

Friday, 20th September, 1935

THE
COUNCIL OF STATE DEBATES

VOLUME II, 1935

(16th to 28th September, 1935)

TENTH SESSION

OF THE

THIRD COUNCIL OF STATE, 1935

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COUNCIL OF STATE.

Friday, 20th September, 1935.

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

MEMBER SWORN :

The Honourable Mr. David George Mitchell, C.S.I., C.I.E. (Industries and Labour Member).

QUESTIONS AND ANSWERS.

TELEGRAPH ENGINEERING SUPERVISORS RECRUITMENT EXAMINATION.

76. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :

(i) Is it a fact that an examination was held for recruitment to the posts of Telegraph Engineering Supervisors ?

(ii) Will Government be pleased to state where such examination was held and when ?

(iii) How many candidates appeared at the said examination from each of the different provinces of India and from each different community ? How many candidates came out successful and how many of them were Hindus and how many were Muhammadans and how many from other communities ?

(iv) Is it a fact that among the successful candidates three were Muhammadans, and, if so, are those three successful Muhammadan candidates going to be appointed ?

(v) Will Government be pleased to state the names of all the successful candidates and the different provinces from which they come and also the community to which each of them belong ?

(vi) Will Government be pleased to state whether any Bengali Muhammadan came out successful, and, if so, whether he will be appointed in the post of Telegraph Engineering Supervisor ? If not, why not ?

(vii) Will Government be pleased to state how many Bengali Hindu candidates came out successful at the said examination and how many of them will be appointed to the said posts ?

(viii) Will Government be pleased to state the maximum age limit and the minimum educational qualifications prescribed for the said examination ?

(ix) What steps were taken by Government to notify the said examination ?

THE HONOURABLE MR. D. G. MITCHELL : (i) Yes.

(ii) On the 14th, 15th and 16th January, 1935 at Calcutta, Dacca, Gauhati, Patna, Bombay, Rangoon, Nagpur, Madras, Lahore, Rawalpindi, Delhi, Karachi, Lucknow and Agra.

(iii) 1,201 candidates excluding telegraphists appeared for the examination. A statement showing their communities and circles is placed on the table. seventy candidates qualified ; of these 63 were Hindus, four Indian Christians, two Sikhs and one Muslim.

(iv) and (vi). Only one Muslim candidate who belonged to the Punjab and North West Frontier Circle qualified. He was selected for training and appointed as Engineering Supervisor.

(v) Government do not consider that any useful purpose would be served by laying the list of names on the table, but it can be seen in the Director General's office.

(vii) Seven qualified ; two have been selected for training as Engineering Supervisors.

(viii) The maximum age limit was 24 years. The minimum educational qualifications were a pass in the Cambridge School Certificate examination or the Intermediate Science examination of an Indian University or the possession of the diploma in Electrical Engineering granted by the Victoria Jubilee Technical Institute, Bombay, or the College of Engineering, Poona, or the Government School of Technology, Madras.

(ix) The notice regarding the examination was published by all heads of circles in seven issues of the newspapers in their circles in which departmental advertisements are usually published.

Statements referred to in part (iii) of the reply to question No. 76 showing the commissions, etc., of the outside candidates who appeared for the Engineering Superiors' recruitment examination held on the 14th, 15th and 16th January, 1935.

Circle.	Total number of candidates who appeared.	Hindus.	Domiciled Europeans and Anglo-Indians.	Muslims.	Sikhs.	Indian Christians.	Parsees.	Other communities.
1. Bengal and Assam	215	188	8	17		2		..
2. Bihar and Orissa	32	23	3	6				..
3. Bombay	89	71	8	1		4	3	2
4. Burma	12	5	2	1				4
5. Central	42	30	3	4	1	4		..
6. Madras	597	327	20	12		38		..
7. Punjab and N. W. F.	222	132	3	59	20	7	1	..
8. Sind and Baluchistan	34	23	3	2	2	1	1	2
9. United Provinces	168	126		25		7		
Total	1,201	925	50	127	23	63	5	8

CLASSIFICATION OF GOVERNMENT QUARTERS, NEW DELHI AND SIMLA.

77. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :

(i) Will Government be pleased to state whether the first change in the classification of quarters in Delhi was introduced in 1924 from "European" and "Indian" to "unorthodox" and "orthodox" and whether that changed classification was applied equally to officers', clerks' and members' quarters? If so, will they be pleased to state how, when and why this classification was withdrawn from the officers' quarters in Delhi and Simla and was retained only for clerks' quarters and members' quarters?

(ii) Is it a fact that at present there is no distinction of orthodox and unorthodox in the matter of allotment of officers' quarters in New Delhi and Simla? If so, will Government be pleased to state how many of the quarters in Queensway, Queen Victoria Road and Queen's Square and Ferozeshah Road have been allotted to Anglo-Indian and European officers during the last four years?

(iii) Is it a fact that such quarters have been kept solely reserved for Indian orthodox gazetted officers?

(iv) Is it a fact that some of the bungalows on Ferozeshah Road, Electric Lane and Canning Lane which are allotted to Members of the Indian Legislature are still named as orthodox gazetted officers' bungalows? If so, will Government be pleased to state the reasons for withdrawing the classification of orthodox officers' bungalows and unorthodox officers' bungalows in Delhi and Simla?

THE HONOURABLE MR. D. G. MITCHELL : (i) The change was for clerks' quarters only. Officers' and members' houses and quarters were never described as "European" and "Indian."

(ii) The reply to the first part is in the affirmative, subject to the exception that there are some orthodox "D" class houses for officers in New Delhi. None of the quarters referred to in the second part of the question have been allotted to European and Anglo-Indian officers in the last four years.

(iii) No. There is no bar to their occupation by officers living in unorthodox style.

(iv) Yes. I have already explained that certain "D" class officers' houses are classified as "orthodox."

REASON WHY EMPLOYEES ARE ALLOWED TO OCCUPY GOVERNMENT ORTHODOX QUARTERS IN SIMLA AND GOVERNMENT UNORTHODOX QUARTERS IN NEW DELHI.

78. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :

(i) Is it a fact that the clerks of the Government of India offices occupying unorthodox quarters in Delhi are compelled to accept unorthodox quarters in Simla? If so, will Government be pleased to state the reasons why superintendents are allowed to occupy orthodox clerks' quarters in Simla and unorthodox bungalows in New Delhi?

(ii) Is it a fact that the classification of orthodox and unorthodox has been removed from officers' quarters in the allotment rules framed in 1933-34 ?

(iii) Is it a fact that previously the Bemloe quarters for officers in Simla used to be classed as unorthodox quarters ? If so, do Government propose to force those superintendents and other officers who now occupy orthodox clerks' quarters in Simla and who live in New Delhi in unorthodox officers' bungalows, to occupy Bemloe quarters in Simla ? If not, why not ?

(iv) Will Government be pleased to state the reasons for introducing this distinction in matters of classification of quarters between the clerks and the junior officers ?

THE HONOURABLE MR. D. G. MITCHELL: (i) The reply to the first part is in the affirmative. Under the rules in force before 1933 "A" class orthodox quarters in Simla were allotted to superintendents, assistants and clerks receiving emoluments of more than Rs. 300 per mensem. There was no upper pay limit. When the new rules were introduced in 1933 these "A" class quarters were reserved for Government servants drawing over Rs. 300 but less than Rs. 600 per mensem. The Government of India decided at the time that officers whose emoluments on the 15th June, 1932 were Rs. 600 or more per mensem and who were allotted "A" class quarters for the financial year 1933-34 or the summer season 1933 should not be required to vacate their quarters. It is under these orders that three officers occupy "A" class orthodox clerks' quarters in Simla and "D" class officers' houses in New Delhi.

(ii) No.

(iii) and (iv). The houses on the Bemloe Estate have always been classed as officers' houses. The position of officers who are now occupying "A" class orthodox clerks' quarters is explained in the reply to part (i). Government do not admit that there is any invidious distinction, and do not consider that any action is necessary.

SUBLETTING OF GOVERNMENT QUARTERS IN NEW DELHI AND SIMLA TO OUTSIDERS.

79. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :

(i) Is it a fact that Government quarters both in New Delhi and Simla have been made a source of income by the tenants by means of subletting main buildings to outsiders who are not employees of the Government of India moving offices ?

(ii) Is it a fact that servants' godowns attached to unorthodox quarters both in Simla and Delhi are rented to outsiders ?

(iii) Is it a fact that this means of income is adopted by most of the unorthodox clerks ? Do Government propose to make stringent rules by which such tenants who rent out either portions of main buildings or servants' godowns to non-Government employees should be penalised by the withdrawal of the liens on their quarters ? If not, why not ?

THE HONOURABLE MR. D. G. MITCHELL: (i), (ii) and (iii). The allotment rules both for New Delhi and for Simla provide for the authorised subletting of quarters in certain special circumstances. Unauthorised subletting

is a breach of the rules and when such a breach is detected the offender is declared to be ineligible for Government quarters for a stated period. The rules are sufficiently stringent, and the main difficulty is to detect and prove individual cases. My Honourable friend will realise that the unauthorised subletting of servants' quarters is even more difficult to detect than the unauthorised subletting of main buildings, but he may rest assured that everything possible is being done to prevent abuses of the rules.

OCCUPATION OF GOVERNMENT UNORTHODOX QUARTERS, SIMLA, BY EMPLOYEES ENTITLED TO SIMLA HOUSE-RENT ALLOWANCE AT THE OLD RATES.

80. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :

(i) Is it a fact that most of the Anglo-Indian and European staff of the civil offices entitled to Simla house-rent and drawing house-rent allowance at the old rates are at present in occupation of unorthodox quarters in Simla ?

(ii) Will Government be pleased to state the names of those occupying Government quarters in Simla and drawing old rates of house-rent allowance ?

(iii) Will Government be pleased to state whether such persons are paying the whole of their Simla house-rent allowance as rent of the Government quarters occupied or are paying only the assessed rent of the quarters ?

(iv) Will Government be pleased to state in how many cases employees drawing old rates of Simla house-rent allowance and occupying quarters in Simla are paying less as rent of Government quarters than what they draw from Government as Simla house-rent allowance and in how many cases they are paying more by way of rent of Government quarters occupied than what they draw as Simla house-rent allowance ?

THE HONOURABLE MR. D. G. MITCHELL : (i) A small number of the staff entitled to the Simla house rent allowance at the old rates are in occupation of unorthodox clerks' quarters in Simla.

(ii) Messrs. K. C. Mukherjee, G. N. Pannas, N. E. Debenham, S. F. Coates and J. N. Dutt.

(iii) They pay the assessed rent.

(iv) Three and two respectively.

BASIS ON WHICH GOVERNMENT QUARTERS IN SIMLA ARE ALLOTTED.

81. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :

(i) Is it a fact that the allotment of Government quarters in Simla is made on the basis of juniority with a view to giving advantage to low paid officers ?

(ii) Is it a fact that several assistants getting higher salaries have been allowed to occupy "C" class unorthodox quarters in Simla in preference to men on lower salaries ? If so, why ?

THE HONOURABLE MR. D. G. MITCHELL : (i) New allotments are made in order of juniority within each class.

(ii) Before 1925 "C" class unorthodox quarters in Simla were open to clerks drawing less than Rs. 450 per mensem. When the pay limit was lowered to Rs. 300 it was decided that no tenant would be required to vacate quarters already allotted to him until he became "out of class" under the old classification, or unless he himself wished to do so. Five officers whose pay exceeds Rs. 300 per mensem are still in occupation of "C" class unorthodox quarters.

NUMBER OF EMPLOYEES WHO LIVE IN GOVERNMENT UNORTHODOX QUARTERS IN DELHI ALLOTTED GOVERNMENT ORTHODOX QUARTERS IN SIMLA IN 1935.

82. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :
 (i) Will Government be pleased to state the number of Government of India employees who live in unorthodox quarters in Delhi but were allotted orthodox quarters in Simla in 1935 either for the whole of the Simla season or for temporary periods and also the number of employees who live in orthodox quarters in Delhi, but were allotted unorthodox quarters in Simla in 1935 either for the whole of the Simla season or for temporary periods ?

(ii) Is it a fact that a large number of orthodox men were allotted unorthodox quarters in Simla during the year 1935 ? If so, why ?

(iii) Is it a fact that " orthodox " and " unorthodox " classifications are two watertight compartments for the purposes of allotment within the year ?

THE HONOURABLE MR. D. G. MITCHELL : (i) There were three cases of each kind.

(ii) No. Only three orthodox men were allotted unorthodox quarters in Simla.

(iii) No. Orthodox clerks are allotted unorthodox quarters only after the demands of unorthodox applicants have been met and *vice versa*.

OUSTING OF EUROPEAN CLERKS OF ARMY HEADQUARTERS OWING TO ALLOTMENT OF GOVERNMENT QUARTERS IN SIMLA BY JUNIORITY.

83. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :
 Is it a fact that owing to the allotment of Simla quarters by juniority of pay the European element of the Army Headquarters offices are being practically ousted from the unorthodox quarters ? If so, do Government propose to amend the rules of allotment of Simla quarters in such a way that the junior European and Indian employees may get equal chances of getting quarters ? If not, why not ?

THE HONOURABLE MR. D. G. MITCHELL : I do not think that European clerks are being unfairly treated in the allotment of unorthodox accommodation at Simla. I find that a fair proportion of European applicants succeeded in obtaining such accommodation in 1933, 1934 and 1935. Government do not propose to amend the rules.

FOREIGN CAPITAL COMMITTEE.

84. THE HONOURABLE RAJA RAGHUNANDAN PRASAD SINGH :
 (a) Is it a fact that a Committee known as the Foreign Capital Committee was appointed by the Government of India ?

(b) If so, will Government be pleased to state whether any action has been taken on the report of the Committee ? If not, why not ?

(c) Is it a fact that the said Committee recommended that all companies to be started in India with foreign capital and by foreigners must take at least 50 per cent. of Indian capital ?

(d) If so, will Government be pleased to state whether the Swiss Match Combine when they started operations in India was compelled to take 50 per cent. of Indian capital? If not, why not?

(e) Will Government be pleased to state whether the General Motors, Ltd., of America, when they started their business in India, was compelled to take 50 per cent. of Indian capital? If not, why not?

(f) Is it a fact that a Dutch Sugar Combine is contemplating opening up sugar manufacturing companies in India? If they do so, will Government compel such companies to accept at least 50 per cent. of Indian capital? If not, why not?

THE HONOURABLE MR. P. C. TALLENTS: (a) Yes.

(b) The Committee's recommendations covered a wide field and were examined by Government in consultation with the Imperial Bank and Local Governments. It is not possible within the compass of this reply to give in detail an account of the action taken on their recommendations. Broadly speaking their recommendations were for the extension of banking facilities, for an examination of indigenous and co-operative banking and for an examination of proposals for the control of banking. Since the Committee reported the Reserve Bank has been established and this Bank is under the obligation to establish an agricultural credit department to co-ordinate agricultural credit and co-operative banks. The Bank is also under the obligation to report on the possibility of extending the provisions of the Reserve Bank Act to firms and banks other than scheduled banks. In the meanwhile sections on banking law will probably be included in the legislation on Company Law which Government hope to introduce next year.

(c) No.

(d) Does not arise.

(e) No. I would refer the Honourable Member to the reply given by Sir Arthur McWatters to question No. 503 asked by Mr. Lalchand Navalrai in the Legislative Assembly on 12th September, 1928.

(f) Government are aware of no such proposal. Government's policy was stated by Sir Arthur McWatters in reply to Mr. Lalchand Navalrai's question to which I have referred.

CATEGORIES INTO WHICH THE ARMY IN INDIA IS DIVIDED.

85. THE HONOURABLE MR. HOSSAIN IMAM: (a) Is it a fact that the army is divided into three categories, i.e., "The Field Army", "The Covering Troops" and "The Internal Security Forces"?

(b) What is the number of British and Indian personnel in each of these categories stationed in each of the provinces of British India?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF: (a) Yes.

(b) The approximate numbers comprising the three categories are:

	British.	Indian.
(i) Field Army	18,000	51,000
(ii) Covering Troops	7,000	39,000
(iii) Internal Security	33,000	33,000

The information is not given by provinces, as the peace stations of many units are different from their war stations, but the Honourable Member will find the existing distribution in the *Indian Army List*.

TERMS ON WHICH DEPUTY CONTROLLERS OF THE CURRENCY AND THEIR STAFF HAVE BEEN TRANSFERRED TO THE RESERVE BANK OF INDIA.

86. THE HONOURABLE MR. HOSSAIN IMAM : (a) Will Government state the terms on which the services of Deputy Controllers of the Currency and their staffs have been transferred to the Reserve Bank ?

(b) Are they now Bank servants or Government servants ?

