by Government is that, while conditions as to incorporation and registration in India with rupee capital, the appointment of a proportion of Indian Directors, and the provision of facilities for the training of Indian apprentices can reasonably be imposed on new Companies, it is not right to impose such conditions on Companies already engaged in the industry at the time the scheme of assistance is

approved. This is the view taken by the External Capital Committee in 1925, and it received statutory recognition in the Steel Industry (Protection) Act of 1924. I am unable therefore to assent to the proposal that, unless the Companies now engaged in paper manufacture in India comply with the conditions suggested, they should receive no concessions from Government, and that Government orders for paper should not be placed with them, nor can I admit that the placing of an order with a particular firm necessarily involves any concession to that firm. While I agree that Government may fairly impose conditions as to Indianization on new enterprises, I attach great importance to the maintenance of the principle that there should be no discrimination between firms already established in India.

G. RAINY,—16-2-32.

In signing the above Report we wish to disassociate ourselves from the recommendations made therein that as far as possible the Government should give effect to the proposals made by the Tariff Board in paragraph 108 of their Report, because in our opinion these proposals have been made upon an incorrect understanding of the interpretation to be placed upon paragraph 292 of the Fiscal Commission's Report.

We further consider that the rate of duty on Wood pulp should be on a sliding scale, viz.,

1st year Rs. 20 per ton,

2nd year Rs. 35 per ton,

3rd year and thereafter Rs. 45 per ton,

subject to rationing of Imports on the basis of 3 years Import figures as already supplied to the Tariff Board.

G. MORGAN.

L. V. HEATHCOTE.

EDGAR WOOD.

R. S. SARMA.

15th February, 1932.

We regret to dissent from the recommendation of the Committee that protection to the Bamboo pulp and paper industry be again extended for another long period of 7 years. The way in which the chief paper manufacturing concerns of this country misused the first protection period has strengthened our belief that the aim of the paper manufacturers has simply been to get protection against foreign paper at the expense of consumer on a mere pretext of promoting bamboo pulp industry in this country. During the first period of protection 1925-31 their efforts towards the promotion of bamboo pulp industry have been spasmodic and they have hardly shown any tangible results in this direction. As a matter of fact the India pulp and paper company used less bamboo at the end of the protective period than what they did at its beginning. Another big Company viz. the Bengal Paper Mill Company did not even think it proper to make a beginning with bamboo. As unfortunately no duty was levied on foreign wood pulp during the first period, every paper manufacturing concern vied with one another in importing foreign wood pulp and making huge profits at the expense of the community which was taxed to the tune of about 2 crores during the first period alone on the pretence of promoting bamboo pulp industry while as a matter of fact they did very little or nothing. In fact the use of Indian materials for paper making has generally fallen.

From attempts made by these paper manufacturing concerns that the proposed duty of Rs. 45 per ton on wood pulp which was a serious lacuna in the last protective scheme and which has now been fortunately filled, be reduced to less than half, our belief has further been confirmed that the future of the Bamboo Pulp Industry is not bright, and the paper mills intend mere to take advantage of the protective duty on paper making larger use of imported wood pulp for profits than making such attempts to foster the manufacture of bamboo pulp as the Tariff Board expects them to do.

We are further pained to notice that the larger mills in spite of repeated insistence by the Tariff Board not only in their last Report on bamboo pulp and paper but also on various other occasions have done very little towards the Indianization of directorate and staff and the training of Indian apprentices. It is pertinent to remark

in this connection that in the Bengal pulp and paper mill company things have happened quite the other way, that is, the number of European directors has increased while the number of Indian directors has been stationary at one, and it has no Indian in the superior management except a chemist. Also in the Titagarh Paper Mills Company the percentage of European shareholders has increased from 30 per cent. to 45 per cent.

The following remarks of the Tariff Board in this connection deserve special attention :

"On a review of the facts stated in the foregoing paragraph we find that, of the three Companies in Bengal, the least satisfactory record in this respect is that of the Bengal Paper Mill Company. This Company have been in existence now for over forty years and during this long period appear to have made no progress whatsoever in associating Indians with the direction and superior management of their Mill. We call special attention to this fact because we consider that the Company's record betrays a serious disregard of their obligations as an important unit in an industry receiving public assistance."

The progress in other mills has also not been regarded by the Board as satisfactory as it should be and they think that there is considerable room for further progress.

The Board further points out :

"We are not satisfied that sufficient thought has been paid to such questions as the system of recruitment and training of apprentices and the conditions of work provided for them, the period of apprenticeship required for men already possessing advanced technical qualifications and experience in European countries and the stimulus to good work resulting from the guarantee of employment on suitable remuneration based partly on bonuses of the kind now given to covenanted European Employees. It is to be regretted that the proposal made by the Tariff Board in 1925 for a concerted scheme of training Indians has not yet been adopted, and we consider it most important that the mills should lose no further time in combining to carry out these suggestions."

The Government of India has also not fully realised the importance of this aspect of the question and instead of insisting it on the mills they themselves took exception to these recommendations of the Tariff Board in their Resolution on the Tariff Board Report. The Select Committee discussed this question in detail and we are glad that it by a majority decided to put a paragraph in the report embodying these recommendations. In our view there should in reality

be no distinction in this regard between industries receiving assistance in the shape of bounties and those which are protected by means of protective duties. It is therefore important, from the national point of view, that in the case of every industry which is granted protection, this aspect of the case should be fully examined. We therefore wish again to emphasize that the Government should be vigilant in watching the progress which the companies are making and in insisting on the mills for quick improvement in this direction, because it will be one of the main criteria of judging the success of the whole scheme of protection. We also wish to warn the companies concerned that they in their own interests should not neglect this aspect of the question.

