

29th January 1935

THE  
LEGISLATIVE ASSEMBLY DEBATES

Report)

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Volume I, 1935

*(21st January to 18th February, 1935)*

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FIRST SESSION

OF THE

FIFTH LEGISLATIVE ASSEMBLY,  
1935



NEW DELHI  
GOVERNMENT OF INDIA PRESS  
1935

# Legislative Assembly.

## *President :*

THE HONOURABLE SIR ABDUR RAHIM, K.C.S.I., KT.

## *Deputy President :*

MR. AKHIL CHANDRA DATTA, M.L.A.

## *Panel of Chairmen :*

SIR MUHAMMAD YAKUB, KT., M.L.A.

MR. S. SATYAMURTI, M.L.A.

LIEUT.-COLONEL SIR HENRY GIDNEY, KT., M.L.A.

SARDAR SANT SINGH, M.L.A.

## *Secretary :*

MIAN MUHAMMAD RAFI, BAR.-AT-LAW.

## *Assistant of the Secretary :*

RAI BAHADUR D. DUTT.

## *Marshal :*

CAPTAIN HAJI SARDAR NUR AHMAD KHAN, M.C., I.O.M., I.A.

## *Committee on Petitions.*

MR. AKHIL CHANDRA DATTA, M.L.A., *Chairman.*

MR. S. SATYAMURTI, M.L.A.

DR. ZIAUDDIN AHMAD, C.I.E., M.L.A.

RAJA SIR VASUDEVA RAJAH, KT., C.I.E., M.L.A.

MR. N. M. JOSHI, M.L.A.

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# LEGISLATIVE ASSEMBLY.

Tuesday, 29th January, 1935.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

## STATEMENTS LAID ON THE TABLE.

*Information promised in reply to unstarred question No. 216, asked by Khan Bahadur Haji Wajihuddin, on the 19th March, 1934.*

### CONSOLIDATED ALLOWANCE OF TRAVELLING TICKET INSPECTORS ON THE EAST INDIAN RAILWAY.

(a), (b) and (c). The original orders granting *ex gratia* an enhanced consolidated allowance to employees who, prior to the Crew System, held permanent posts of Travelling Ticket Inspectors in a substantive capacity and drew a mileage allowance, and were now holding posts of Travelling Ticket Examiner's did not apply to Travelling Ticket Inspectors. It has since been decided that the orders will also apply to employees now holding posts of Travelling Ticket Inspectors as well provided they satisfy the essential condition viz., that prior to the Crew System, they held permanent posts of Travelling Ticket Inspectors in a substantive capacity and drew a mileage or running allowance.

*Information promised in reply to starred questions Nos. 416 and 417, and also supplementary questions, asked by Mr. Gaya Prasad Singh, on the 7th August, 1934.*

### FUNCTIONS AND DUTIES OF YARD SUPERVISORS AND YARD INSPECTORS.

*Question No. 416.*

The Agent, East Indian Railway, reports as under :

(a), (b) and (c). There are no Yard Supervisors and Inspectors on the East Indian Railway. The North Western Railway on being referred to, report that Yard Supervisors do the same work as Assistant Yard Masters on the East Indian Railway and that so far no train clerks (number takers) have been selected for promotion to Yard Supervisors.

(d) and (e). I would refer the Honourable Member to the reply laid on the table of the House on the 19th July, 1934, to parts (f) and (g) of question No. 391 asked by the late Rai Bahadur Lala Brij Kishore on the 6th March, 1934. The claims of number takers having necessary educational qualifications will be considered for promotion to grades in the avenues leading to higher posts. There is no record to show that suitably qualified men have been rejected.

(f) Government do not consider any useful purpose will be served by giving the required information.

(g) The Agent reports that no number-taker suitable for the post was refused.