(c) Have they any lien on Government service ?

THE HONOURABLE MR. P. C. TALLENTS : (a) The posts of the Deputy Controllers of the Currency, Calcutta and Bombay, were abolished with effect from the 1st and the 23rd April, 1935, respectively. Their incumbents were transferred to other posts under Government. The members of the staff employed under them who agreed to permanent transfer to the Reserve Bank were given, as far as possible, the same terms as in Government service. Detailed regulations in this respect have been framed by the Central Board of the Bank.

(b) The members of the staff who were transferred are now Bank servants.

(c) No.

DATE FROM WHICH THE RESERVE BANK OF INDIA TOOK OVER ALL GOVERNMENT OF INDIA ACCOUNTS.

87. THE HONOURABLE MR. HOSSAIN IMAM : Since what date has the Reserve Bank taken over all Government of India Accounts and other business ?

THE HONOURABLE MR. P. C. TALLENTS : The Reserve Bank took over the Government accounts, assumed its currency responsibilities and took over the assets required for the Issue Department on the 1st of April, 1935. It assumed its statutory functions in relation to the Scheduled Banks on the 1st of July, 1935.

AGREEMENTS ENTERED INTO BY THE RESERVE BANK OF INDIA WITH THE IMPERIAL BANK OF INDIA.

88. THE HONOURABLE MR. HOSSAIN IMAM : Will Government state whether the Reserve Bank has entered into any agreements with the Imperial Bank for carrying on their agency business other than the Government of India Account ? If so, on what terms and on what dates ? Will Government lay the agreements on the table ?

THE HONOURABLE MR. P. C. TALLENTS : I would invite the attention of the Honourable Member to the agreement between the Reserve Bank and the Imperial Bank of India, a copy of which was placed on the table of the House on the 17th September, 1935.

RECOMMENDATION OF THE JOINT COMMITTEE ON THE RESERVE BANK BILL WITH REGARD TO SILVER.

89. **THE HONOURABLE MR. HOSSAIN IMAM :** Has Government carried out the recommendation in paragraph 4 of the report of the Joint Committee on the Reserve Bank Bill with regard to silver? If so, how? If not, why not?

THE HONOURABLE MR. P. C. TALLENTS : The recommendation of the Committee to which the Honourable Member refers was that the details of the Government's proposals should be further studied by the Legislature by such means as it thought fit. In reply to a question almost identical with the Honourable Member's present question that was asked in another place on the 13th February, 1934, Sir George Schuster stated that Government proposed to put the memorandum containing their proposals before the Standing Finance Committee for their consideration at an early date. This was done in the following month and the Committee asked for further time to consider the question. The matter was again brought before them, at a later meeting in the same month, and they expressed their general approval of the arrangements suggested in the memorandum, on the understanding that this would not debar them from criticising the Government's policy with regard to the sale of silver.

THE HONOURABLE MR. HOSSAIN IMAM : The recommendation of the Committee was that the procedure would be decided by it. May I know whether the word "it" in the Committee's report read by the Honourable Member just now refers to the Government or to the Legislature?

THE HONOURABLE MR. P. C. TALLENTS : The recommendation of the Committee was :

"We can only recommend that the details of the Government's proposals should be further studied by the Legislature by such means as it thinks fit". "It", I understand, refers to the Government.

THE HONOURABLE MR. HOSSAIN IMAM : Is it not quite plain that in simple English "it" refers to the Legislature and not to the Government?

THE HONOURABLE MR. P. C. TALLENTS : The Honourable Member is entitled to his own opinion.

POST OFFICES IN ASSAM.

90. **THE HONOURABLE SRIJUT HERAMBA PRASAD BARUA :** (a) Will Government be pleased to state the circumstances under which the only first class post office in the province of Assam at Shillong has been reduced to the second class?

(b) Is it a fact that there is no other capital town of a province with no first class post office?

THE HONOURABLE MR. D. G. MITCHELL : (a) The status of the Shillong Head Post Office was reduced from 1st class to 2nd class because the further continuance of the 1st class status of that office was not administratively

justifiable. The reduction of status, which was carried out with the consent of the Local Government, has not affected public facilities in the least.

(b) Yes.

THE HONOURABLE SRIJUT HERAMBA PRASAD BARUA : Is it a fact that the Government are re-considering this matter ?

THE HONOURABLE MR. D. G. MITCHELL : No, Sir.

FLOODS IN ASSAM.

91. **THE HONOURABLE SRIJUT HERAMBA PRASAD BARUA :** (a) Is it a fact that the annual floods in Assam are of recent origin ?

(b) Has the attention of Government been called to the fact that these floods are popularly ascribed to the provision of inadequate waterways in the newly constructed railway lines in Assam ?

(c) Do Government propose to appoint experts to inquire into the matter and devise necessary preventive measures ?

THE HONOURABLE SIR MAURICE BRAYSHAY : (a) Government have no information.

(b) and (c). The Assam Government appointed a Flood Enquiry Committee, as a result of which observations were made at gauges erected at mileages where it was suggested that waterways should be provided. The Assam Bengal Railway state that the result of these observations shows that there is no ground for the belief that the waterways provided are inadequate. Government do not consider that further enquiry is necessary.

NUMBER OF INDIAN NEWSPAPERS IN INDIA.

92. **THE HONOURABLE MR. P. N. SAPRU :** (a) What is the total number of Indian newspapers in India ?

(b) How many of them have been made to deposit security within the last two years ?

(c) What are the offences for which security was demanded in each case ?

THE HONOURABLE MR. T. SLOAN : (a) The total number of newspapers and periodicals published in India in 1934 was 4,663. Government have no figures showing how many of these were Indian-owned or Indian-edited.

(b) In reply to Sir Phiroze Sethna's question No. 74 on 18th September, 1935, I laid on the table a statement showing the number of papers from which security had been demanded from 1931 to 1934. I hope that may serve the Honourable Member's purpose. Many of the papers from which security was demanded never appeared and I am not in a position to state the number of existing papers from which security has been demanded.

(c) This information is not available.

REMOVAL OF GATE NO. 38 NEAR THE RAILWAY STATION, THARWAI, EAST INDIAN RAILWAY.

93. **THE HONOURABLE MR. P. N. SAPRU :** Have the railway authorities issued any order for the removal of gate No. 38 on the East Indian Railway line near Tharwai station between Phaphaman and Benares stations ?

THE HONOURABLE SIR MAURICE BRAYSHAY : Government have no information.

PARASITIC DISEASES AND TUBERCULOSIS AMONG DOMESTICATED ANIMALS.

94. **THE HONOURABLE MR. P. N. SAPRU :** (a) Has there been an increase in parasitic disease and tuberculosis among domesticated animals in recent years ?

(b) Has the Council of Agricultural Research drawn attention to this increase and suggested all-India legislation to cope with it ?

(c) Do Government propose to implement the recommendation of the Imperial Council of Agricultural Research by suitable legislation on this matter ?

THE HONOURABLE MR. RAM CHANDRA : (a) There are no statistics showing the incidence of these diseases. It is, however, known that they are prevalent amongst domesticated animals in certain areas.

(b) No, but schemes for the investigation of tuberculosis in animals and parasitic infection in ruminants have been sanctioned by the Imperial Council of Agricultural Research.

(c) The Honourable Member is presumably referring to the Bill drafted by an expert committee of the Imperial Council of Agricultural Research in pursuance of a recommendation of the Royal Commission on Agriculture that a Contagious Diseases of Animals Act should be passed for the whole of British India, so that a uniform procedure may be possible throughout the country. The Bill is under the consideration of Government.

USE OF GOODS WAGONS FOR THE CARRYING OF PASSENGERS.

95. **THE HONOURABLE MR. P. N. SAPRU :** (a) Are goods vans occasionally used for carrying passengers ?

(b) Are the passengers required to pay for travelling in these goods vans the same fares as they would have to pay for the third class ?

THE HONOURABLE SIR MAURICE BRAYSHAY : (a) On certain metre gauge lines and light railways, when the demand for accommodation greatly exceeds the capacity of the stock available, goods vans have to be used, though such circumstances are rare.

(b) Yes. The lowest fare chargeable for the carriage of passengers is third class.

THE HONOURABLE MR. P. N. SAPRU : Why is the fare the same for third class as for goods vans ?

THE HONOURABLE SIR MAURICE BRAYSHAY : The third class is the lowest charge for passengers. You could hardly class these passengers as goods traffic.

THE HONOURABLE MR. P. N. SAPRU : Are the facilities which these passengers get in these goods vans the same as they get in the third class ?

THE HONOURABLE SIR MAURICE BRAYSHAY : No. The ordinary arrangement is to provide benches in the goods vehicles. It is only done when other stock is not available.

THE HONOURABLE MR. P. N. SAPRU : Are there any lavatories in these goods vans ?

THE HONOURABLE SIR MAURICE BRAYSHAY : No.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : Is it a fact that during the *mela* time these vans are used for carrying passengers ?

THE HONOURABLE SIR MAURICE BRAYSHAY : Yes, that is the abnormal condition under which it is necessary to use these vehicles.

THE HONOURABLE SIR PHIROZE SETHNA : Do these passengers know beforehand when they buy their third class tickets that they may have to travel by goods van ?

THE HONOURABLE SIR MAURICE BRAYSHAY : I am not quite certain but I think that would be known to them in each case.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Is the Government aware that these *melas* are held every year, and, if so, why are no arrangements made for more stock to be supplied at this time ?

THE HONOURABLE SIR MAURICE BRAYSHAY : The reason is that all these cases of the use of goods vehicles for the carriage of passengers are on small lines which cannot collect stock from adjacent lines. The principal case is the Barsi Light Railway which is a narrow gauge line and cannot obtain stock from any connected adjacent line. It would not be economical to provide a large quantity of spare stock for use on a few days in the year.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will the Government consider charging a lower rate of fares to the unfortunate passengers who are forced to travel in goods vans ?

THE HONOURABLE SIR MAURICE BRAYSHAY : I will consider that point.

INDIANS IN ZANZIBAR.

96. **THE HONOURABLE MR. P. N. SAPRU :** (a) Have Government seen the report of an interview with Mr. Andrews in the course of which he is reported to have stated that the situation in Zanzibar appeared to him to be steadily growing from bad to worse ?

(b) What steps have Government taken to secure adequate consideration by His Majesty's Government and the Zanzibar Government of the views of the Indian settlers in Zanzibar ?

THE HONOURABLE MR. RAM CHANDRA : (a) Yes.

(b) The attention of the Honourable Member is invited to the reply given to the Honourable Rai Bahadur Lala Mathura Prasad Mehrotra's question No. 11 on the 17th September, 1935.

APPOINTMENT OF A TRADE COMMISSIONER IN TOKIO.

97. **THE HONOURABLE MR. P. N. SAPRU :** (a) Is it a fact that the Government of India originally intended to appoint a Trade Commissioner in Tokio ?

(b) Was this proposal objected to by the British Foreign Office ?

(c) Was the Japanese Government willing to have a Trade Commissioner ?

(d) Has the proposal to appoint an Indian Trade Commissioner in Tokio been dropped in view of the opposition of the British Foreign Office ?

THE HONOURABLE MR. T. A. STEWART : (a) The question of appointing an Indian Trade Commissioner in Japan is at present under the consideration of the Government of India.

(b) and (d). No.

(c) Government have no information.

TRADE AGREEMENTS WITH COUNTRIES TRADING WITH INDIA.

98. THE HONOURABLE MR. P. N. SAPRU : Have Government taken any steps to enter into Trade Agreements with countries trading with India, and, if not, why not ?

THE HONOURABLE MR. T. A. STEWART : The reply to the first part of the question is in the affirmative. The second part of the question does not arise.

REBUILDING OF QUETTA.

99. THE HONOURABLE MR. P. N. SAPRU : (a) Do Government propose to rebuild Quetta ?

(b) What is the estimated cost of this rebuilding ?

(c) Has any official decision been taken in regard to the future of Quetta ?

(d) Have Government received representations regarding deep resentment in non-official circles against the ban upon the entry of relief workers in Quetta ?

THE HONOURABLE SIR BERTRAND GLANCY : (a) The Honourable Member's attention is invited to the pamphlet *The Quetta Earthquake, 1935*.

(b) The present estimate of the cost of reconstructing official buildings is between Rs. 7 and Rs. 8 crores. This estimate is necessarily extremely rough.

(c) The matter is under consideration.

(d) Government have received complaints from some quarters. The prohibition of entry into Quetta of private individuals was, however, absolutely essential for the reasons stated in press communiqués, dated the 3rd, 4th and 5th June, 1935.

THE HONOURABLE MR. P. N. SAPRU : Is the Government aware that this order prohibiting the entry of non-officials into Quetta has caused much dissatisfaction in the country and much loss to the business community ?

THE HONOURABLE SIR BERTRAND GLANCY : I have already answered that under (d).

TRAFFIC IN SPURIOUS DRUGS.

100. THE HONOURABLE MR. P. N. SAPRU : (a) Will Government be pleased to state whether it is a fact that traffic in spurious drugs has increased considerably in volume in recent years ?

(b) Do Government propose to undertake legislation for the effective and uniform control of drugs throughout the country ?

(c) Have Government been informed that the feeling in commercial circles is that Government have not done enough to encourage the development of the drugs industry in this country ?

(d) Has Government received any representation from the Federation of Indian Chambers of Commerce in regard to the Drugs Inquiry Committee ?

(e) If so, what action they propose to take thereon ?

THE HONOURABLE MR. RAM CHANDRA : (a) and (c). Government have no information but the position may possibly be as stated by the Honourable Member.

(d) Yes.

(b) and (e). I would invite the Honourable Member's attention to my speech on the 18th September, on the Resolution moved by the Honourable Khan Bahadur Dr. Sir Nasarvanji Choksy.

THE HONOURABLE MR. P. N. SAPRU : Sir, after their defeat over the Resolution, what will Government do ?

THE HONOURABLE MR. RAM CHANDRA : The Government will carefully consider the Resolution passed by this Honourable House.

DEATHS FROM MALARIA AND CONSUMPTION OF QUININE.

101. THE HONOURABLE MR. P. N. SAPRU : (a) Is it a fact that the number of untreated malaria cases exceed a hundred million in this country ?

(b) What is the consumption per head of quinine in India ?

(c) Is it a fact that quinine sold in the market is often adulterated ?

(d) Did the Indian Drugs Inquiry Committee make any recommendations in regard to the encouragement of the quinine industry in India ?

(e) Do Government propose to give effect to those recommendations ?

THE HONOURABLE MR. RAM CHANDRA : (a) There is no record of untreated malaria cases.

(b) Details of the amount of quinine issued by the Public Health Department in each district in India will be found in Table M of the Public Health Commissioner's Annual Report, copies of which are available in the Library of the House.

(c) Instances have come to the notice of Government where quinine sold in the market was, on analysis, found to be adulterated.

(d) The Committee's recommendations are summarised in paragraphs 486 and 487 of their report.

(e) Under the New Constitution the production, supply and distribution of quinine will be a provincial subject.

NUMBER OF TROOPS DESPATCHED TO ABYSSINIA.

102. THE HONOURABLE MR. P. N. SAPRU: (a) What is the total number of troops despatched to Abyssinia?

- (b) Do Government propose to send any further troops?
- (c) What is the total number of Indians resident in Abyssinia?
- (d) Who will pay the cost of the despatch of troops?

THE HONOURABLE SIR BERTRAND GLANCY: (a) If the Honourable Member is referring to the small detachment which was sent to strengthen the British Legation guard at Addis Ababa, its number is 148.

- (b) No.
- (c) Approximately 1,100.
- (d) His-Majesty's Government.

RECRUITMENT TO THE INDIAN CIVIL SERVICE DURING THE LAST FIVE YEARS.

103. THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: Will Government be pleased to lay on the table the following information with regard to recruitment to the Indian Civil Service year by year for the last five years or at least for the last three years:

(a) The number of candidates recruited on the result of the competitive examination held in London:

- (i) the number of Indian candidates recruited, classified according to their community, caste, and province; and
- (ii) the number of Indian candidates posted to the United Provinces classified according to the different provinces to which they belonged?

(b) The number of candidates recruited on the result of the competitive examination held in India, with particulars asked for in (i) and (ii) of part (a); and

(c) The number of candidates recruited by means of nomination with particulars asked for in (i) and (ii) of part (a)?

THE HONOURABLE MR. T. SLOAN: I lay on the table a statement giving the information required so far as it is readily available. I regret that information regarding the caste of the candidates is not readily available and cannot be collected without an amount of labour which would hardly be commensurate with the value of the results obtained.

Statement showing the number of Indians appointed to the Indian Civil Service, communities to which the candidates belong, province of origin of the candidates and number (with province of origin) of candidates posted to the United Provinces.