During the course of our discussion we objected to the raising of percentage of mechanical wood pulp in printing paper from 65 to 75 per cent. of the fibre content, as we believed that it might handicap the newspaper industry. We were however assured by the Government

spokesmen that it was being done only for administrative convenience and that the newspaper industry will not be affected and that there will be no extra tax on it. In view of this assurance we agreed. If however later it is found that the newspapers find this raising of percentage harmful we are of opinion the Government by administrative means should relieve such hardship.

We are sorry that the India paper pulp company, though so much insisted upon by the Tariff Board in their last report and in spite of its promises, has not yet registered itself into a public company.

For these various reasons we are of opinion that the period of 7 years is unduly long and we think that the term should be reduced in order to enable the Legislature to judge whether the various concerns have fulfilled the expectations in the various directions pointed out by us.

MOHD. AZHAR ALI.

S. C. MITRA.

HARI RAJ SWARUP.

SATISH CH. SEN.

HARBANS SINGH.

B. DAS.

I. ALI KHAN.

I wish to emphasize in this separate note one particular aspect arising out of the policy of discriminating protection which the Government and the Legislature have been adopting. At present, there are no corresponding obligations imposed on the firms or industries receiving protection or concession. Such industries do not always use Indian stores or even Indian raw material and in the present case the paper manufacturers are more anxious to manufacture paper from imported wood pulp and their supporters in the Select Committee even went so far as to ask for postponement of levy of duties on imported wood pulp.

The Legislature has never paused so far to enunciate corresponding obligations on the parties receiving protection. The External Capital Committee recommended that "Government should exercise such control over the undertakings as will ensure that the benefits of the concession accrue primarily to the country". This aspect of the question should be further explored and legislation should be made enunciating following obligations:—

- (a) when a firm or a public company deals with external capital, every facility should be given by it to attract Indian shareholders and there should be Indian Directors on board of such a company;
- (b) if the undertaking be a private concern and yet belongs to the British Empire, it should take steps to associate Indians in its management and employ Indian capital wherever possible;
- (c) whenever firms are neither Indian nor British, these should not be allowed to

take advantage of the protection unless and until these promote joint stock companies with rupee capital and that at least 50 per cent. of capital and directorate should be Indian;

- (d) wherever firms have non-Indian capital, these should train up Indians as probationers in the industry; and
- (e) all firms, private or public, Indian or British, non-Indian or non-British, receiving concessions by protective tariff should submit annual returns of the extent of their purchase of Indian raw material or Indian stores and the percentage these bear to total requirements. Such annual returns should also state the facilities offered to Indian youth for technical training.

Unless the Legislature enforces such obligations, the object of protection to industries will be frustrated as it is done even today.

Day by day, the consumers are called upon to pay high prices, because a few investors would benefit thereby, I regret to find that the Government have no definite idea as to the period of protection that a particular industry would need in order to sell its produces at competitive market prices. In the case of paper industry if this bill be passed, the industry gets protection for 14 years whereafter it will again come with the begging bowl before the Legislature. I find also that the capitalists dream of high tariff wall to develop industries in India. High tariff wall is no incentive to cheap production and therefore the Legislature must understand its position before it commits unborn generations to high prices simply because a few will benefit.

B. DAS,—16-2-32.

[As recommended by the Select Committee.]

## BILL

*Further to amend the law relating to the fostering and development of the bamboo paper industry in British India.*

WHEREAS it is expedient further to amend the law relating to the fostering and development of the bamboo paper industry in British India; It is hereby enacted as follows :—

1. This Act may be called the Bamboo Paper Industry (Protection) Act, 1932.  
Short title.
  2. In sub-section (2) of section 2 of the Bamboo Paper Industry (Protection) Act, 1925, for the figures "1932" the figures "1939" shall be substituted.  
Amendment of section 2, Act XXV of 1925. XXV of 1925.
  3. In sub-section (2) of section 2 of the Bamboo Paper Industry (Protection) Act, 1927, for the figures "1932" the figures "1939" shall be substituted.  
Amendment of section 2, Act XX of 1927. XX of 1927.
  4. In Item No. 155 of Schedule II to the Indian Tariff Act, 1894, as enacted by the Bamboo Paper Industry (Protection) Act, 1927, for the figures and words "65 per cent." the figures and words "70 per cent." shall be substituted.  
Amendment of Schedule II, Act VIII of 1894, and Schedule to Act XX of 1927. VIII of 1894 and XX of 1927.
  5. (1) In Schedule II to the Indian Tariff Act, 1894,—  
Amendment of Schedule II, Act VIII of 1894. VIII of 1894.
    - (a) for Item No. 10 the following shall be substituted, namely :—
 

" 10	Rags and other paper-making materials, excluding wood pulp."
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and
    - (b) in Part VII, after Item No. 159, the following item shall be inserted, namely :—
 

" 160	WOOD PULP	Ton	Rs. 45."
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- (2) The amendments made by sub-section (1) shall have effect up to the 31st day of March, 1939.

GOVERNMENT OF INDIA.  
LEGISLATIVE ASSEMBLY  
DEPARTMENT.

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Report of the Select Committee on the  
Bill further to amend the law relating  
to the fostering and development of  
the bamboo paper industry in British  
India, with the Bill.