(A) Normally number-takers are poorly educated men and as a whole would be totally unfit to fill the posts of Yard Masters, Assistant Yard Masters and Yard Foremen and their normal avenue of promotion is given below :

	Old. Rs.	Co-ordinated. Rs.
Number takers . . . . .	30—4—70	28—3—67
Train Clerks, Oudh and Rohilkhand . . . . .	75—5—110	75—5—90
	100—5—120	
	78—3—90	
Junction . . . . .	126—8—150	105—5—120

### PROMOTION OF NUMBER TAKERS ON THE EAST INDIAN RAILWAY.

#### Question No. 417.

The Agent, East Indian Railway, reports as under :

(a) The appeals submitted by certain number-takers and Train Clerks on the Allahabad, Moradabad, and Lucknow Divisions are under reference to other Divisional Superintendents.

(b) I would invite the Honourable Member's attention to my reply to parts (a), (b) and (c) of question No. 416. The claims of suitable men with the necessary educational qualification will be considered. The time of the instructional staff at Chandauli is already fully occupied with the existing courses.

(c) The reply to the first part of the question is in the affirmative. As regards the second part, I would invite the Honourable Member's attention to my reply to part (a) of question No. 416. The avenue set forth therein offers sufficient advancement commensurate with the educational qualifications of the class of staff under reference.

(d) Yes, any staff suitable and selected for the relieving guards list may be given a training as an Assistant Yard Master.

(e) I would invite the Honourable Member's attention to my reply to part (d) of the question and add that promotion depends entirely on suitability and selection.

*Information promised in reply to starred questions Nos. 437, 438 and 440 to 447, asked by Maulvi Syed Murtuza Sahib Bahadur, on the 7th August, 1934.*

### STAFF FORCED TO ACCEPT POSTS ON LESS EMOLUMENTS IN THE TICKET BRANCH, MORADABAD DIVISION.

437. No.

### WITHDRAWAL OF MILEAGE ALLOWANCE FROM CERTAIN TRAVELLING TICKET INSPECTORS POSTED AS TICKET COLLECTORS ON THE EAST INDIAN RAILWAY.

438. The Agent, East Indian Railway, reports that the consolidated allowance is a travelling allowance and is not admissible to staff permanently placed on stationary duty.

### POST OF ASSISTANT HEAD TICKET COLLECTOR, MORADABAD DIVISION, EAST INDIAN RAILWAY.

440. (a) Government are informed that the scale of Assistant Head Ticket Collectors on the Moradabad Division is Rs. 110—5—140.



(b) The Agent, East Indian Railway, reports that this was with a view to absorb the higher paid travelling ticket examiners in posts carrying rates of pay equivalent or as near as possible to the rates of pay drawn by them in their substantive posts prior to their absorption in the Moody Ward System. A specific case of this nature has occurred in the Moradabad Division. A travelling ticket examiner whose former substantive pay was Rs. 160 per mensem plus Rs. 50 consolidated allowance was posted to perform the duties of a travelling ticket examiner the sanctioned maximum pay of which post was Rs. 95 per mensem plus Rs. 20 consolidated allowance. In accordance with the policy stated above he was subsequently appointed as an Assistant Head Ticket Collector, the maximum pay of which post is Rs. 140 per mensem on his former substantive pay of Rs. 160 per mensem.

(c) Government are informed that old Travelling Ticket Inspectors of the Accounts Department posted as Assistant Head Ticket Collectors draw the substantive salaries and no allowance.

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#### TICKET CHECKING STAFF ON THE EAST INDIAN RAILWAY.

441, 442 and 443. The Agent, East Indian Railway, reports that all the grades referred to are included in the ticket checking system and are not independent units.

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#### ALLEGED HARASSMENT OF TRAVELLING TICKET EXAMINERS ON THE EAST INDIAN RAILWAY.

444. No.

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#### WORK OF TRAVELLING TICKET EXAMINERS ON THE EAST INDIAN RAILWAY.

445. The Travelling Ticket Examiners work under the Chief Inspector of the Division.

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#### CHECK OF THE TRAINS AT CERTAIN PLACES ON THE EAST INDIAN RAILWAY.

446 and 447. I would refer the Honourable Member to question No. 606 asked by Khan Bahadur Haji Wajihuddin on 14th August, 1934, and the reply thereto laid on the table of the House on the 21st January, 1935.