Year.	No. of candidates recruited.	Communities to which the candidates belong.										Provinces of origin of the candidates.								No. of candidates allotted to the United Provinces.	Province of origin of the candidates allotted to the United Provinces.	Remarks
		Hindus.	Muslims.	Sikhs.	Indian Christians.	Anglo-Indians.	Parsis.	Madras.	Bombay.	Bengal.	United Provinces.	Punjab.	Bihar and Orissa.	Central Provinces.	Assam.	Delhi.	Indian States.					
1930	24	1	1	..	..	2	8	7	1	..	..	..	3	..	..	5	5	5	Madras 2, Bombay 2, C. P. 1.		
1931	10	1	..	1*	..	..	4	1	3	..	..	..	..	..	..	1	2	2	Bengal 1, Bihar and Orissa 1.		*Armenian Christian.
1932	15	3	..	..	2	..	3	3	..	2	1	1	4	..	..	1	3	3	Madras 1, U. P. 1, C. P. 1.		
1933	16	2	..	2	..	6	3	3	2	1	..	..	..	..	..	1	3	3	Madras 1, U. P. 1, Indian States 1.		
1934	13	1	..	..	..	1	7	1	2	..	2	..	..	..	1	..	3	3	Madras 1, Punjab 1, Delhi 1.		
(a) Number, etc., of candidates recruited on the results of competitive examinations held in London.																						
1931	4	6	..	1	..	..	..	..	..	6	3	..	..	..	..	2	3	3	U. P. 3.		
1932	5	..	..	..	..	2	..	..	..	1	1	..	..	..	1	..	1	1	Delhi 1.		
1933	4	3	1	..	..	1	..	..	..	1	..	..	..	..	2	..	1	1	Delhi 1.		
1934	4	3	1	..	..	2	..	..	..	2	..	..	..	..	..	..	1	1	U. P. 1.		
1935	4	2	v.	..	..	..	..	..	..	3	1	..	..	..	..	..	1	1	U. P. 1.		
(b) Number, etc., of candidates recruited on the results of competitive examinations held in India.																						

Statement showing the number of Indians appointed to the Indian Civil Service, communities to which the candidates belong, provinces of origin of the candidates and number (with province of origin) of candidates posted to the United Provinces—contd., provinces of origin of

Year.	No. of candidates recruited.	Communities to which the candidates belong.							Provinces of origin of the candidates.							No. of candidates allotted to the United Provinces.	Province of origin of the candidates allotted to the United Provinces.	Remarks.												
		Hindus.	Muslims.	Sikhs.	Indians Christians.	Anglo-Indians.	Paris.	Madras.	Bombay.	Bengal.	United Provinces.	Punjab.	Bihar and Oriss.	Central Provinces.	Assam.				Delhi.	Indian States.										
1931 ..	2	..	1	1	..	..	..	..	..	..	1	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	Punjab I.	
1932 ..	4	..	3	1	..	..	..	..	..	..	2	..	..	..	..	..	..	..	..	..	2	..	..	..	..	..	..	..	..
1933 ..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..	..
1934 ..	2	..	2	..	..	..	..	..	..	..	..	1	..	..	..	..	..	..	..	..	..	1	..	..	..	..	..	..	..	..
1935 ..	2	..	2	..	..	..	..	..	..	..	..	..	1	..	..	..	..	..	..	..	..	..	1	..	..	..	..	..	..	..
Total	116	79	28	2	4	2	3	33	15	9	21	13	3	7	4	11	..	..	..	..	24	..	..	..	..	..	..	..	..	..

(c) Number, etc., of candidates recruited by means of nomination.

NOTE 1.—This statement contains information relating to candidates who are of Indian domicile only, i.e., information is not given about Burmans, Ceylonese and Anglo-Indian candidates of non-Asiatic domicile.

NOTE 2.—Allotment of candidates is made after taking into consideration, (i) the exigencies of public service, (ii) the preferences of the candidates, (iii) the communal composition of the service in each province, and (iv) the views of Local Governments.

HARDWAR IMPROVEMENT ADVISORY COMMITTEE.

104. **THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD :**

(a) Is it a fact that the United Provinces Government have appointed an Advisory Committee for the improvement of Hardwar ?

(b) Will Government please state whether the railway authorities received any representations from the said Hardwar Improvement Advisory Committee regarding the improvement of the Hardwar railway station ? If so, with what result ?

THE HONOURABLE SIR MAURICE BRAYSHAY : Enquiries are being made from the Railway Administration and a reply will be laid on the table in due course.

WAITING ROOMS AT RAILWAY STATION, HARDWAR, ROHILKUND AND KUMAON RAILWAY.

105. **THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD :**

(a) Is it a fact that the upper class passenger waiting rooms, both for ladies and gentlemen, at the Hardwar railway station are very inadequately fitted and equipped as compared with those at the Lhaksar railway station ? Have Government considered the desirability of providing a better equipment and fitting in the said upper class waiting rooms at Hardwar railway station ?

(b) Is it a fact that the inter class waiting room at the Hardwar railway station is far from the station platform and very low down ? If so, have Government considered the desirability of providing an inter class waiting room in a convenient place closer to the platform ?

(c) Is it a fact that the III class passenger waiting shed at the Hardwar railway station is inadequate for purposes of even the seasonal traffic ? Have Government considered the desirability of providing for III class passengers at this station a bigger waiting shed to accommodate the large seasonal and *mela* traffic at a place nearer the platform than at present ?

(For reply, see under question No. 106.)

BATHROOMS AT RAILWAY STATION, HARDWAR, ROHILKUND AND KUMAON RAILWAY.

106. **THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD :**

(a) Is it a fact that the bathroom arrangements at the Hardwar railway station are of a primitive character ? Have Government considered the desirability of providing bathrooms of a better type at this station ?

(b) Is it a fact that passengers, both upper and lower class, have to go over the long island platform and the over-bridge to reach the exit at the Hardwar railway station exposed all along to the inclemencies of sun and rain ? If so, have Government considered the advisability of providing protection on the platform and the over-bridge ?

(c) Is it a fact that there is no place within the Hardwar railway station limits for the parking of tongas, lorries and motor cars with the result that passengers have to walk a very long distance to the station ? If so, have Government considered the desirability of providing a parking ground for vehicles within the station limits at a convenient site ?

THE HONOURABLE SIR MAURICE BRAYSHAY : With your permission, Sir, I propose to answer questions Nos. 105 and 106 together.

Government have no information on the subject. They consider that such matters are best settled by the Agent, with the advice of his advisory committee. I am sending him a copy of the questions.

**CONSTRUCTION OF A RAILWAY LINE BETWEEN KASHIPUR AND KALAGARH
via THAKURDWARA.**

107. THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD : Will Government please state whether they have come to a decision in respect of the construction of a Rohilkund and Kumaon railway line between Kashipur and Kalagarh *via* Thakurdwara in the United Provinces ?

THE HONOURABLE SIR MAURICE BRAYSHAY : Government have asked the Rohilkund and Kumaon Railway for certain information and are awaiting their reply.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD : Will the reply be given to me in due course ?

THE HONOURABLE SIR MAURICE BRAYSHAY : Yes.

**BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE
TABLE.**

SECRETARY OF THE COUNCIL : Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the following Bills which were passed by the Legislative Assembly at its meeting held on the 18th September, 1935, namely :

A Bill to amend certain enactments and to repeal certain other enactments ; and

A Bill to amend the Factories Act, 1934, for a certain purpose.

**NOMINATION OF NON-OFFICIAL MEMBERS FOR ELECTION TO
THE STANDING COMMITTEE ON EMIGRATION.**

THE HONOURABLE THE PRESIDENT : I have now to announce that the following Honourable Members have been nominated for election to sit on the Standing Committee for Emigration, *vice* Mr. B. K. Basu, C.I.E.

The Honourable Mr. P. N. Saprú and

The Honourable Sir David Devadoss.

There are two candidates for one seat and the election will therefore take place on Wednesday, the 25th September, 1935.

**ELECTION OF A NON-OFFICIAL MEMBER TO THE STANDING
COMMITTEE FOR ROADS.**

THE HONOURABLE THE PRESIDENT : I have also to announce that the Honourable Sir Phiroze Sethna has been nominated for election to serve on the Standing Committee for Roads, in place of Sir Ernest Miller for the remaining months of the financial year 1935-36. I therefore declare him to be duly elected to that Committee.

THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR : (Madras : Muhammadan) : Sir, today being Friday, we have to go for our Juma prayers which begin at about one o'clock. I request that the Council may be adjourned a little earlier than usual for Lunch so that we may be able to go to the Lower Bazaar Mosque by one o'clock.

THE HONOURABLE THE PRESIDENT : I think we ought to finish to-day's work before a quarter to one of the clock. That is my opinion. However, I shall see later on.

RESOLUTION *RE* GLASS INDUSTRY.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA (United Provinces Central : Non-Muhammadan) : Sir, I beg to move :

"That this Council recommends to the Governor General in Council to give effect to the recommendations of the Tariff Board in the matter of the glass industry".

Sir, though the traces of the glass industry are to be found as far back as 306 B. C. during the reign of the Sinhalese kings, its development as a flourishing industry is very recent. It was during the Great War that this industry received an impetus and three factories were established. Later on it developed so much that at the present moment we find 32 factories manufacturing general glassware, 26 factories manufacturing bangles and one manufacturing false pearls. These factories can very well cope with most of the requirements of the country at present. The output of these factories in 1920 was scarcely Rs. 40 lakhs, but in 1931 it grew to Rs. 140 lakhs. In 1929-30 the import of bangles and glass was Rs. 251·93 lakhs, but owing to the development of this industry, the import dwindled very much and in 1934-35 the import came down to the figure of Rs. 132·56 lakhs.

Sir, in 1920, the Indian factories could cope with the demands of the country to the extent of one-fourth only, but since then, at present, they can cope with more than half the demand. This shows that the capitalists of this country are taking a keen interest in the development of the glass industry.

Sir, it was on the 6th of February, 1923, that a Resolution was moved by Mr. Jamnadas Dwarkadas in the other House that Indian industries should get protection from the Government. An amendment was moved by the then Mr. C. A. Innes, Secretary in the Commerce Department, and the Resolution as amended was adopted and accepted by the Government. Since then, a policy of protection is being pursued towards the indigenous industries of this country, and several Tariff Boards have been appointed on the demand of particular industries requiring protection. With your permission, Sir, I will just say a word on the appointment of these Tariff Boards. The way in which these Tariff Boards are being appointed is not considered to be very satisfactory. The Government selects members whom they either know to have some pronounced views or whom they want to oblige. The result is that in the majority of cases they try to put in reports which would be liked by the Government.

THE HONOURABLE MR. T. A. STEWART : On a point of information, Sir. Is the Honourable Member speaking on his own Resolution or on the Honourable Mr. Sapru's Adjournment Motion which did not come off ?

THE HONOURABLE THE PRESIDENT: I also thought that the Honourable Member was utilising his Resolution for the opportunity which he lost yesterday. However, I was just endeavouring to follow him to see where the Honourable Member was drifting. If I see that he goes out of order I shall promptly check him.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA: I have not mentioned it. I was only going to develop my arguments and try and place before the House why the recommendations of this Tariff Board were not accepted.

Sir, there were several Tariff Boards appointed and the recommendations in the majority of the cases were accepted by the Government, but I do not know why the recommendations of the Tariff Board on the glass industry have not been accepted. This shows that if some judges are appointed on the Tariff Board with special and technical advisers, it will be much better and that such a Board will command greater confidence of the public at large. This is so far as the policy of the Tariff Board is concerned.

Let us now come to the personnel of this Tariff Board whose recommendations have not been accepted by the Government.

THE HONOURABLE THE PRESIDENT: Would it serve any useful purpose at this stage to refer to the personnel of this Tariff Board? Their findings have already been given. You can refer to the subject and say that the action of the Government was wrong. That is perfectly permissible. But as regards the personnel, I do not think it would be proper for you to refer to it at this stage.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA: I am coming to that. I want to point out that they made very good recommendations and that those recommendations ought to have been accepted by the Government. That is my only point. Sir, the personnel of this Board was as follows:

Dr. J. Mathias, *President.*

Mr. Fazal Ibrahim Rahimtoola, *Member.*

Mr. G. T. Boag, C.I.E., I.C.S., *Member.*

Mr. G. S. Bozman, I.C.S., *Secretary.*

Mr. F. W. Hodkin, B.Sc., F.I.C., *Technical Adviser.*

The Tariff Board worked for months and went round to all the centres of the industry recording evidence before giving their findings. In the terms of reference to this Tariff Board three points were particularly mentioned by Government on which they were asked to submit their report. These were: (1) Whether the conditions laid down in the report of the Indian Fiscal Commission are satisfied in the case of the industry and to what extent, if any, and in respect of what articles or class or description of articles protection should be afforded? (2) In what form and for what period protection, if any, should be given? and (3) How its recommendations, if any, will affect other industries? The policy of the Government was very doubtful from the very beginning as I will submit.

to the House. Representations for the protection of this industry were made as far back as 1926. Repeated representations were made but no Tariff Board was appointed for six years, the present Tariff Board not being appointed till October, 1931. It submitted its report in March, 1933, but the Government sat tight upon the report without giving it publicity. Representations were made and it was demanded in the press that the report should see the light of day, but for a full three years Government did not even publish it. It was not till June, 1935, that the report was published with the Resolution of the Government regretting that they could not accept the recommendations of the Board.

Now let us see whether this Board gave a full report on the terms of reference or not. As to the first question, whether the conditions laid down by the Indian Fiscal Commission are satisfied, the Board dealt very thoroughly with it and, with your permission, I will quote one or two sentences from the report to show what was their unanimous opinion. On page 14 they say :

“ For the present it is sufficient to say that it is clear that in recent years the industry in general has made considerable progress in the methods of production in the kinds of ware manufactured and the adaptation of refractory materials available in India to the manufacture of crucibles and furnace blocks ”.

Sir, later on, on page 51, paragraph 63, they say :

“ Our examination of various factors which concern the natural advantages postulated by the Fiscal Commission in an industry which advances a claim for protection has satisfied us that the glass industry substantially complies with this condition. Of the raw materials, sand is the bulkiest and this is present in abundance and there is good reason to think that by suitable treatment much of the Indian sand might be rendered fit for the manufacture of the best glass. Soda is not at present obtainable in the country, but this disadvantage is balanced by the other natural advantages possessed by the industry. The manufacture of soda has been achieved successfully in India and there is good reason for expecting an early resumption of its manufacture and supplies will at once become available. Land is available in unlimited quantities ”.

Further on, on page 52 they say :

“ We are therefore satisfied that on balance the glass industry does possess such natural advantages as to justify its claim for protection ”.

That was their unanimous and pronounced verdict on the inquiry whether the glass industry should have protection or not. And after giving their finding that the industry satisfies all the conditions and it should receive protection, they recommended the detailed rate of protection which should be given, which you will find on page 97. They recommended :

- “ (1) Sheet and plate glass, including figured and ribbed glass—Rs. 4 per 100 square feet, or 25 per cent. *ad valorem*, whichever is higher.
- (2) Bangles, beads, and false pearls—50 per cent. *ad valorem*.
- (3) Glass and glassware of the kinds specified below—50 per cent. *ad valorem*”.

Sir, in this way they made their recommendations ; and as for the period of protection, they said that.

“ Sufficient time should be afforded to the industry to make full use of the protection granted, so that the reorganisation which we have in view may be completed. We think that in the circumstances of the glass industry a longer period of protection is required than the period generally recommended in other cases. We propose that the protective duties should remain in force for a period of ten years. A shorter period than

[Rai Bahadur Lala Mathura Prasad Mehrotra.]

ten years will be insufficient to create the necessary confidence on the part of the investors in the future of the glass industry ”.

So, Sir, they considered this industry important and considered that its development was so necessary that they went out of the way to recommend protection for it for ten years. There can be only one objection to this recommendation and that is from the consumer's point of view ; the question is, will the consumers be better off or will they have to pay higher prices and what will be the price they will have to pay ? The Board has dealt with this point also, and they have tried to show, or rather they have proved, that there will not be much loss to the consumers. In this connection they say in paragraph 120 :

“ The extra burden involved in our proposals is not, however, so excessive as to constitute a valid objection to the grant of protection. We are satisfied that in the great majority of cases it is not heavier than the burden which may normally be expected from the application of protective proposals ”.

Sir, I will not read the whole paragraph and waste the time of the House. They have tried to show that even a middleman building a house and spending as much as 500 square feet of sheet glass will have to pay an extra cost of only Rs. 12-8-0 for the whole of his building and they have shown that only two pies per dozen pairs of bangles will be in excess that the consumers will have to pay on account of this protective duty. So, Sir, the report is very satisfactory and thorough from all points of view, but I do not see why Government have not accepted the recommendation ? Let us examine what they say in their Resolution of the 22nd June on this report. The only important point that they have taken into consideration was the importance of the use of soda ash. That is what I can find from this Resolution. As for other matters, the Government say in the Resolution that they do not propose to take final decision at present and it is unnecessary to discuss these points now. In paragraph 2 of their Resolution the Government say :

“ The report of the Tariff Board, which is published today for general information, shows that the glass industry has a wide geographical distribution in India and that there are as marked differences in the nature of its products and in the methods of their manufacture as in its location. But whatever differences may exist in these respects, the report makes it clear that all branches of the industry have a common need for the same raw materials. In Chapter II of its report the Board, in accordance with its terms of reference, has investigated the natural advantages possessed by the industry with a view to determining whether it satisfies the first condition prescribed by the Indian Fiscal Commission and in particular it has examined the resources of the industry in respect of raw materials. Of these by far the two most important are silica and soda ash, and while the Board is of opinion that ample supplies of the former in the form of sand of sufficiently good quality are available, it has found that satisfactory sources of soda ash are not yet in existence in India and that the industry is dependent on imported supplies. The Board does not, however, consider that this fact in itself invalidates the claim for protection and it finds that the first of the conditions prescribed by the Fiscal Commission is satisfied ”.

This is what the Government say on this report. After discussing it in this paragraph, they say :

“ The Government of India regret that they are unable to accept this finding. They are of the opinion that the absence of indigenous supplies of a raw material which in the United Provinces, where the glass industry is to a great extent concentrated, represents 70—75 per cent. of the total cost of materials and which even at ports of entry represents 30—45

per cent. of that cost, constitutes a disadvantage to the industry which cannot possibly be balanced by any advantages which it possesses in other respects”.

With the above observation they have rejected the report. The one important reason, as I have said, given by the Government was the non-existence of the supply of soda ash. We, on this side of the House, Sir, have our own suspicions and doubts on this matter as to why the Government kept this report pending for three years and at the end of three years they have rejected it on the one ground of non-existence of soda ash.

THE HONOURABLE THE PRESIDENT: You have already referred to that matter in the earlier part of your speech. Please do not repeat yourself.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA: That is the one point on which they have based their conclusion.

THE HONOURABLE THE PRESIDENT: You have already said that.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA: They were watching the existence of the Imperial Chemical Company for which they have given a monopoly in the Punjab. That Company will have the full monopoly for the manufacture of soda ash for 50 years to come and perhaps it was due to this that they waited so long. There is already one other factory existing. In reply to the question put by my Honourable friend Mr. Sapru the other day the Government said that the firm is existing, its name is Shree Sakthi Alkali Works in Dhrangadhra State. They have also accepted that if this firm works fully it can satisfy the full demand of India so far as soda ash is concerned. Only on account of some financial difficulties it is not working at present. If the Government had come forward to give protection to the glass industry, I am sure a number of financiers would have come forward to work that company and produce soda ash for the requirements of the industry. Government rejected the report by this Resolution. The Federation of Indian Chambers of Commerce and Industry met at Bombay on the 5th July and sent a letter to the Secretary to the Government of India, Department of Commerce, Simla, on the 18th of July. In this letter, Sir, they have fully discussed the pros and cons of the Resolution and they have made out a very strong case for the acceptance of the recommendations of the Tariff Board and have proved that the reasons embodied in the Government Resolution have not a strong basis. With your permission, I will quote two or three sentences from this letter sent by the Secretary of the Federation of Indian Chambers of Commerce and Industry.

THE HONOURABLE THE PRESIDENT: You have got two minutes more to finish your speech.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA: I shall finish in two minutes, Sir. They said :

“The question of the supply of soda ash presents some difficulty in so far as the requirements of the industry have to be imported from abroad, though there are deposits of soda ash in crude form in different parts of India”.

Further on, they say :

“The Tariff Board examined very carefully the relative importance of soda ash to the manufacture of glass and came to the conclusion that as the cost of soda ash varies

[Rai Bahadur Lala Mathura Prasad Mehrotra.]

between 10 to 25 per cent. of the cost of production, the fact that the glass industry is dependent upon the cost of soda ash does not invalidate the claim to protection. The Government of India, instead of accepting this finding of the Tariff Board, put forth the plea that the cost of soda ash represents 70 to 75 per cent. of the total cost of materials and therefore constitutes a disadvantage to the industry, which cannot be counterbalanced by other advantages.....

The criterion which the Government of India have applied in comparing the cost of soda ash to the cost of materials instead of to the total cost of production of the article, is entirely erroneous in principle as it is not the cost of materials but the cost of production of an article which determines the market price in the market against the selling price of an imported one, and the Committee feel that it is unfair for the Government of India to judge the claim of the industry to protection by a wrong standard. The Committee understand that this fresh source of supply refers to the proposal of the Imperial Chemicals to start a factory for the manufacture of soda ash and for which a long term concession was given by the Punjab Government and the Government of India to the Imperial Chemicals in spite of the protests from the commercial community in India".

Sir, later on, they say :

"The attitude of the Government of India in this respect testifies to the lack of imagination to industrialise India when an opportunity offered itself to them as in the case of the glass industry".

Sir, they have expressed their views and proved that the basis on which
12 NOON. the Government rejected the report was not right.

With these words, Sir, I move the Resolution.

THE HONOURABLE MR. T. A. STEWART (Commerce Secretary) : Sir, may I, before considering the arguments of the Honourable Member, make reference to one particular matter that he raised. He said that there were grave suspicions and doubts that the delay in dealing with this report was entirely in the interests of Imperial Chemical Industries. That, Sir, is a statement that was contained in a letter from the Federation of Indian Chambers which was sent to the Commerce Department and which received wide publicity in the daily press. That statement, Sir, was most emphatically denied and I am surprised that the Honourable Member should think fit to repeat the suggestion here and now when such a denial had been made public.

The Honourable Member raises three points for our consideration. The first is : Is it incumbent on Government to accept without question the recommendations of the Tariff Board : This is a new theory to me. What is the warrant for the existence of the Tariff Board ? The Honourable Member will find it in that famous Resolution of February, 1923. If I may read a few words from it—in part (d) of the Resolution adopted in the Legislative Assembly—it was recommended :

"that in order that effect may be given to these recommendations a Tariff Board should be constituted for a period not exceeding one year in the first instance, that such Tariff Board should be a purely investigating and advisory body, etc."

I do not know whether the Honourable Member himself or any other Member of this Honourable House is prepared to hand over to any investigating or advisory body their own legislative functions and if they are prepared to accept without question the recommendations of such a body ? At the present moment the Executive Government is not prepared to do so, Sir.

The next issue is really whether or not a claim for substantive protection has been established by the glass industry. Honourable Members are very

well aware that, before an industry is granted protection under the existing policy of the Government of India, it is required to fulfil three conditions. Let me state them briefly. The first is that it should possess natural advantages in respect of the supply of raw material, the supply of labour and power and in respect of the existence of an adequate market. The second condition is that it should be an industry which without a measure of protection could not develop, or develop so rapidly as might be desirable in the interests of the country. And the third condition is that, after a reasonable period of protection, it should ultimately be in the position to stand on its own feet. The controversy, Sir, in respect of the glass industry has arisen over the issue, whether or not the first condition of the Tariff Board is fulfilled. Now, the Tariff Board itself a few years ago, when investigating the claim for protection of the Indian Electrical Cable Manufacturing Industry held that it was a fatal objection to the claim, not that there was no copper in India but merely that no copper of the requisite quality was available and it could not be produced at an economical price. In the present case, there are not even adequate supplies of soda ash and I have yet to hear it denied that soda ash is the most raw material in this industry. Figures have been quoted to show that it constitutes something like 10 to 15 per cent. of the total cost of production of glass but that does not help us in any way. The point is that we are depending entirely for our supplies of soda ash on imports from abroad. It is impossible to calculate at what price these imports will be available. It is impossible to forecast that they will even be available at all. Now, Sir, a private enterprise may take the risk,—private enterprises do take the risk,—that their supplies will rise in price or that they may be cut off. But when it comes to granting protection, the case is somewhat different. When the Fiscal Commission first of all framed this first condition they said that it was necessary to ensure that no industry is protected which would become a permanent burden on the community. Can it be said, in ignorance of what our supplies are going to cost us, in ignorance of whether we are going to get supplies at all, can it be said that this burden will not be permanent? It is part of the theory of the Indian Fiscal Commission that it is reasonable that the community as a whole should for a reasonable period bear a reasonable burden in order to hasten the industrialisation of India. But in this case the burden may be borne by the general consumer not in the interests of the industry but in order to pay the person who supplies from abroad. If it were the industry that was getting the benefit, there would be less to say. But, as it is, the Indian consumer may be bled for the benefit of the outside supplier. The Board in the last resort justified its finding that this first condition was fulfilled by the fact that it was expected that the Shree Shakti Alkali Works at Dhrangadhra would soon be producing soda ash on an economic and commercial scale. It was for this reason, Sir, that the Government of India, instead of dismissing summarily the case for protection on the ground that the first condition was not fulfilled, delayed in the hope that reasonable supplies of soda ash will be forthcoming. These anticipations, Sir, have not been realised. The Shree Shakti Alkali Works is not yet producing on an economic and commercial scale. In the meantime, Sir, help has been given to the industry by the removal of the duty on soda ash. It is fashionable to decry the value of that concession. It represents something like 3 to 5 per cent. on the total cost of production.

THE HONOURABLE MR. HOSSAIN IMAM : What is the proportion on the cost of the raw material ?

THE HONOURABLE MR. T. A. STEWART : The Tariff Board says that in the United Provinces soda ash represents from 70 to 75 per cent. of the total cost of the raw material, and even at the ports where there is very little in the way of freight charges, it is from 35 to 40 per cent. This 3 to 5 per cent. saving has also been depreciated by people who consider that any stick is good enough to beat the dog with. I do not know what their particular businesses are but a matter of 3 to 5 per cent. difference in their profit or loss is, I suggest, not to be despised.

The second condition is that the industry should be one which without protection would not be able to develop. I do not propose to contest the fact that the glass industry without protection would not develop, but I do emphasise that this alone does not justify the grant of protection.

The third condition is that the industry must be one which will ultimately be able to dispense with protection. Any estimation of this possibility depends of course on the calculations of the future costs of the industry. In paragraph 69 of the report the Board admits quite frankly that it is impossible to calculate what the future costs of the industry will be. In paragraph 71, again, it admits that the sheet glass industry can never be able to compete with imported glass. The Board considers that the fact that imports from abroad are dumped imports justifies it in readjusting its calculations. Government do not admit that the imports from abroad are dumped, but even if we accept that assumption, and even if we accept the assumption that the price of sheet glass will not vary in the future, the ultimate conclusion of the Board itself is that the industry will never be able to dispense with a protective duty. It is clear therefore that even the third condition is not fulfilled.

I now turn to the specific recommendations of the Board. In view of my having established the position that the first and third conditions have not been fulfilled, it is unnecessary for me to discuss in detail the specific recommendations. I would, however, point out that these are not above criticism either. For example, in dealing with bangles, the calculations of the Board are based on the assumption that the duty now leviable is something like 33½ per cent. lower than it really is. The Board has recommended protection for plate glass which never has been produced in India and it is most unlikely that it will ever be produced. In calculating the duty on bottles and phials, the Tariff Board, although it had the example of a mechanically worked factory whose costs might have been obtained, preferred to calculate the costs of mechanical production from the costs of a manual factory. They have put an all round duty on table ware. India produces only a few of the coarser types of tumblers, jugs and things of that sort, but notwithstanding this fact, it is suggested that no matter what the import, however valuable the import is, however impossible it may be for India to produce it, all these imports should be taxed. Well, Sir, I quote these examples to show that the specific recommendations could not possibly be adopted without a critical examination and amendment. But I would point out in conclusion that it is not so much the

case of the glass industry that is at issue. If the Honourable Member's Resolution is accepted, if this House thinks that the glass industry should be given protection whether or not it has fulfilled those essential conditions which were laid down by the Fiscal Commission, if that is the decision of the House, it is equivalent, to throwing overboard the policy of discriminating protection. That is a policy, Sir, that was adopted many years ago and it is one that we believe holds a reasonably even balance between the industrialist and the consumer. There have indeed been criticisms that even with these very salutary limitations upon it, the policy of discriminating protection has borne hardly on the consumer. If that is so, then if we abandon those limitations, the lot of the consumer will indeed be one to be pitied.

With these words, Sir, I oppose the Resolution.

*THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan): Sir, the speech which my Honourable friend Mr. Stewart has delivered today was more in favour of my usual attitude than that which is his usual attitude about protection! He has eased my task enormously and I hope to use the argument which he has used today against him when the time comes. Sir, we perfectly agree with him that the functions of the Tariff Board are purely advisory, that they are to examine as an expert body, and that the Executive have every right to go back upon their recommendations, but we differ from him wholly in one essential, that is, that the Government can repudiate on political grounds, but they cannot and I think they are not competent to be judges on economic grounds, otherwise there is no need of having an expert body. For political reasons or other causes you may repudiate the Board, but when the Board having made inquiries reports that the industry fulfils certain conditions laid down by the Fiscal Commission, it is not meet for the Commerce Department to repudiate them. In this question much has been made of the relative position of soda ash in the manufacture of glass. I would like the Commerce Department to enunciate once for all time the principle which they will follow in the case of every industry. If we know that in the case of every industry in which the cost of the imported material as against the raw material produced in the country, leaving aside the production costs, is more than 50 per cent. that that industry will be given protection, we can understand that principle and follow it. In that case I would ask the Honourable Mr. Stewart to bring in a Bill to repeal the steel duties and the textile protection law, for in those cases this principle has been given the go-by. For instance, take corrugated iron sheets. The cost of the raw material for these, which happens to be pig iron, and the cost of zinc which is also utilised and which is imported from a carton controlling the world production of that material, would be in almost the same ratio as that of soda ash in the case of glass in the cost per ton in the manufacture of corrugated iron sheets. Then, the whole of the raw material in the production of the higher counts of the cotton yarn and twist is imported from Uganda and other places, but that is being protected. We have just now appointed a special Tariff Board to inquire into the case of those industries which derive the whole of their raw material from abroad. And they are thought to be fit enough to be given protection although as a matter of fact cloth happens to be a thing of universal consumption and as such there is greater need that it should not be subject to high

*Not corrected by the Honourable Member.

[Mr. Hossain Imam.]

duties. It is one of the foremost and fundamental principles of the English tariff system that the requirements of the poor, the teeming millions, should be taxed as lightly as possible. Now, Sir, I do not say that Government has done wrong in giving protection, but the point is, when a poor industry comes forward and asks for protection the Government have different arguments to advance in opposing it than they do in the case of a rich industry which can agitate and make a great deal of noise. In the latter case the Government is prepared to do things which they are not prepared to do in the other. The cotton industry has received protection for a long time, and on the last occasion they made out a case and we saw that they deserved protection. But why not follow the same rule in every case. If you are prepared to give protection to textiles manufactured from cotton from Uganda, why not also give the protection in another case where the entire production is from a raw material imported from abroad? In one case it is fit for protection, but in another case it is not.

Now, Sir, I come to the third principle which he enunciated, that we do not yet know what effect protection might have on the price of soda ash, that it is possible that if we give protection the price of soda ash might rise so much that the protection may be of no use. A reply to that is that the Government have helped and should help indigenous manufacturers, if need be, by bounties in the production of soda ash in the country. What is the difficulty as to why soda ash cannot be produced as cheaply in India as in other countries? Is it due to any intrinsic defect? I cannot answer that. It is for the Government to inquire if they want to. But they should themselves have been inclined to take this action, especially after waiting for all these years only to reject the recommendation. What was the good of their having this elaborate inquiry only to throw it into the waste-paper basket? If the Government was really serious and had really the wish to judge this industry on its merits and not to penalise it for being a small industry, the only course open to them was to inquire how far they could help in the production of soda ash; and if they had found after expert inquiry that even with the aid of bounties it would not be possible to manufacture soda ash cheaply in India or to establish this industry, then they would have had some sort of justification for refusing protection to the glass industry.

With these words, Sir, I strongly support the Resolution moved.

THE HONOURABLE THE PRESIDENT: I have received an application signed by all the Muhammadan Members of the Council asking me to adjourn the House in order to enable them to offer their prayers, and as this has been the practice prevailing I shall adjourn the House now till half past two in the afternoon.

The Council then adjourned for Lunch till Half Past Two of the Clock.

The Council re-assembled after Lunch at Half Past Two of the Clock, the Honourable the Chairman (the Honourable Sir Phiroze Sethna) in the Chair.