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*Information promised in reply to unstarred questions Nos. 72, 73 and 82 asked by Mr. M. Maswood Ahmad, on the 20th August, 1934.*

#### RESIDENTIAL ARRANGEMENT FOR THE RELIEVING STAFF ON THE EAST INDIAN RAILWAY.

72. The Agent, East Indian Railway, reports :

"(a) For brief period of relieving duty, relieving staff are expected to make their own residential arrangements and they get travelling allowance to compensate them. Generally such staff are accommodated by their colleagues or where spare quarters are available they are permitted to use them. For occasions other than brief periods relieving staff are provided with quarters in accordance with the note to Rule 276 of the East Indian Railway Hand Book of Rules Volume I, a copy of which is attached.

(b) The only class of staff which has had to be considerably strengthened on account of the application of the Houses of Employment rules is the Assistant Station Master's group.

With a few exceptions these additional Assistant Station Masters who are required to relieve at different stations have been provided with quarters at their headquarter stations.

(c) The preparation of this statement will entail considerable expense and labour which would not be commensurate with the results to be obtained.

(d) The Honourable Member's attention is invited to my reply to part (a) of the question. Relieving staff are expected to make their own arrangements for quarters. They however are permitted to occupy general rest rooms and spare quarters where they exist without restriction.

(e) Relieving staff are permitted to occupy general rest rooms suitable for their class but not waiting rooms which are reserved for the Public.

(f) and (g). No.

(h) Yes, during their off duty however with the permission of the Station Master.

(i) Ordinarily 30 days, this may be extended by special necessity but it is not frequent.

(j) Yes, with the Station Master's permission''.

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*Extract Note to paragraph 276 of the East Indian Railway Hand Book of Rules, Volume I.*

NOTE.—In all cases of short absence up to a limit of three months, the permanent incumbent of a post which carries with it the privilege of free quarters need not be asked to pay rent for the use of such quarters retained by him while on leave, provided he can make satisfactory arrangements with his relief, whereby the latter is comfortably accommodated without any additional expense to the Undertaking. Over this limit of three months the employee on leave must be considered to lose his lien on his quarters, and must pay schedule rent, subject to the rule that the rent does not exceed 1/9th of his pay if he can be allowed the use of the whole or part of the quarters without inconvenience to others or expense to the Undertaking. If this cannot be arranged, he must vacate them for his relief.

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ALLOWANCES OF THE RELIEVING STAFF AND THE RUNNING STAFF ON THE EAST INDIAN RAILWAY.

73. (a) and (b). It is reported by the Agent, East Indian Railway, that all relieving staff, other than Guards, when employed on relieving duty away from their headquarters draw daily or night allowance under the ordinary travelling allowance rules. In addition they draw any compensatory allowance which is admissible to them at their headquarters station.

Relieving guards under the old East Indian Railway Rules are granted relieving allowance as follows when employed on relieving duty :—

At their own headquarters Re. 1 a day.

Away from their headquarters Rs. 2-8-0 a day.

Guards under the old Oudh and Rohilkund Railway rules and the revised rules promulgated on the 1st September, 1930, when relieving station staff, get the following allowances :—

- (i) At home-station pay plus 75 per cent. of their pay representing mileage allowance or the minimum pay of the officiating post whichever is more advantageous to them.
- (ii) At out-station the same allowance as in the case of relieving at headquarters plus daily allowance according to the ordinary rules.

When staff are transferred to officiate in higher posts for relieving purposes they draw the pay of the post to which they are transferred and do not receive travelling allowance or relieving allowance in addition.

ALLOWANCES OF THE RELIEVING STAFF AND THE RUNNING STAFF ON THE NORTH WESTERN RAILWAY.

82. (a) (i). It is reported by Agent, North Western Railway, that relieving staff sent out of their Headquarters to relieve other staff (excepting relieving inferior staff of the Transportation Commercial and Carriage Branches) are paid daily allowance admissible as for a journey on tour and for the number of days of their halt at the outstations subject to the proviso that in cases in which it can be foreseen that the relieving duty will last for more than 42 days, the relieving hand is posted temporarily and is not paid any daily allowance.

Relieving inferior staff of the Transportation Commercial and Carriage Branches are paid fixed allowances at Rs. 5 per mensem in the case of those in receipt of pay exceeding Rs. 19 per mensem and at Rs. 4 per mensem in the case of others.

(ii) Running staff such as Guards, Drivers etc., are paid allowances detailed in paragraph 5 (b), 31 and 33 of Agent's Circular No. 171927, Part C, a copy of which is placed in the Library of the House.

(b) Simultaneously with the receipt of the allowances detailed above, the relieving and running staff on this Railway earn compensatory and local allowances, if any, admissible to the staff at their headquarters station *vide* paragraphs 8, 9 and 12 to 17 at pages 8 to 12 of the above-quoted Circular.

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*Information promised in reply to starred question No. 981, asked by Mr. Sitakanta Mahapatra, on the 31st August, 1935.*

INSPECTION OF INCOME-TAX ASSESSMENT FILES BY THE ASSESSEES.

(a) No.

(b) No such petitions are reported to have been received.

(c) The answer to the first part of the question is in the affirmative. As regards the latter part of it, notices are sent to assesseees direct but I understand there are no daily cause lists.

(d) No.

(e) No.

(f) There are no such sections as 25 (a) and 55 (a) in the Income-tax Act. If sections 25-A and 55 are meant, there is at present no special form prescribed for the former, but the question of prescribing one is under consideration. As regards section 55, form B under Rule 21 can be used.

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MOTION RE INDO-BRITISH TRADE AGREEMENT.

**Mr. President** (The Honourable Sir Abdur Rahim): Before calling upon the Honourable Sir Joseph Bore to move the motion that stands in his name, the Chair wishes to consult the House as regards the procedure to be followed in so far as the allotment of time is concerned. It is a very important subject and the Chair is fully conscious that the House would like it to be debated adequately, and the Chair is sure that there are a number of Honourable Members who would like to take part in the debate. At the same time, the Chair thinks it would lead to orderly debate if some time limit was fixed for each Honourable Member so that as many Members as possible could take part in the debate. The Chair has consulted the Leaders of different Groups and there is agreement that if the Chair allows, say, 15 minutes ordinarily, to each speaker, though some exceptions have to be made,—the Chair will have, for instance, to

[Mr. President.]

take into consideration the fact that the Mover of the motion and the Movers of the amendments, Members speaking on behalf of large Groups, and the Member of Government giving reply may want a little more time—but ordinarily, the Chair thinks it would be the sense of the House that 15 minutes should be given to each speaker, so that as many Honourable Members as possible may participate in the debate. The Chair takes it that that will meet with general agreement and the Chair hopes that every Honourable Member who wishes to speak on the motion will bear it in mind.

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#### ELECTION OF THE STANDING FINANCE COMMITTEE.

**Mr. President** (The Honourable Sir Abdur Rahim): I also have an announcement to make to the House before I call upon the Honourable Sir Joseph Bhore, namely, that the following Members have been elected to the Standing Finance Committee for the rest of the financial year 1934-35; namely:

- (1) Dr. Ziauddin Ahmad,
- (2) Mr. Lalchand Navalrai,
- (3) Major Nawab Ahmad Nawaz Khan,
- (4) Mr. G. Morgan,
- (5) Rai Bahadur Sir Satya Charan Mukherjee,
- (6) Rai Bahadur Seth Bhagchand Soni,
- (7) Sir Leslie Hudson,
- (8) Mr. Shri Krishna Sinha,
- (9) Mr. Muhammad Nauman,
- (10) Captain Rao Bahadur Chaudhri Lal Chand,
- (11) Mr. Mathuradas Vissanji,
- (12) Pandit Govind Ballabh Pant,
- (13) Mr. T. S. Avinashilingam Chettiar, and
- (14) Seth Govind Das.

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#### MOTION RE INDO-BRITISH TRADE AGREEMENT.

**The Honourable Sir Joseph Bhore** (Member for Commerce and Railways): Sir, I move:

"That the Agreement, between His Majesty's Government in the United Kingdom and the Government of India, signed on the 9th January, 1935, be taken into consideration."

Those, Sir, who have read this Agreement, or I should rather say, those who have studied it carefully, will realise that there is no necessity for any elaborate explanation or justification of its terms. Experience in the past has shown how easy it is for wrong judgments to be formed and hasty conclusions to be reached under the pressure of political bias.