THE HONOURABLE THE CHAIRMAN: The Council will now resume discussion on the Resolution moved by the Honourable Rai Bahadur Lala Mathura Prasad Mehrotra.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD (United Provinces Northern : Non-Muhammadan) : Sir, the Honourable Mr. Stewart asked the House to consider whether or not a claim for substantive protection has been established for the industry. I think I can do no better than tell the House how adversely competition from Japan is affecting the Indian glass industry. There is a glass factory in my province, the United Provinces, called the Bahjoi Glass Works. It has to contend with the competition of Japan which has reduced its prices and as a consequence the Bahjoi Works are incurring heavy losses. The kind of cut-throat competition which the industry has to face is indicated by the fact that the present *c. i. f.* price of Japanese four ounce phials is Rs. 2-12-0 per gross, while the cost of manufacturing such phials to an Indian factory is Rs. 4-13-0. Similarly in the case of bottles the *c. i. f.* price of 16 ounce tincture bottles from Japan is Rs. 9 per gross against the cost to the Indian producer of Rs. 15-12-2 per gross. In this connection the Council of the Merchants' Chamber of the United Provinces point out that in March, 1932, when the Tariff Board signed their report on the glass industry the Rupee-Yen exchange stood at 120 and at present it remains round about 77. The fall of the Yen by itself provides sufficient justification for the enhancement of the rate of duty on bottles and phials of which Japan is the principal importer to the Indian market. The Indo-Japanese Trade Convention, I understand, has a specific provision giving freedom to the Government of India to correct the adverse effect on an Indian industry of the fall of the Yen. So, Sir, I am of opinion that the case for protection of the Indian glass industry has been established beyond doubt and I hold that in the absence of any protection the glass industry, it is feared, may be crippled for ever. Now, the Government have made much of the so-called absence of soda ash in this country, and think that it is a disadvantage which has invalidated the industry's claim for protection. Sir P. C. Ray, Mr. Nalini Ranjan Sarkar, Sir Nilratan Sircar, Sir Badridas Goenka and Mr. D. N. Sen in a weighty statement assert that the Government's argument is "untenable" and "flimsy" and state that the figures given in the Government's Resolution relating to the proportionate share of the cost of soda ash in the manufacture of glass products

"are much higher than what actually represents the percentage ratio of the cost of soda ash to the total cost of production".

No one can deny that Sir. P. C. Ray and other distinguished signatories of the statement know what they talk about. The Tariff Board definitely considered "the extent" to which the disadvantage of the industry in respect of soda ash was "counterbalanced by advantages in other respects". There is the favourable position of the industry in regard to supplies of sand. And it enjoys "considerable advantages in other respects, such as fuel, labour and extent of market". The Board considered whether "the sum total of these advantages is sufficient to off-set the disability resulting from imported soda ash". And they felt that if reasonable improvements were effected in equipment and processes of manufacture and if a larger output could be secured, the Indian glass industry "will be able eventually to meet foreign competition

[Rai Bahadur Lala Jagdish Prasad.]

unaided". Sir, improvement in equipment and processes of manufacture in the industry as a whole are bound to take place if the industry were assured of reasonable security. Now, as regards the supplies of soda ash, I understood the Honourable Mr. Stewart to say that the Dhrangadhra factory was not running economically. Let us see what the Tariff Board had to say about this factory. "This factory worked for about six months in 1930", write the Tariff Board in their report.

"Financial difficulties forced it to suspend operations early in 1931, but preparations for re-starting it are almost complete. This plant", they continue, "is designed to produce 60 tons (soda ash) a day and if worked to capacity should produce not less than 18,000 tons a year, which is far more than the glass industry needs at present".

Then, Sir, I understand that a company has recently been floated in the United Provinces to take up the manufacture of soda ash from the salt resources of the Sambhar Lake. Now, one may well ask, Will not the grant of rebate of import duty on imported soda ash put these indigenous concerns at a disadvantage as against Imperial Chemicals, the purchasers of whose imported material will get preferential rebate of 10 per cent. more? Moreover, the Government of India have already said that they would reconsider this matter after three years by which time the Imperial Chemicals' Works are expected to be established at Khewra. But during these three years the Indian companies already in the field must work under this handicap. On the one hand, while differing with the finding of the Tariff Board, the Government

"are of opinion that the absence of indigenous raw material (soda ash)..... constitutes a disadvantage to the industry which cannot possibly be balanced by any advantages which it possesses in other respects"

and on the other they proceed to take measures which would militate against the development of indigenous sources of supply of soda ash.

In view of these considerations, Sir, the Government of India should reconsider the advisability of granting protection to the Indian glass industry at an early date as recommended by the Tariff Board.

But, Sir, the attitude of Government as regards protection to Indian industries is reflected in the speech which the Honourable the Finance Member, Sir James Grigg, made quite recently to the Indian Merchants' Chamber of Bombay. Referring to the question of protection, he said :

"Please do not forget that nine-tenths of the people are agriculturists and it is no good fostering industry and so on if you place upon the backs of the cultivator burdens too grievous to be borne. He made it clear that in his opinion even the protection that had been so far given was not desirable".

He added :

"When we consider that none of the protected industries, except steel, have shown any real sign of establishing themselves on a self-supporting basis and when we consider the serious inroads that protection has made into customs revenue—so that not only is the task of financing provincial autonomy being made extremely difficult but for years nation-building services have been starved in the interests of a comparatively small number of industrialists—when, I say, we reflect on these things, can it be denied that there is a lot to be said for the view that Government has been far too ready to listen to demands for high protection?"

(At this stage the Honourable the President occupied the Chair.)

Sir, I duly appreciate the Finance Member's interest in the well-being of the agriculturist. But I should like to draw the attention of the Government to the

fact that there are other agricultural countries in the world which are protecting their industries by means of tariff walls. The Governments of those countries do not think that the burden of the agriculturist cannot be made easier unless they permit indigenous industries to be crippled by foreign competition. Canada and Australia, predominantly agriculturist countries though they are, have been following a policy of high protection. Then, Britain has adopted a protectionist policy in spite of the fact that it is one of the most industrially advanced countries in the world. Why should this singular treatment be suggested in the case of India? If the Government are so solicitous about the condition of the agriculturist why should they instead not revise their financial policy and their huge expenditure and not take other steps to uplift the agriculturists? So, the Government should not be surprised if their method of dealing with Indian industries fails to be appreciated by Indian public opinion. I am strongly of opinion that our glass industry stands in urgent need of protection and therefore I heartily support the Resolution that has been so ably moved by my Honourable friend Mr. Mehrotra.

THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT (Bombay: Non-Muhammadan) Sir, the glass industry of India has got a history behind it. It is not a new industry but is an industry which was in existence in this country as far back as the Third Century B. C. The industry in ancient times may not have attained the same standard of development as at the present moment, but the very existence of the industry in ancient times proves at least one thing, that if the industry be given some help, it may develop a stage when not only will there be no need to import glassware into India but may even be able to export such articles to other countries at competitive prices. Sir, there is no gainsaying the fact, that if protection as recommended by the Tariff Board is granted, the industry will develop rapidly and in a few years time will be able to stand on its own legs, when there will be no need of any further protection. It appears rather strange to me that the recommendations of the Tariff Board which was set up by Government at such a heavy cost to enquire about the particular industries which require protection should be set aside by them. The Board after a thorough investigation has come to the conclusion that the industry fulfils all the conditions laid down in the Fiscal Commission's Report and requires protection. Sir, if the protection is not given as recommended, the industry will be ruined and with the ruination of the industry all the capital invested therein will be lost and thousands of labourers will be thrown out of employment. In the absence of protection the industry will be unable to compete with cheaper imported foreign articles. I would therefore request the Government to reconsider their decision and give the protection recommended by the Board. Not only this, I would further request the Government to see that all orders of glass articles required by both the civil and the military departments should be placed with firms established in India, even if the rates quoted in the tenders submitted by such Indian firms be 5 per cent. or 10 per cent. higher than those of the imported articles. Sir, in this respect, I would request the Government of India to emulate the example of the Government of Bengal who have ordered the purchase of all indigenous articles required by them even at a price 5 per cent. higher than those of foreign ones.

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

THE HONOURABLE MR. SHANTIDAS ASKURAN (Bombay: Non-Muhammadan): Sir, I want to make only one or two brief observations on the Resolution brought forward by my Honourable friend Mr. Mehrotra. As everyone is aware, the report of the Tariff Board on the glass industry was submitted to the Government three years ago. Sir, I know I am voicing the general opinion of every one interested in the industrial development of this country in saying that it is most unsatisfactory that the Government of India should have sat tight on this report for three years. I should add, Sir, that the Government took another three years before making a reference to the Tariff Board. In other words, Sir, the glass industry has had to wait more than six years after applying for protection to know its fate. And, Sir, may I ask what ultimately is the decision of the Government? Should it take over six years to say that no action is possible on the report of a Tariff Board appointed by themselves and to which they attached an expert from England?

It is no doubt true, Sir, that the Fiscal Commission laid down certain principles in regard to protection for industries in this country. One of those recommendations was that raw materials should be available in sufficient quantities in the country. In this connection, I would like to make a reference to what my Honourable friend Mr. Stewart said. Sir, he repeated this condition laid down by the Fiscal Commission and justified the rejection of the report of the Tariff Board on this ground.

But, Sir, may I ask whether the cogent reasoning of the Tariff Board on this point counts for nothing? Can the Government of India honestly and seriously say that other countries which have adopted a protective policy are so rigid in applying such principles? Sir, does Japan produce her own raw cotton? Instances can be multiplied to show that while the interests of the consumer undoubtedly receive attention, no Government would be so rigid as the Government of India have been in extending protection to a new industry.

Sir, I also want to protest against the scant respect shown by the Government of India for the recommendations of an expert body appointed by themselves. If one looks back, the conviction grows upon one that in recent years the recommendations of the Tariff Board have been receiving less and less serious attention at the hands of the Government. There is, I cannot help saying, Sir, a growing fear in the minds of industrialists in this country that the free trade convictions of the present Finance Member are being thrust upon the Government of India.

Lastly, Sir, I want to draw the attention of the Government to another unsatisfactory feature of their policy in regard to the glass industry. Certain recommendations of the Tariff Board for research in regard to glass have been turned down. The Tariff Board itself urged that such research is essential in order to minimise the burden on the consumer. I earnestly hope that the Government of India will revise their decision on the report of the Tariff Board and give much needed protection to an industry which is struggling hard against competition from abroad.

With these words, Sir, I strongly support the Resolution before the House.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern: Non-Muhammadan): Sir, before I go on to make a few observations on the subject-matter of this Resolution, perhaps you will allow me to congratulate, on

behalf of our group, the Honourable Mr. Mitchell on the exalted position that he occupies today. Mr. Mitchell is an honoured Member of this House. He is a broad-minded Englishman and we are very glad that he has been elevated to this position.

Sir, my friend, the Honourable Mr. Hossain Imam, has very effectively dealt with the arguments of the Honourable Mr. Stewart and I have no desire to repeat what he has already said. But there is just one aspect to which I would like to draw the attention of the House. The industry has been asking for protection from 1926. I think the first time that a claim for protection was advanced by the industry was in 1926. It was not till the 20th October, 1931 that the Tariff Board was appointed. That Board went very carefully into the matter and reported on the 17th March, 1932. The report of the Board was not published until three years after. I forget the exact date on which the report was published but it is only after three years that it was published. Now, Sir, there has been, I submit, great delay in the publication of the Tariff Board's report. The Honourable Mr. Stewart has not explained to us the reason of this delay.

THE HONOURABLE MR. T. A. STEWART: Yes, Sir, I certainly did.

THE HONOURABLE MR. P. N. SAPRU: I did not then catch him. I stand corrected. Well, Sir, I think it is really a matter of comment that there should have been so much delay in dealing with the vital needs of an industry of this character.

With these words, Sir, I support the Resolution of my Honourable friend Mr. Mehrotra. So far as the merits are concerned, they have been dealt with already by the Honourable Mr. Hossain Imam and the Honourable Mr. Mehrotra.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA: Sir, the points raised by the Honourable the Commerce Secretary have been dealt with by my Honourable friend Mr. Hossain Imam. I quite admit that the Executive Government has got the right to choose whether it will accept the report or not. But so far as I understood, it is only in matters financial, economic or political that the Executive Government may accept or reject the recommendations of the Tariff Board, and not on technical matters. This time, the Government has gone out of its way in not accepting the recommendations on a technical matter. That is what they say in their own Resolution about the supply of soda ash. Sir, the Tariff Board has dealt with this question very thoroughly in its report. It has said that soda ash is not at present obtainable in the country but that this disadvantage is balanced by the other natural advantages possessed by the industry. Dealing with this question very thoroughly, they have come to the conclusion that they are satisfied on the balance that the glass industry does possess such natural advantages as to justify its claim for protection. I therefore do not agree with the Honourable Mr. Stewart there.

We all know, as has just been pointed out by the Honourable Rai Bahadur Lala Jagdish Prasad, that Japan, Belgium and other countries are dumping these materials at very cheap rates. The result is, that whatever

[Rai Bahadur Lala Mathura Prasad Mehrotra.]

factories exist in India, they will very soon have to be shut down. With reference to the one factory established in my own province, namely, the Bahjoi factory, I am aware that it hardly worked for six months during the last year, and they have not commenced work this year yet. They may work for three or four months. They have trained thousands of men. They cannot give them retention. You know that even the starting of a factory so far as the glass industry is concerned requires a lot of expenditure. After meeting all those expenses and working for three months, and then giving retention to their workmen, I hardly think that any factory can exist. They have already suffered a loss of about Rs. 3 lakhs on this account during the course of the last few years, and there is no other way open to them but to shut down.

For these reasons, Sir, I would request the Government to accept this Resolution, and I hope the House will agree to it.

THE HONOURABLE MR. T. A. STEWART : Sir, I want to say only two words. The first is to correct a misapprehension under which I think the Honourable Rai Bahadur Lala Jagdish Prasad is suffering with regard to the Japanese Treaty. It is perfectly true that that Treaty has provision which allows for the imposition of exchange compensatory duties, but only in respect of exchange variations after the 31st December, 1933. Since then, the Japanese exchange has varied only to the very slightest extent. I would now only say, Sir, that I repudiate the suggestion of the Honourable Mr. Hossain Imam that the Government of India have a different fiscal policy for the smaller industries than they have for the larger ones. I can give this House the assurance that should there be signs that what we regard as a vital objection to the grant of protection is capable of removal, the Government of India will be prepared immediately to reopen the question of protection to the glass industry.

THE HONOURABLE THE PRESIDENT : Resolution moved :

“ That this Council recommends to the Governor General in Council to give effect to the recommendations of the Tariff Board in the matter of the glass industry”.

The Question is :

“ That that Resolution be adopted”.

The Council divided :

AYES—16.

Akuran, The Honourable Mr. Shantidas.
Banerjee, The Honourable Mr. Jagdish Chandra.
Buta Singh, The Honourable Sardar.
Ghosh Maulik, The Honourable Mr. Satyendra Chandra.
Gounder, The Honourable Mr. V. C. Vellingri.
Hafeez, The Honourable Khan Bahadur Syed Abdul.
Hossain Imam, The Honourable Mr. Jagdish Prasad, The Honourable Rai Bahadur Lala.
Mehrotra, The Honourable Rai Bahadur Lala Mathura Prasad.

Mitha, The Honourable Sir Suleman Cassim Haji.
Naidu, The Honourable Mr. Y. Ranganayakalu.
Pandit, The Honourable Sardar Shri Jagannath Maharaj.
Ram Saran Das, The Honourable Rai Bahadur Lala.
Sapru, The Honourable Mr. P. N.
Sethna, The Honourable Sir Phiroze.
Sinha, The Honourable Kumar Nripendra Narayan.

NOES—22.

Brayshay, The Honourable Sir Maurice.	Maqbul Husain, The Honourable Khan Bahadur Shaikh.
Campbell, The Honourable Mr. G. R.	Menon, The Honourable Diwan Bahadur Sir Ramunni.
Choksy, The Honourable Khan Bahadur Dr. Sir Nasarvanji.	Mitchell, The Honourable Mr. D. G.
Commander-in-Chief, His Excellency the Devadoss, The Honourable Sir David.	Noon, The Honourable Nawab Malik Sir Mohammad Hayat Khan.
Dow, The Honourable Mr. T. M.	Parker, The Honourable Mr. R. H.
Ghosal, The Honourable Mr. Jyotsnanath.	Ram Chandra, The Honourable Mr.
Glancy, The Honourable Sir Bertrand.	Sloan, The Honourable Mr. T.
Haidar, The Honourable Khan Bahadur Shams-ud-Din.	Spence, The Honourable Mr. G. H.
Johnson, The Honourable Mr. J. N. G.	Stewart, The Honourable Mr. T. A.
Macqueen, The Honourable Mr. P.	Tallents, The Honourable Mr. P. C.
	Ugra, The Honourable Rai Sahib Pandit Gokaran Nath.