I venture to hope that in this case at least the logic of facts unchallengeable and self-evident, will overcome the promptings of prejudice. At this stage, I propose to do no more than to touch generally on two questions which naturally suggest themselves to the mind when considering this Agreement. The first of these questions is, what is the essential nature and character of this Agreement, and the second, why has it been found necessary to enter into it at this stage? Neither of these questions is a difficult one to answer, and in my view at least, neither should raise any serious doubt or disagreement if the Agreement is considered strictly upon its merits.

The Agreement attempts to do little more than to formulate, in more or less precise terms, the principles which have guided our fiscal and tariff policy and practice since the Resolution passed by this Assembly in 1923. Analysed briefly, its terms amount to this. His Majesty's Government for their part recognise that the economic well-being of this country may demand the application of a policy of discriminating protection, that, in pursuance of that policy and in the cases in which it is applied, the Indian industry is entitled to adequate protection against all its outside rivals and competitors whosoever they may be, and that the revenue needs of this country must normally dictate the level of those duties which are not fixed upon a protective basis. The Government of India for their part have enunciated in this Agreement the principles which govern their existing policy of protection and its application in practice. I will endeavour to explain briefly what those principles are, and when Honourable Members have heard what I have to say, I think they will agree that those principles exhaust the entire substance of our engagements under this Agreement. The Government of India for their part continue their adherence to a policy of discriminating protection as outlined by this Assembly in its Resolution to which I have referred. There is nothing in this Agreement which derogates from that policy or which weakens the application of that policy in practice by one jot or tittle.

In the second place, Sir, the Government of India undertake to apply that policy in the manner in which they have applied it in the past and up till present time. We, in the first place, have always begun by ascertaining the fair selling price of the Indian commodity to be protected. We have then gone on to ascertain the duty-free price of the competing British article and the foreign article, the difference between the two being the measure of protection required by the Indian industry against the British competitor on the one hand and the foreign competitor on the other. That, Sir, is the normal procedure of the Tariff Board. That is the procedure approved by this House and accepted by Government and all that we do under this Agreement is that we agree to continue this procedure so long as this Agreement subsists. Thirdly, in the conduct of the Tariff Board inquiries we have always permitted all industries interested, whether British or foreign, to state their case fully and frankly, so that in the interests of the Indian consumer and tax-payer the claim for protection may be thoroughly investigated. Further we have never abdicated the right, we have never abandoned our duty of reinvestigating the case of an Indian industry, if there is such a radical alteration in the conditions affecting that industry as to make it necessary to see whether the existing duties are appropriate or not. That is as much in the interest of the industry itself as of the public of this country. All that we do under this Agreement is to emphasize those principles and our past

[Sir Joseph Bhore.]

practice. I can see no other principle in this Agreement, certainly no principle of any importance to which I have not referred, and, I think, Honourable Members will realise, that we have done nothing more than to crystallise our past fiscal practice and the principles which have been accepted either directly or indirectly by this Legislature. This, Sir, also explains why it was not necessary to consult commercial opinion in this country. We have broken no new ground. We have ventured upon no new field. Had we done so I have no doubt that I should have followed the practice initiated, I believe by myself, of prior consultation with commercial and industrial interests concerned. And that brings me to the second question, namely, why is it necessary to enter into this Agreement at this time? It is necessary from the point of view of both parties to have our fiscal policy and practice defined in precise terms, so that there may be no possibility of misunderstanding or misapprehension on either side. If I interpret British Industrial interests in general correctly, they do not question the right of this country to lay down its policy in accordance with the economic well-being of this country and the interests of its people in general. In desiring this Agreement, it seems to me, that all that British industries wanted was that our policy should be as far as possible defined and clarified. There was no desire to question or to alter our existing policy of protection but merely to have it cleared, so that there might be no misunderstanding on either side. So far as we were concerned, this Agreement implements an implied promise given at Ottawa and a definite promise given to the Clare-Lees deputation, that we would take an early opportunity of clarifying our position in regard to protected articles so that there might be no possibility of doubt or misunderstanding on either side. Then, secondly, it is a matter, I submit, of considerable value and importance to us that our policy of discriminating protection should be accepted with all its implications and that quite apart from the material benefits which we believe will accrue from Articles V and VI of the Agreement. Lastly, I think, that the value of this Agreement cannot be exaggerated. In my view such friendly agreements will help more than anything else to relegate the safeguards when they come to a region where they will lie unused and, I hope, forgotten by both sides. Now, Sir, I do not propose at this stage to say anything more than to ask Honourable Members to apply the cold light of reason untinged by prejudice, sentiment or politics, to the examination of this Agreement. If they do this, I have no doubt what the verdict will be. I shall be very happy at a later stage to give a detailed reply to anyone who is afflicted with honest doubts on any point and I hope that those who put me questions will be open to reason and argument. Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim): Motion moved:

"That the Agreement between His Majesty's Government in the United Kingdom and the Government of India, signed on the 9th January, 1935, be taken into consideration."

To this motion, notices of amendments have been given by three Honourable Members, Mr. Sami Vencatachelum Chetty, Babu Baijnath Bajoria and Mr. K. L. Gauba. The amendments of Mr. Chetty and Mr. Gauba are practically the same. There is some difference in the amendment of Mr. Baijnath Bajoria. The Chair wishes to announce to the

House the procedure it proposes to follow. The Chair will call upon the gentlemen who have given notices of amendments to move their amendments and to say whatever they wish to say in support of them and then there will be a general discussion on the amendments and the original motion, and, afterwards, when the debate is concluded, the Chair will put to the vote the question regarding these amendments.

**Mr. K. L. Gauba** (East Central Punjab: Muhammadan): Mr. President, for the original motion I beg leave to move the second amendment standing in my name, namely:

"That this Assembly, after duly considering the Agreement between His Majesty's Government in the United Kingdom and the Government of India, signed on the 9th January, 1935, is of the opinion that inasmuch as the said Agreement is unfair to India, the Government of India should terminate it forthwith."

Sir, I should first congratulate the Honourable the Commerce Member on his very clear and lucid exposition of the Government case. To a newcomer to this House, it was a splendid example of how to put a case—how to put a weak and a bad case. (Ironical Cheers.) Sir, so far as we, on this side of the House, are concerned, so far as I am concerned, I will certainly approach this question unconnected with politics, uncoloured by prejudice; I will certainly approach this question with that cold reason with which the learned Commerce Member desired Members of this House to approach the question.

There are two questions before this House. Firstly, the manner in which this Agreement was entered into by the Government of India, and, secondly, the contents of this Agreement. Sir, I am not one of those who say that the Government of India should consult commercial opinion in every matter that goes on in Government circles. Sometimes the very best arrangements are carried out in secrecy. Some of the best commercial treaties are entered into when nobody is taken into confidence and when one Government is closetted with another Government behind closed doors, and then, it sometimes happens that the best commercial treaties emerge. Sometimes, Sir, great achievements, great things are done behind closed doors. Recently, some of the Members of this House, some of the Members on both sides of the House, must have seen a film produced in England with George Arliss as Disraeli. He entered into very secret and confidential arrangements. He acquired the Suez Canal for Great Britain by secret negotiations. Sir, one admired those secret negotiations. Now, Sir, one would like to know what is the result of these secret negotiations that India has obtained from this Agreement? Well, Sir, I read this Agreement very carefully, expecting that the Government of India had also gained great concessions for India as the result of their secret negotiations with Whitehall. So far as I am concerned, well, I have looked into this Agreement coldly, dispassionately, and I can see nothing in this Agreement that India has obtained. (Hear, hear.) The Agreement, so far as we can see on this side of the House, is an entirely onesided agreement. India has given away everything and has got absolutely nothing. (Loud Applause.)

Mr. President, let us look at the contents of the Agreement equally calmly, equally dispassionately. The learned Commerce Member said that this Agreement was no new thing; it was merely the crystallisation of the past fiscal practice of Government. Well, Sir, if the past fiscal practice is represented in this Agreement, then all I can say is, that

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Honourable Members on this side of the House have no other option but to decide to condemn that fiscal practice. Sir, our main objection to this Agreement is this, that this Agreement is marked for its looseness of expression, for its one-sidedness, for its unfairness to this country.