The Motion was negatived.

RESOLUTION *RE* FLOTATION OF STERLING LOANS.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Mr. President, I rise to recommend to the House :

“ That this Council recommends to the Governor General in Council to convey to the Secretary of State the disapproval of this House of the flotation of sterling loans and to request him to abstain from floating sterling loans in future ”.

THE HONOURABLE THE PRESIDENT : I am sorry to interrupt you at this stage. I had some difficulty in admitting this Resolution but as I was anxious not to shut you out from stating your views and as I wished to give you an opportunity of explaining matters further in face of the provisions of the Government of India Act of 1935, particularly as your Resolution asks the Governor General to advise the Secretary of State to abstain from floating sterling loans in future. I would draw your attention to some of the provisions of the Government of India Act. Part VII of the Act applies to general matters such as Finance, Property Contracts and Suits and section 161 of Part VII states :

“ Upon the commencement of Part III of this Act all powers vested in the Secretary of State in Council of borrowing on the security of the revenues of India shall cease and determine, but nothing in this section affects the provisions of Part XIII of this Act with respect to borrowing in sterling by the Secretary of State ”.

Part XIII refers to the interregnum period between the commencement of Part III (provincial autonomy) and the establishment of the Federation. But in this Chapter II of Part VII in section 162, it is stated that :

“ Subject to the provisions of Part XIII of this Act with respect to borrowing in sterling, the executive authority of the Federation extends to borrowing upon the security of the revenues of the Federation within such limits, if any, as may from time to time be fixed by Act of the Federal Legislature and to the giving of guarantees within such limits, if any, as may be so fixed ”.

[Mr. President.]

And Part XIII, clause 315 (1), says :

“ While this Part of this Act is in operation, no sterling loans shall be contracted by the Governor General in Council, but in lieu thereof, if provision is made in that behalf by an East India Loans Act of the Parliament of the United Kingdom, the Secretary of State may, within such limits as may be prescribed by the Act, contract such loans on behalf of the Governor General in Council ”.

And clause (2) of the same section states that :

“ The Secretary of State shall not exercise any such powers of borrowing as are mentioned in this section unless at a meeting of the Secretary of State and his advisers the borrowing has been approved by a majority of the persons present ”,

that is, sterling loans. Then powers have been given to the Legislature under clause 316 :

“ The powers conferred by the provisions of this Act for the time being in force on the Federal Legislature shall be exercisable by the Indian Legislature, and accordingly references in those provisions to the Federal Legislature and Federal laws shall be construed as references to the Indian Legislature and laws of the Indian Legislature, etc ”.

But there is an important proviso to this section :

“ Provided that nothing in this section shall empower the Indian Legislature to impose limits on the power of the Governor General in Council to borrow money ”.

In view of these provisions of the Act—of course the Act has not been put into operation immediately ; if it had been in operation I would not have admitted the Resolution—I hope you will be able to show in what way you could ask the Governor General in Council to abstain from borrowing in sterling in future. In my opinion your Resolution is impracticable and would prove infructuous.

THE HONOURABLE MR. HOSSAIN IMAM : Thank you, Sir, for stating the position under the provisions of the new Act.

Mr. President, the Resolution is not a new one. It is rather a repetition of what I had done before. I have been asking questions about sterling borrowings so many times and this has formed the subject-matter of my discussion so often that I am afraid the House may get sick of it. I may say that I myself hate to repeat it, but it is only the inaction of the Government, the persistent disregard of its pledged word, the almost blind following of the beaten path, that has forced me to bring forward this Resolution before the House and to the attention of the Government.

Before I commence to give the House the facts about these sterling loans of recent years, I should like to make a general statement in making which I have been helped by the then Finance Secretary, Sir Alan Parsons, who gave me a very long statement of sterling loans of the Government of India. It was, Sir, in August, 1934 that the statement was given showing that in the 15 years from 20th April, 1921, up to the present moment, 17 or 18 loans have been contracted in sterling. Six loans have been repaid in this period and all repaid by means of re-borrowing of sterling. The only single exception to this general rule was when after Britain went off the gold standard, the first loan which matured in January, 1932 was paid without contracting a fresh sterling loan. But that so much troubled the Secretary of State, that he went out of his way and contracted a fresh loan in 1933 while there was no necessity, while no loan was falling due, just to strengthen his sterling reserve and thereby

increase the amount of funded sterling loan that remained outstanding at the end of that year. I shall show by figures that ever since 1921 the amount of funded debt in sterling has increased and increased without rhyme or reason. When I say without rhyme or reason I mean if we were only confining ourselves to repayment the loan could have at least remained constant. Sir, when we were in those difficulties of the exchange which compelled us after all to go off the gold standard that was a difficult time and Government was forced to borrow money at high rates of interest in India as well as in England. They had to contract sterling holdings to finance their home commitments; they had then, Sir, some excuse for contracting sterling loans. In that year, Sir, the year ending 31st March, 1931, we increased our sterling borrowings from £289 millions to £316 millions, an increase of £27 millions. After that I think—the Honourable the Finance Secretary will bear me out—the exchange position has been easy. We have been sending ample funds to the Secretary of State. There have been years in which we have sent almost at the rate of Rs. 5 crores per mensem. Even with that, our loan has continuously increased so much so that after coming down to £313 millions when we first repaid one of our overdue loans by means of treasury balances, it has again increased on the 31st March, 1935 to £323·57 millions.

Sir, when I was discussing the question of the national debt of India last year in this Chamber, I gave the history of the 20 years ending 1933 of our sterling borrowings. I need not repeat those arguments. I dealt fully with the facts and showed how harmful it was to the interests of India and how difficult it was for the Finance Department to finance all these home requirements due to sterling borrowings. I will not repeat those arguments. I am going to confine myself to a very short period of two and a half years and show thereby whether the Government has taken even the proper care which as a Government they were expected to take if they had really desired to alleviate the burden of India. Sir, on the 20th March, 1933, I moved a Resolution in this House asking the Government to reduce sterling commitments. The Government very kindly, very graciously, accepted that Resolution. We thought that the Government gave it out in the speech of their spokesman as if this was their established practice and they were doing nothing new. I am sorry, Sir, we were misled. I thought that they were in earnest to do so, but what they really thought was that it would remain in the waste-paper basket. Within seven weeks of that date, the 20th March, 1933, a loan was announced by the Secretary of State for India on the 4th or 5th of May, 1933 and the circumstances of that loan must be fresh in your minds. We had floated a loan in India of 3½ per cent. at a price of 96 on the 28th April and on the 9th May the Government floated a loan at 4 per cent. issued at 98. The result was that the Indian loans went down and there was a panic in the market. If you go deeper and see whether there was necessity for the loan you will be convinced that there was absolutely none. The year 1933-34 opened with a balance of Rs. 13·19 crores with the Secretary of State. In the months of April and May we remitted to him a sum of Rs. 10·8 crores from India, so that the total fund available to him at the end of May was Rs. 23½ crores and the amount of sterling loan which was due for repayment was only £2·6 millions or Rs. 3½ crores. To repay that with all these resources available the Government contracted a loan of £12 millions or Rs. 16 crores. As a matter of fact it was

[Mr. Hossain Imam.]

contracted merely to counteract the action of our Finance Member who had repaid a sterling loan from his own Rupee resources without contracting a sterling loan in 1932. Action of this sort would condemn any Government which had any name or respect for itself. As if that was not sufficient, they did even worse. Knowing as we do that the Government's word is never acted upon and realising that my Resolution was in general terms, I put a specific question in this House on the 16th September and asked whether the Government intended to repay the loan which was due on the 15th December, 1933.

The Finance Secretary in reply said that he hoped to pay from the Treasury balances. Remember, Sir, this was on 16th September, 1933. On the 9th November the Secretary of State gives the fiat that a fresh loan of £10 million sterling must be floated. And, Sir, we have to consider that there was no urgency. The loan was not one of those loans which fall due on a certain date, because the loan fell due in 1933-34. He could have paid it any time between 15th December, 1933 and 15th December, 1934.

THE HONOURABLE THE PRESIDENT: It was floated at $3\frac{1}{2}$ per cent. which was lower than the sterling loan. Was not that a sufficient justification for the Secretary of State to exercise his powers under the Government of India Act?

THE HONOURABLE MR. HOSSAIN IMAM: Mr. President, we were already in funds and I will show you, Sir, that he had ample funds, not only to repay this but, if he had wanted, to repay more loans. Here are the facts which I have obtained from the report of the Controller of the Currency. They go to show that the funds with the Secretary of State were ample to repay both the existing loans and to meet all his requirements without contracting a single loan. The first of these loans of £22 million contracted in 1933 was nothing but a feeler, because they wanted other loans and they wanted to find out how the market reacted. It was, if I remember aright, before the conversion of the enormous sum of £2,000 million from 5 per cent. to $3\frac{1}{2}$ per cent. for British Government. Mr. President, the report of the Controller of the Currency tells us that in the year 1933-34 the Government of India was able to remit to the Secretary of State the enormous sum of Rs. 59 crores in sterling. The result of this enormous supply of money from India to the coffers of the Secretary of State was that he had too much funds and he did not know what to do with them. So, Sir, we find that when the year came to an end, he distributed the balance to two or three funds. He transferred Rs. $15\frac{1}{2}$ crores to the Gold Standard Reserve. He transferred Rs. $8\frac{1}{2}$ crores to the Paper Currency Reserve. And he augmented his closing balance by Rs. $13\frac{1}{2}$ crores. We are told that he was strengthening our reserves. Could it not wait? Were they supposed to start the Reserve Bank immediately at the end of March, 1934? It never started till April, 1935. You had a whole year to work in, to amass your money. But no. There is nobody to ask you any questions and the Government of India, I am sorry to say, Sir, is showing a policy of abject surrender to the Secretary of State. I am not giving out any secrets, Sir, when I say there were rumours in the lobby that even some of the Members of the Government of India felt that it was too high-handed of the Secretary of State

to override us in the matter of sterling borrowings, Now, Sir, all this happened a year and a half ago.

I come now to the story of the new loan which was floated by our present Finance Member. Sir, I would draw the attention of this House to the fact that when I said that the service given to us by the Bank of England was not as good as the others, the Honourable the Finance Member took me to task and declared that I was wrong. I shall show you, Sir, that I was right by quoting to you from the newspapers. Sir, this new loan has been contracted to repay a sterling loan which is about to mature on the 15th October, 1935. This loan again, Sir, is a long-term repayment loan. Therefore, Sir, on this occasion too there was no urgency. Besides that, Sir, as I said, the Government of India is a past master in hiding things. They did the same thing this time. You will remember, Sir, that in the Reserve Bank Act we stipulated that gold and foreign exchange holdings of the Issue Department must be at least 40 per cent. At the time that we transferred our assets to the Reserve Bank we thought that we would give them 50 per cent. We did that. The Reserve Bank was quite steady with only 50 per cent. of reserves. At the psychological moment when this loan was to be floated the foreign reserve of the Reserve Bank was increased. This was done, Sir, in the week before the announcement of the floating of this loan. The holding of the Reserve Bank on the 28th June was Rs. 58 crores. And in that first week of July a sum of Rs. 12 crores was added to the foreign reserve and reduced from the rupee security. That helped, Sir, simply to show that the Secretary of State had no reserves in his hand.

He cannot find any money except by borrowing to repay the sterling loan. The amount of sterling available to the Secretary of State to draw upon at the present moment is the enormous sum of Rs. 92 crores, consisting of Rs. 65·19 crores in the Issue Department of the Reserve Bank, Rs. 16·09 crores in the Banking Department of the Reserve Bank and Rs. 10 crores in the Silver Redemption Fund. All these monies are invested in sterling, and they are purposely invested in securities of other than the Government of India so that they may be liquid and be easily drawn upon. We have invested our money, Sir, borrowing at enormous rates of 4 and 5 per cent., at the paltry rate of $1\frac{1}{2}$ per cent. Most of the holdings of the Gold Standard Reserve was below 2 per cent. So were the holdings of the Paper Currency Reserve. We do not know what is happening now, because ever since it has been transferred to the Reserve Bank, it has become a sealed book and no account is published of the way in which it is held. I asked the Finance Secretary to tell us how he holds his Silver Redemption Fund? He did not find it possible to disclose even that secret.

THE HONOURABLE MR. P. C. TALLENTS : I gave that information in reply to a recent question in this House that it is held in sterling securities.

THE HONOURABLE MR. HOSSAIN IMAM : This was held in sterling securities? But in what way? What kinds? At what rates of interest? These are the things which would have shown whether it would have been possible to draw upon that Fund or whether it was profitable to take this loan of 3 per cent. I know it was acquired at a cheap rate. But what is the good of a cheap rate when we could have money without payment of interest? You cannot have anything cheaper than that.

[Mr. Hossain Imam.]

Now, Sir, with all this huge balance of Rs. 92 crores to draw upon, the Government could not find any money for repaying the sterling loan except by taking a further loan. I would have thought that this was a solitary instance and that Government would have improved in the future. But I cannot forget that during the period of 16 years since the introduction of the reforms, not a single sterling loan has been repaid by Government from rupee loans. Can anything go further than that to disregard the wishes of India? Why not say plainly that India is the exploiting ground for England and that you are going to put bigger and further burdens on us. We would then know that we have not human beings to deal with. But to say one thing and do another—nothing can be worse than that.

THE HONOURABLE THE PRESIDENT: You have only a few minutes more.

THE HONOURABLE MR. HOSSAIN IMAM: I will finish, Sir.

During the discussion of the General Budget this year and in my speech on the national debt of India, I suggested that Government does not take proper care when floating sterling loans to bring before the investing public things which other countries are in the habit of doing. Take, for instance, the functions and manipulations of the Sinking Fund. They give details stating how their balances stand, what the total debt is and all that sort of thing. Well, Sir, my criticism has strangely found support from the City editor of the *Times*, London. The City editor of the *Times* commenting on the recent flotation of the new Indian loan by the Government of India has remarked as follows:

“It is not often that a prospectus omits information highly favourable to an issue but this omission occurs in the case of the India loan”.

I do not think that even the Finance Member will dare to say that the City editor of the *Times* does not know his business. We are supposed not to know our business. It is only those birds of passage who come and go away that are supposed to know the business. The City editor of the *Times* is a person with an even greater reputation and he knows his business more than anybody else. In London itself, other loans were floated, not by the British Government, but by other authorities, and they were floated at a cheaper rate within 14 days from the flotation of the loan by the Government of India. I will just give one instance. I am referring to the United States of America. They floated a loan for \$500,000,000 at the unheard of rate of $1\frac{3}{4}$ per cent.—

THE HONOURABLE THE PRESIDENT: America never repudiated her national debt.

THE HONOURABLE MR. HOSSAIN IMAM: They have decreased the real value of the loan by decreasing the gold content of the dollar. They have repudiated 40 per cent. of it. You will remember, Sir, the judgment of the Federal Court on the gold clause. Nothing could have gone further.

Then, Sir, on the 15th July, in London, the Bank of England announced that applications will be received by them on Wednesday, 17th July, for the £32,000,000 $2\frac{1}{2}$ per cent. guaranteed debenture stock, 1950-55, of the newly formed London Electric Transport Finance Corporation, Ltd. Our credit is not even as good as that of this Company and still we are told that we must borrow more in sterling.

THE HONOURABLE THE PRESIDENT : What about the flotation of the loan in India at $2\frac{1}{2}$ per cent. ?

THE HONOURABLE MR. HOSSAIN IMAM : Even when you floated a loan at a cheaper rate in April, 1933, we are forced to take a loan in England at a higher rate in May, 1933. On the 24th July, the lists in connection with the cash applications for the issue of the £13,469,981 Commonwealth of Australia 3 per cent. stock of 1939-41 at par opened at nine o'clock in the morning and closed five minutes later. We had to offer a 3 per cent. loan at 98, while Australia floats her loan at par. These are my submissions. I think it is better that we should know definitely that there will be no more sterling loans in the future.

With these words, Sir, I move.

THE HONOURABLE SARDAR BUTA SINGH (Punjab : Sikh) : Sir, I feel it is impossible to lay down any hard and fast rules about floating of loans. In the interests of India the loans must be floated in the cheapest market. I am sure the Government of India if they find that the Indian money market is easy, they would never go outside India. The most important question however is that our foreign loans should be funded and arrangements should be made for final discharge without a fixed number of years.

Money is at present cheap. We borrowed at high rates of interest when money was scarce. I would strongly recommend that the Government of India should allow the provinces to raise loans and pay up their obligations, and the Government of India should do the same.