As regards the looseness of the expression, I would only refer you very briefly to the preamble of this Agreement. The preamble reads:

"His Majesty's Government in the United Kingdom and the Government of India hereby agree that, during the continuance of the Ottawa Trade Agreement, the following undertakings on the part of His Majesty's Government in the United Kingdom and of the Government of India shall be deemed to be supplementary to that Agreement."

Sir, as regards this, if this Agreement related to a particular time or a particular period, then it was very easy to make that clause as clear as possible. What happens when the Ottawa Agreement terminates? The clause merely says that this Agreement is supplementary to that Agreement while that Agreement lasts. The vagueness of the expression is clear. What happens when that Agreement terminates is nowhere mentioned in this Agreement, it does not say that this Agreement will also terminate after that Agreement. Now my learned friends opposite might smile; but, Sir, anybody who knows the elements of conveyancing knows this thing—that whatever is the intention ought to be expressed explicitly, clearly, definitely, without any doubt and upon which there can be no doubts in the future.

As regards the clauses relating to commercial discrimination, you have, Sir, Article 3, sub-clause (3). Under that:

"the differential margins of duty established in accordance with the principles laid down in the preceding clauses of this Article as between United Kingdom goods on the one hand and foreign goods on the other, shall not be altered to the detriment of United Kingdom goods."

In this connection, I would ask Honourable Members to realise that we are shortly to have a Constitution in which there are various clauses against commercial discrimination. I say, Sir, it is open in the future for any Governor General to say that "you have entered into this Agreement and the Act you intend to pass amounts to commercial discrimination, and, therefore, you shall not legislate in any matter relating to the matters covered by this Agreement". Sir, the point that we have to see is that so far as India is concerned, India is trying itself to various undertakings put down in very loose and very vague forms. These clauses will be subsequently interpreted in any manner that might be advantageous to one side.

The whole question in this Agreement is: "What does India get out of this Agreement? Is there any *quid pro quo* for India?" For instance, when the Japanese Agreement was entered into between the Indian representatives and Japan, there were a certain number of bales of manufactured products to be received on the one side, in return for a certain number of bales of raw product, to be accepted by the other side. That was a definite and a clear agreement. There was a certain amount of "give" and a certain amount of "take" in it. 'You take my goods and I will take your goods'. That is a fair and straight-forward position; it can legitimately be the basis of a commercial treaty. But, in this Agreement, so far as the Government of India are concerned, they give various



undertakings. For instance, they say: "We will allow you to get the protection, which we have accorded to our industries, re-examined. We also give you an undertaking that in certain cases we will not put on tariffs, and if we do put on tariffs, we will give you preferential tariffs". All these undertakings are one-sided. What is the return which His Majesty's Government give to India? The return is merely this: "We will invite the Dominion Governments to look into your products; and we, in particular, draw your attention to the steps which we have taken in Lancashire for the introduction of your goods". That is the long and short of what India gets. The Government of India's attention is drawn to the grand and magnificent efforts which Whitehall has made in regard to the introduction of Indian goods.

Sir, I will once again, in conclusion, remark that so far as most of the Honourable Members on this side are concerned, we are not opposed to a commercial treaty with the United Kingdom. Let there be a commercial treaty by all means. Now that the new Constitution is coming on, by all means settle the commercial rights on a fair and square basis; and when you are giving away something, take commercial opinion into your confidence, in order that there might be something tangible that you might be able to get from the other side. But to shut the doors and enter into a trade contract in terms like these, which are not only vague but indefinite in time, indefinite in purpose and indefinite in objective, is certainly bound to be dangerous. It is always liable to be wrongly interpreted. With these words, Sir, I move my amendment.

**Mr. President** (The Honourable Sir Abdur Rahim): Amendment moved:

"That for the original motion, the following be substituted:

"That this Assembly, after duly considering the Agreement between His Majesty's Government in the United Kingdom and the Government of India, signed on the 9th January, 1935, is of the opinion that inasmuch as the said Agreement is unfair to India, the Government of India should terminate it forthwith."