I would request the Honourable mover to withdraw his Resolution, in view of the explanation given by the Chair.

THE HONOURABLE MR. P. C. TALLENTS (Finance Secretary) : Sir, you have yourself dealt with the constitutional position that will arise during the approaching transitional period, and that is a point therefore on which I do not want to say anything further : it is unnecessary for me to draw distinctions here between the Secretary of State and the Governor General under the new Act. I propose therefore to reply to the Honourable Mr. Hossain Imam's Resolution on general lines of policy. This matter is evidently one that is close to the Honourable Member's heart, for I find that only last year, almost exactly a year ago, he moved a Resolution in this Chamber which covered very much the same ground and on which he took the Government of India to task for their sterling borrowing policy. If there is a certain familiarity in the tang of the arguments used today in this Chamber, the House will, I am sure, forgive me.

Now, before I explain what is the Government of India's policy in this matter, there are one or two statements made by the Honourable Mr. Hossain Imam which I should like to challenge directly, and the first is this. He suggested, in fact he said in so many words, that the Secretary of State borrowed when there was no earthly necessity for him to borrow at all. He seems to think that the Secretary of State borrows for fun. I can assure him there is absolutely no truth in that statement whatsoever. Unless the money is required the Secretary of State does not borrow.

THE HONOURABLE MR. HOSSAIN IMAM : Can you substantiate this statement from your accounts of 1933 ?

THE HONOURABLE MR. P. C. TALLENTS: I can say this, that the Honourable Mr. Hossain Imam is not in a position now to get up in this Chamber and explain what were the requirements of the Secretary of State two or three years ago. I should also like to make another point before I proceed with my main argument and that is that, although the sterling debt of the Government of India has increased during the last few years, so also has the rupee debt; and a very large proportion of the debt, both sterling and rupee which has been incurred, has been incurred for productive purposes. The Honourable Mr. Hossain Imam also seems to ignore altogether the results of conversion. I am sure that the House realises perfectly well, in fact I will presently give them some figures which will explain the benefits derived from that process, and I will therefore not deal with that point further.

Well, Sir, I come to my main point. What is the policy of the Government of India in this matter? This policy has been stated by a series of Finance Members of the Government of India and reiterated. In introducing the budget of 1929-30 Sir George Schuster said that he entirely agreed with the policy of his predecessor, Sir Basil Blackett, to whom a very fine tribute was paid in this House only the other day. That policy was that Government finance should be based as far as possible on attracting rupee capital in India. He said that only so far as rupee capital could not be obtained from the investing public in India would he consider recourse to sterling borrowing. Only last year in this House the present Finance Member repeated that this was the policy of the Government of India. He said,—these were the words he used,—

“that it was the policy of the Government of India to repatriate sterling debt whenever it is possible to do so. But”, he added, “this could not be done by a mere wave of the hand”.

The Honourable Mr. Hossain Imam seems to think otherwise.

THE HONOURABLE MR. HOSSAIN IMAM: How can it be done?

THE HONOURABLE MR. P. C. TALLENTS: I was just coming to that point, Sir.

Now there are two principal considerations when the question arises of repatriating sterling debt. The first is, what rates of interest can be obtained in London and in India? Those in charge of the finances of the country can surely not be expected to pay off sterling debt by incurring rupee debt at a very much higher rate of interest. That is one of the principal considerations.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: You say you can borrow there at a cheaper rate of interest, but Government has not been able to borrow cheaper in London.

THE HONOURABLE MR. P. C. TALLENTS: My point was simply this, that no one would borrow in India at a higher rate of interest to pay off a sterling debt at a lower rate of interest.

THE HONOURABLE MR. HOSSAIN IMAM: And what about the income-tax we lose?

THE HONOURABLE THE PRESIDENT: You should now allow the Honourable Member to have his say.

THE HONOURABLE MR. P. C. TALLENTS: The second point which has to be remembered is this, that exchange must be strong and the balance of trade must be strongly in favour of India. To this point I will return presently, but I should at this stage like to say something in parenthesis. It has been argued with force, and it was argued in 1929 by a non-official financier of reputation in the other House, that in India the supply of capital is limited and that it is better for India that such capital as there is should be invested in more profitable channels in commerce and industry, and that the Government securities with their lower yield should be taken up by persons outside India. I would also refer to the point made last year by the Honourable Finance Member who referred to the opinion of the foreign financial experts who were consulted by the Banking Inquiry Committee. Their opinion was that for years to come India would be well advised to use such foreign capital as it could attract. Even 20 years ago the House will remember that such a powerful country as the United States of America was only too glad to borrow from other countries.

THE HONOURABLE MR. HOSSAIN IMAM: As England did during the war years.

THE HONOURABLE MR. P. C. TALLENTS: I would commend to the Honourable Mr. Hossain Imam the view that the benefits of sterling borrowing are not entirely unilateral. There are plenty of other countries who are only too willing to borrow in London, if India is not. This parenthesis will perhaps show to the Honourable Member why the Government of India are not in such a cast-iron hurry as he himself appears to be to repatriate the sterling debt.

I should now like to give the House some facts which will explain the results of the policy of Government. Twenty years ago 63 per cent. of the Government of India's debt was in sterling. Ten years ago that figure had been reduced to 53 per cent. At present it is 51 per cent. I should not like to prophesy that this progress will be uninterrupted. A situation may easily arise in which the percentage may rise, but the figures I have given show that the Government of India have been following the policy which they have laid down as opportunity offered during the last 20 years.

I now come to the present year. The Honourable Mr. Hossain Imam was particularly critical of the sterling borrowing during the current year. May I just give a few facts? At the beginning of this year the sterling debt amounted to £384 millions. During this year, £12 millions of 6 per cent. stock have been paid off, and also £3½ millions of 4½ per cent. E. I. R. Debenture stock and £2 millions of railway annuities. That is to say, a total of £17½ millions sterling debt has been paid off. In place of that we issued a loan of £10 millions at 3 per cent. In other words, there has been a reduction during this year by £7½ millions sterling of the sterling debt and a large reduction of interest. As the greater part of the debt was at 6 per cent. the reduction of interest for that part of the debt is no less than 50 per cent.

This I consider—and I think that most other Honourable Members except the Honourable Mr. Hossain Imam will consider—a good achievement for one year.

THE HONOURABLE MR. HOSSAIN IMAM : May I know whether the £7½ millions referred to by you were not covered by the heading under Ways and Means, paragraph 52, item No. 2—£7·87 million? This was the holding of the Secretary of State and not a repayment.

THE HONOURABLE MR. P. C. TALLENTS : I have not got the document to which the Honourable Member refers before me, and I ask him to allow me to continue my speech.

I now turn to the future. During the next 15 years the equivalent of something over Rs. 100 crores of sterling debt will mature—£17 million sterling at 5½ per cent. will mature in 1936; £10 million sterling at 5 per cent. will mature in 1942; £12 million sterling at 4 per cent. will mature in 1948; and £40 millions at 4½ per cent. will mature in 1950—a total of £79 million sterling. If the Honourable Mr. Hossain Imam's advice is followed, the Secretary of State will be completely debarred from converting any of that debt. Now, if the financial position of the Government of India is so strong and secure that they can afford to let that amount of debt run off, the Honourable Mr. Hossain Imam will find that the Secretary of State, or the Government of India as the case may be, will have no desire to raise fresh sterling debt to convert it. On the other hand, looking into the future, I see rocks ahead. Federation is to be started and so on and so forth. We have to meet many extra charges and I think it is highly improbable that the Government of India will be able to allow that amount of debt to run off. If the Honourable Mr. Hossain Imam's advice is followed, however favourable conditions in London may be, the Secretary of State will not be able to convert any sterling debt, whatever embarrassments the Government of India might be caused thereby.

I now wish to explain the point with regard to exchange which I referred to some time ago. The sterling commitments of the Government of India amount to approximately, we may say in round figures, £35 million sterling a year. For the purpose of remitting this sum it is necessary that there should be a balance of trade in favour of India to that extent. The Honourable Member's proposal would place a far heavier burden on the exchange and India would have to improve her trade to that much greater extent. Exchange presupposes that there are persons desirous of taking rupees in exchange for sterling. If the Honourable Mr. Hossain Imam persisted in his policy he would eventually create a situation in which the rupee exchange would become so weak that the Government of India would have to face a very heavy loss on exchange; and, if he still persisted in his policy, the point would ultimately be reached at which exchange would become altogether impossible. At that point the Honourable Mr. Hossain Imam would have two resources open to him. One would be to cause the Reserve Bank, which now holds our gold reserve, to part with that reserve. This would be followed by drastic contraction of the currency. Or in the alternative the Honourable Mr. Hossain Imam would ultimately be compelled to borrow in sterling. It is perhaps a coincidence that, of two Resolutions which the Honourable Member is moving during this session, one recommends that the Government of India should accumulate a reserve of gold and the other is that it should be debarred from borrowing in sterling. Therefore the Honourable Mr. Hossain Imam would ultimately land himself in a position which he himself condemns.

I have, Sir, attempted to explain what is the policy of the Government of India in this matter and I have also referred to the principal factors which have to be considered on each occasion when sterling debt is raised. The House in general, and the Honourable Mr. Hossain Imam in particular, may rest assured that Government will not depart from that policy and that, if a favourable opportunity occurs of repatriating sterling debt, they will certainly do so. I trust that, in the face of this assurance, the Honourable Mr. Hossain Imam will do what the Honourable Sardar Sahib suggested he might do, namely, withdraw his Resolution. In principle I can see no difference between his policy and that of Government. It is only a question of what is and what is not practicable. If and when the Honourable Mr. Hossain Imam becomes Federal Finance Minister, he will look at the road ahead from a different angle of vision and he will see lions, both large and formidable, in the shape of practical difficulties on that road. These lions will not be prepared to remove themselves in response to a wave of the Honourable Mr. Hossain Imam's hand. If, Sir, I have not been able to persuade the Honourable Mr. Hossain Imam I hope at least that I have been able to persuade the House that the policy which the Honourable mover wishes to press upon the Secretary of State is one which is altogether impracticable (Applause.)

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I rise to support the Resolution which has been so ably moved by my friend the Honourable Mr. Hossain Imam. I cannot understand why when the bank rate is 2 per cent. in England the Government of India has borrowed the money there at 3 per cent. I have always been under the impression—and it is only businesslike and proper—that the Government of India whenever they want to borrow money abroad must go to the cheapest money market. My Honourable friend has referred to the loan of the United States Treasury at $1\frac{3}{8}$ per cent. Well, in case America with its present financial position can manage to borrow money at $1\frac{3}{8}$ per cent., I cannot understand why efforts should not be made by the Government to borrow money in America at about $1\frac{3}{8}$ per cent. or a little bit more. Sir, even a reference has been made to the loan which the London Electric Transport Finance Corporation has, under the guarantee, floated at $2\frac{1}{2}$ per cent. I do not know whether that loan was fully subscribed or not, but I assume that that loan has been raised at that low rate of interest. When the Government find that the money which they want to borrow cannot be raised in India they ought to go to the cheapest money market in the world. Sir, the bank rate in India is always higher than the bank rate in England. Even now that is the case. The actual bank rate in England is 2 per cent., the bank rate in India is $3\frac{1}{2}$ per cent. Therefore I cannot understand why the Government of India have borrowed money in London at the same rate that they have borrowed in India. I support the Resolution and I hope that the Honourable Mr. Tallents will enlighten me on this subject.

THE HONOURABLE MR. HOSSAIN IMAM : Mr. President, my task has been made very much easier by the non-committal attitude which the Honourable the Finance Secretary has adopted. Instead of saying, like the former Finance Secretary that it was the settled policy of the Government to repay their sterling commitments, he has come out with the bold proposition that sterling loans are to the advantage of India.

[Mr. Hossain Imam.]

This is a new innovation. Now everything which is disadvantageous to India is being shouted from the housetops of the Government as advantageous. As if the whole of the Committee's report which sat in London to examine the national debt position of England was wrong. As if they did not know their business. Were they wrong in holding that foreign loans is disadvantageous? A new proposition has been enunciated in this House that foreign debts in the shape of sterling are to the advantage of India.

Then, Sir, the Honourable the Finance Secretary announced another smaller factor that, if we pay our sterling loans, we will be straining our exchange position. I had all along thought, Sir, that, if we repay our foreign debts, the services will be reduced, the demand year after year on the resources of the Government of India to pay interest in sterling will be reduced. But, Sir, we have now learned that repayment is more costly, is more difficult, and a further burden on the slender resources of India.

Sir, he then announced that by means of my two Resolutions I would be so much reducing the favourable balance of trade of India that there would be nothing left and we would be forced to take loans in sterling for our ordinary requirements. May I remind him that there is such a term in our account which is called the balance of account in which after adding and subtracting all the items of export, import, transfers and everything else, we get the final result. How has the balance of account during the last 30 years progressed? May I give you the figures? For the ten years ending 1914, the balance of account was Rs. 5·4 crores. For the eleven years ending 1929, it was Rs. 19·11 crores, and for the five years ending 1934 we find that it has gone up to Rs. 33·92 crores, an increase of 550 per cent. within a period of 25 years. This is the balance of account on which he has to draw, and if he goes abegging he has no one to blame but himself.

I am very much obliged, Sir, to the Finance Secretary for having clarified the position. We know now that there is no intention of repaying this sterling debt. It is going to be perpetuated and made a permanent burden on the shoulders of India to safeguard these interests. Once you come and say you will not take back your money and then you say you will not give us a free hand. Is not this a vicious circle? To go further, Sir, is it honest policy? You make it into a merry-go-round. Where do we end—where do we begin?

Sir, then the Honourable the Finance Secretary said that my Resolution will debar the Secretary of State from borrowing in the London market however favourable. I object to that, Sir. Take into account the Income-tax department as well. Has he considered that? I challenge him, Sir, to produce a single loan floated during the last 16 years in which after taking account of income-tax he has got money cheaper in England than in India. He will find that it was always dearer. Even in the case of the present loan, which has been floated by the magician of the Finance Department, today it is being quoted at exactly the same rate as the Indian 3 per cent. loan. So much for the belief that it is cheaper to borrow in England. It is neither cheaper nor easier to borrow in England but it is the only means by which the slavery of India can be perpetuated.

Now, Sir, I have a complaint to make. The Honourable the Finance Secretary told us that he did not find the money cheaper in India. You know, Sir, that in the Bank of England the bank rate is much cheaper than the long term borrowing rate of England. Have the Government of India brought down the bank rate of the Reserve Bank to below or even to the level of the rate at which accommodation is available to the Government of India in the long term market. I have never heard of any country in which there is so much money that you can find money being lent to Government for long terms at a rate below the bank rate except in countries where bank rates are increased temporarily as a measure of exchange manipulation. That, Sir, is one of the reasons why you have not a further cheaper rate in India. My Honourable friend the Finance Secretary was very generous to the industries and commerce and said that he did not want whatever surplus there was available—he would rather have them invested in commercial concerns and not tie them up in Government securities. Perhaps, Sir, he has not fully considered the report which was issued by the Government of India on the Indian Companies Works. Otherwise he would have found that the capital which is being invested in industry here is not greater than the companies which are being wound up. At the present moment commerce is at a standstill. There is no investment. If there was sufficient investment, secure means of investment, no one would have invested his money in the 3 per cent. loan of the Government of India. Even the non-redeemable $3\frac{1}{2}$ per cent. loans are being quoted at $89\frac{1}{2}$ per cent. and had gone up to 95 which had not been the case for the last quarter of a century. With so much sterling available that you can have any amount you like, he was able to send the enormous sum of £39 millions last year which comes to Rs. 52 crores, and as he himself has said, the disbursements of the Secretary of State usually come to about £30 million a year, that is, above Rs. 40 crores. The requirements of the Secretary of State is Rs. 36 crores for current needs. He had a balance of Rs. 16 crores. The Government never exploits the exchange market because they have always been insisting on their $\frac{1}{2}d.$ on every rupee they send. Although the rate is 1s. 6d. because of the fact they always have insisted on having the rupee standing firm at a premium, they have put this $\frac{1}{2}d.$ on. These are the facts. The Honourable the Finance Secretary has indulged in arguments on general lines, which are, if I may say so, divorced from facts. The Honourable the Finance Secretary has quoted statistics to show that the percentage of the English loan to the Indian loan has fallen, but I asked him to quote to me the quantum of the loan. I want him to tell me whether the quantum of the sterling loan has doubled itself in the last 20 years or not. I think he will find that it has doubled itself. I would not have pressed this Resolution on the House. I always dislike the idea of restricting the freedom of a department like the Finance Department to any definite line of action. But when their pledged words are disowned, when the replies given to us in this House are flouted, there is no option left to us but to be as unreasonable as the Secretary of State. I know it is unusual. But they have got this rule that our Resolutions are not binding on them. Even if they accept a Resolution, they always try to take steps in contravention of it without coming to the Legislature again. The present Government of India Act allows them to be irresponsible. He would have shown better regard for the feelings and sentiments of Indians if he had accepted this Resolution which would have meant only the repayment of the next maturing loan of 1926 by rupee borrowings.

[Mr. Hossain Imam.]

If I could have the assurance that the loan maturing in 1936 will be repaid by rupee and not by sterling loan, I will withdraw my Resolution.

THE HONOURABLE THE PRESIDENT : Do you think he can do this at this stage ?

THE HONOURABLE MR. HOSSAIN IMAM : The Honourable the Finance Secretary, in his Explanatory Memorandum on the General Budget for 1935-36, has said in paragraph 57 :

“ No sterling loan was issued in the year 1934-35 and the estimate for next year also assumes that no such loan will be issued. The programme, however, is only illustrative ”.

This was the promise of the Honourable the Finance Secretary in the Explanatory Memorandum.

Sir, I press my Resolution.

THE HONOURABLE MR. P. C. TALLENTS : Sir, the Honourable the Leader of the Opposition asked a perfectly reasonable question. I understand the question was :

“ If you can borrow at 3 per cent. in sterling, and at 3 per cent. in India : why borrow in sterling at all ? ”

The answer to that question, of course, is that the Government of India have to make payments in sterling and want sterling for that purpose.

The Honourable Mr. Hossain Imam's speeches always contain such a wealth of miscellaneous information that I sometimes find it difficult to follow his argument. He entirely misrepresented what I said when he said the policy of the Government of India as explained by me was to perpetuate the slavery of this country.

THE HONOURABLE MR. HOSSAIN IMAM : Not in so many words, Sir.

THE HONOURABLE MR. P. C. TALLENTS : I can assure the House that nothing was further from my intention than to convey that meaning to the House. As regards the undertaking which he asks me to give about loans which mature in 1936, of course I can give no such undertaking. It is impossible for any one to give any such undertaking at this stage. Finally, I should like to refer to the criticism of the *Times* city correspondent to which he referred. The Honourable Mr. Hossain Imam quoted that remark as if it were a criticism of the Government. Actually it was a compliment. I also read that remark and I must say it caused me great satisfaction. The implication was that the credit of India was now so good that India had no need to put all her goods in the shop window like other lesser countries.

THE HONOURABLE THE PRESIDENT : Resolution moved :

“ That this Council recommends to the Governor General in Council to convey to the Secretary of State the disapproval of this House of the flotation of sterling loans and to request him to abstain from floating sterling loans in future ”.

The Question is :

“ That this Resolution be adopted ”.

The Motion was negatived.

RESOLUTION *RE* PROPOSED RESERVATION OF THE HIGHLANDS IN KENYA FOR EUROPEANS.

THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadan) : Sir, I rise to move the following Resolution :

“ This Council recommends to the Governor General in Council to communicate to His Majesty's Government the deep dissatisfaction of the people of this country with the recommendation of the Carter Commission that the highlands should be reserved by Order in Council for the European settlers in Kenya ”.

Sir, the question of Indians overseas is one on which there is happily no difference between the people of India and the Government of India. My Resolution therefore is not directed against the Government of India. I appreciate what they have done in regard to Indians abroad and would not like to increase their difficulties. Rather I wish by this Resolution to strengthen their hands in their fight for certain elementary rights for our countrymen in Kenya. I hope therefore that the Government will not misunderstand my object in moving this Resolution.

Now, Sir, the position of Indians in Colonies administered directly by the Crown is very unsatisfactory. Kenya is a directly administered territory. It is under the Colonial Office and the Kenya issue is really a test issue. Is there going to be racial equality in the British Commonwealth of Nations or not? That is the real Kenya issue and I say therefore it is a test issue. The British Commonwealth cannot afford to follow a racial policy in directly administered territories. Sir, the House will permit me to go a little into the history of this question. Indians have been established in East Africa even before the British advent. With the opening up of Uganda and with the development of British administration in the Colony during the last 33 years Indian traders have been going into the interior. After the construction of the Uganda railway many Indian artisans and labourers engaged on the building of the railway remained in the Colony and engaged in commerce. In their wake followed artisans, clerks and small traders. The point, therefore, that I wish to make is that Indians have helped to build up modern Kenya. Now, Sir, the question of ownership of land in the highlands is one of those questions which has brought Indian settlers and European settlers into conflict. The highlands amount to more than one-tenth of the total area of the Colony—the Honourable Mr. Ram Chandra will correct me if I am wrong. There were few European settlers till 1897, but after 1902 the numbers of Europeans in the highlands increased as a result of a deliberate policy. The history of the question is this. In 1905 a Land Commission reported in favour of the maintenance of a European reserve and accepted Kin to Fort Terian as a suitable definition, “ without wishing to bind themselves too closely to that area or restrict its limits ”. In 1906 Lord Elgin, who was then the Colonial Secretary in the Liberal administration of 1906, expressed his approval of the practice then in force of limiting land-holding by Indians to the closed areas east of Kin and west of Fort Terian. In 1908 Lord Elgin went a little further and he decided to reserve for the purposes of administrative convenience as a matter of administrative arrangement lands in the highlands for Europeans. No legal restriction was however imposed. The decision as understood in 1908 was confined to the initial grant of land. That was the interpretation that the Government of India put upon that decision, that it did not preclude

[Mr. P. N. Saprú.]

transfer of land from European to Indians ; it referred to original allotments only. Now, Sir, we come to 1915. In 1915 we have an Act which gave power to the Governor General to veto all sales of land and transfer to Asiatics in the highlands. The Government of India protested against this Act of 1915. Under the original arrangement of 1908 all the lands belonged to the Europeans and original allotments were to be made to Europeans only. There was no question of any restriction of a transfer by an European to an Indian under the original arrangement of 1908. If land was transferred by an European to an Indian, then it was transferred without any restrictive covenant. Now the Government protested against this Act of 1915 and in 1920 they addressed a despatch to the Secretary of State. In 1923 we had the memorable White Paper—I shall call it the notorious White Paper—which evoked a strong protest from my revered leader the Honourable Mr. Srinivasa Sastri. Sir, the White Paper, in spite of the protests of the Government of India, went wholly against us. At page 17 the White Paper, after reviewing the history of this question and taking into consideration the facts that during the last 15 years European British subjects have been encouraged to develop the highlands and during that period settlers have taken up lands in the highlands, said that His Majesty's Government have decided that the existing practice must be maintained as regards both initial grants and transfers. Well, Sir, that was the position in 1923. But in this White Paper no reference was made to boundaries. It was clear that the decision contemplated the land lying between Kin and Fort Terian. That was I think the basis of the decision. But the European settlers wanted His Majesty's Government to go a little further. They had been pressing His Majesty's Government to this end, and of course they have their supporters in His Majesty's Government, and as a result of their activities the Land Commission was appointed in 1932. I may mention that so far as the Government of India is concerned it accepted the White Paper decision only under protest and reserved to itself the right of reopening the question. Well, Sir, in 1932 a Commission was appointed. Their sixth term of reference related to the highlands. I will read that term of reference :

“ To define the area generally known as the highlands within which persons of European descent are to have a privileged position in accordance with the White Paper of 1923 ”.

Sir, this Commission reported in September, 1933 and the Command Paper, which practically accepts the recommendations of this Commission, was issued in May, 1934. Now, I have read out the terms of reference of the Commission. It will be seen that the Commission went beyond its terms of reference and it suggested that land should be reserved statutorily by Order in Council. The effect of an Order in Council would be practically the same as that of a statute. It went further and whereas the area reserved for Europeans in the highlands was about 11,000 square miles before it suggested that the area should be a little over 16,000—I do not exactly remember the exact figure, but I think it is about 16,500 square miles. Therefore it suggested extension of the area originally contemplated by Lord Elgin. The White Paper suggests that this area should be reserved by an Order in Council ; and not only this, they go further and as was pointed out by the Honourable Sir Girja Shankar Bajpai in the other place, they

further recommend that restrictions on land should apply to land transferred by an Indian to an European; that is to say, if an Indian who acquires his land through transfer from an European transfers it to an European then the European to whom the land is transferred should not be able subsequently to transfer it to an Indian. That is the arrangement; that is the recommendation that they have made. Now, Sir, the position is that for the first time there is to be statutory discrimination against Indians as Indians; there is to be for the first time a racial discrimination against Indians in a Colony administered by the Colonial Office. The Colonial Office cannot say that they cannot interfere with Kenyan affairs; they are directly responsible for the administration of Kenya. Kenya is not a Dominion; it is under the administration of the British Crown and therefore, Sir, the issue raised is of fundamental importance to us Indians. We Indians, Sir, have got a great feeling in this matter. It is a matter of honour with us. It is one of those issues which affects our allegiance to the British Crown; it is one of those issues which affects our *izzat*. As a very distinguished Leader said, we want a place in His Majesty's household, we do not want a place in His Majesty's stables. Therefore, Sir, I would say that strong representation should be made by the Government of India in regard to this matter to His Majesty's Government. The highlands represent the best lands in Kenya and why should our countrymen, who have helped to build up this Kenya, why should they be deprived of the opportunity of acquiring land in Kenya? Why should further restrictions be placed upon them? Kenya one day or other will become a responsibly governed State and if it becomes a responsibly governed State, probably this highland area will be the centre of this responsible Government. It is therefore a matter of some importance for our countrymen there. I do not think that by reserving these highlands for European settlers His Majesty's Government will be helping the natives of Kenya, natives for whom His Majesty's Government profess so much solicitude. They will be merely depriving our countrymen of a most elementary right and they will be establishing a principle which may well destroy the very foundations of this Commonwealth. Sir, we should like the Government of India, if I may make this suggestion, to publish their despatches to His Majesty's Government and the correspondence, if any, which they have had in regard to this question with His Majesty's Government. With these words, I commend this Resolution to the unanimous acceptance of the House. Before I close, may I make an appeal to the European non-official Members of this House? Sir, the European non-official Members have always taken a very keen interest in the welfare of Indians abroad. The services of Sir Darcy Lindsay are too well known to be mentioned here. I hope, Sir, that they will show their sympathy with the principle of racial equality by supporting my Resolution.

THE HONOURABLE MR. RAM CHANDRA (Government of India: Nominated Official): Sir, the other day when I was speaking on the Resolution about arrangements in the Secretariat for dealing with problems relating to Indians overseas, I said that the safeguarding of the interests of Indians who have left their homes and who have settled in other parts of the British Empire was a matter on which there was identity of outlook between the Government of India and the fair-minded section of the Indian public. I am glad, Sir, to have this opportunity of substantiating that remark by reference to a particular

[Mr. Ram Chandra.]

instance. The history of the question of restricting the grant of land to Europeans only in the highlands of Kenya goes back to more than a quarter of a century. The history has been given in brief outline by the Honourable mover and I do not think I should weary the House by repeating it ; but there are just one or two points on which I would like to lay special emphasis. It was in 1906 and again in 1908 that Lord Elgin who was then Secretary of State for the Colonies decided to continue the past practice of reserving these areas in the highlands for Europeans, but he made it clear that this was being done only as a matter of administrative convenience and that it was not the policy of His Majesty's Government to impose any legal restrictions upon any section of His Majesty's subjects in the matter of holding land in the British Protectorates. Fifteen years later, Sir, the White Paper of 1923 was issued. This White Paper may be said to be the foundation of the policy in regard to Indians in Kenya. The White Paper re-affirmed the former decision that the practice in regard to the initial grants of Government land in the highlands and in regard to transfers between persons of different races must be maintained. Indian public opinion which is extremely sensitive in regard to racial discrimination was greatly agitated over this decision. The decision was not in conformity with the declaration that had been made in 1920, that is to say, three years before the publication of the White Paper, by the then Secretary of State for the Colonies, Lord Milner. He, speaking in the House of Lords on the 14th July, 1920, said :

“ In East Africa, as in other countries under the administration of the Colonial Office, it has been the avowed principle and it is the definite intention of the British authorities to mete out even-handed justice between the different races inhabiting these territories ”.

The Government of India were also greatly disappointed over the decision and they gave public expression to their disappointment in the Resolution which they issued shortly after the publication of the White Paper. The Resolution was issued on the 18th August, 1923 and in this Resolution the Government of India said :

“ In particular they take note that the exclusion of Indians from the highlands has not been embodied in legislation. At the same time they cannot but record their deep regret that His Majesty's Government did not feel justified in giving greater effect to the recommendations made by them and the Secretary of State for India. They are conscious, however, that they are under obligation to accept the decision of His Majesty's Government and that His Majesty's Government cannot now be asked to reconsider and revise the decision which was reached after protracted deliberation. Nevertheless, they must reserve to themselves the liberty of making such representations as may be necessary whenever in future a legitimate opportunity should present itself, either as a result of the experience gained, or by change of events, or otherwise ”.

This statement made by the Government of India in a public Resolution showed that they accepted the decision contained in the White Paper under protest. Twelve years have now elapsed since that Paper was issued and I need hardly assure the House that the position taken up by the Government of India then still remains unchanged and unaltered. They adhere to the view that there should be no discrimination against Indians in East Africa.

I now come, Sir, to the recommendations made by the Carter Commission. As pointed out by the Honourable mover, one of the terms of reference

of this Commission was, if I may be permitted to read it again :

“ To define the area generally known as the highlands, within which persons of European descent are to have a privileged position in accordance with the White Paper of 1923 ”.

The words “ privileged position ” which occur in this term of reference were not defined but the Secretary of State in replying to a question in the House of Commons early this year said that he had informed the President of the Commission that the words “ privileged position ” implied that no person other than an European shall be entitled to acquire by grant or transfer agricultural land in an area now to be defined or to occupy land thereon. Now, Sir, it is abundantly clear that, if such a provision were incorporated in an Order in Council, the existing position of Indians in Kenya will change and will change for the worse. The restrictions which were originally considered necessary on grounds of administrative convenience will have been imposed by statute. Coming again to the White Paper of 1923, which made it clear that it was only the principle of past practice which was being maintained and that it was not sought to impose any legal restriction,—the White Paper in referring to the provisions of the Crown Lands Ordinance of 1915, to which objection had been taken by Indians, said :

“ It cannot be claimed that they amount to legal discrimination against Indians, for it would be possible for the Executive Government to grant land in the highlands to an Asiatic, or to approve of the transfer of land from an European to an Asiatic, without any alteration in the existing law ”.

With the proposed provision in the Order in Council, this possibility of the Executive Government granting land in the highlands to Asiatics will have entirely disappeared.

I now come, Sir, to another point which is a point to which objection may rightly be taken in the Carter Commission's recommendations. It is proposed now to reserve for Europeans a larger area than has already been alienated to Europeans or is available for alienation. The increase amounts to about 5,000 square miles.

A third point, Sir, which arises out of the Commission's recommendations is that there will be a further restriction placed on the transfer of land to Indians. Before 1906 land had been allotted to Indians in certain farms which are included in these highlands. If the Commission's recommendations are accepted, the transfer of any area in those plots by an Indian to an European will operate in such a way as to prevent its re-transfer to an Indian ever again.

These are the three points, Sir, which the Government of India have been considering. They have engaged their earnest attention. They were under their consideration when there was a full dress debate in another place in March last. Since then, they have made their representations through the Secretary of State for India and the intensity of the feeling in this country on the subject has been brought to the notice of His Majesty's Government. In point of time, therefore, Sir, my Honourable friend Mr. Sapru's Resolution is belated as the representations have been made by the Government of India and the deep dissatisfaction which he wants the Governor General in Council

[Mr. Ram Chandra.]

to communicate to His Majesty's Government has already been communicated. In this dissatisfaction I can assure the Honourable mover that he has the support of Government. As regards his request for publication of the correspondence that has passed between the Government of India and the Secretary of State, I am afraid, Sir, the subject is still one of negotiation and the Government of India cannot consider the question of publication until the negotiations have been completed.

The Resolution was, by leave of the Council, withdrawn.

STATEMENT OF BUSINESS.

THE HONOURABLE MR. D. G. MITCHELL (Leader of the House): Sir, I take the opportunity of supplementing the statement made by the Honourable Sir Jagdish Prasad on Wednesday by informing Honourable Members that my Resolution recommending ratification of the Draft Convention concerning employment of women at night and the two small Bills which were laid on the table this morning will be put down for Wednesday next after the Criminal Law Amendment Bill, the debate on which will, as Honourable Members are aware, be continued on Wednesday, if it is not concluded on Monday.

The Council then adjourned till Eleven of the Clock on Saturday, the 21st September, 1935.