**Mr. Sami Vencatachalam Chetty** (Madras: Indian Commerce): Sir, I beg to move:

"That for the original motion, the following be substituted:

"That after due consideration of the Agreement between His Majesty's Government in the United Kingdom and the Government of India, signed on the 9th January, 1935, this Assembly disapproves the Agreement and recommends to the Government of India to terminate the same forthwith."

Sir, though I am not unaccustomed to address legislative bodies, I feel rather diffident from what I have observed during the last three or four sittings of this Assembly. I am accustomed to see the Government getting angry when they have very bad cases to present, but here in this Assembly I really see a welcome change, though a very insidious change. They do not get angry, but they certainly present a wrong case and make it appear to be a correct one. (*A Voice*: "This is dishonesty".) I am afraid from what I have been noticing of the presentation of the cases by the Honourable Members of the Government that they are laboriously trying to compile a dictionary mistaking antonyms for synonyms.

Sir, this Indo-British Agreement is justified on three grounds. Firstly, it was said that it was only supplementary to the Ottawa Trade Agreement which, at any rate, at one time received the sanction of this House. Secondly, the Honourable the Commerce Member said that it was merely crystallising the existing practice of discriminating protection to Indian

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industries and again he said that it was only in pursuance of the discriminating protection policy that had been adopted by this Assembly on the 16th February, 1923. Let me deal with the first of these points, namely, that it is only supplementary to the Ottawa Trade Agreement. I challenge the Honourable the Commerce Member to say if there is a single indication in the Ottawa Trade Agreement that the Government of India could at any time consider the question of discriminating protection under the so-called Ottawa umbrella. What was stated in the so-called Trade Agreement is the question of conceding discriminating preference to British and Empire goods as against the foreign goods and not discriminating protection. With regard to the crystallisation of the existing practice, I ask the Honourable the Commerce Member to tell me who had entertained first doubts about the policy that is being adopted by the Government of India in order to necessitate the crystallisation of their policy? Was there any such indication from the indigenous industries or Indian commercial opinion that there has been considerable misunderstanding with regard to protection policy, and, therefore, they wanted the crystallised opinion of the Government of India? I take it this misunderstanding arose on account of the doubts raised by the industrialists at Great Britain. If that be so, is it not due to the commercial opinion in this country to consult them with regard to the doubts that have been raised with regard to the discriminating protection policy of India by the English industrialists and ask them to express their opinion on these matters? Thirdly, with regard to the point that it is only crystallising the policy of protection that has been laid by the Assembly on the 16th February, 1923, I shall be able to point out, if there is time at my disposal, that this so-called crystallisation is not in pursuance of the Assembly Resolution of the 16th February, 1923. With regard, again, to the first point, namely, that it is only supplementary to the Ottawa Trade Agreement, I suppose the Government are painfully aware that the Ottawa Trade Agreement itself became the election plank of commercial constituencies. The commercial constituencies have given an unmistakable evidence of the fact that they not only do not endorse this Ottawa Trade Agreement but are anxious to take the earliest opportunity to terminate it. Does not that show that the commercial opinion and the industrial opinion of this country is decidedly, and definitely against the Ottawa Trade Agreement? Do not justice and responsibility demand that the Government should take the earliest opportunity of taking the verdict of this newly formed Assembly with regard to the Ottawa Trade Agreement, and does it not look monstrous that this Government should add to it this Trade Agreement as supplementary to the Ottawa Trade Agreement, which has been characterised as detrimental and injurious to the interests of this country? Well, Sir, it is said again that it was done in the commercial and industrial interests of India particularly. His Excellency the Governor General, when addressing the Assembly, said the other day that this particular pact would confer a profound benefit on the political and trade relations of Great Britain and India. I suppose there is some slight modification of this in the statement of the Honourable the Commerce Member. The Honourable the Commerce Member is definitely of opinion that this Trade Agreement is beneficial, or, at any rate, it does not take away the existing interests of Indian industrialists, whereas His Excellency the Governor General said that this Trade Agreement would confer a profound benefit on the political and trade relations of Great Britain and India.

Sir, the Honourable the Commerce Member has appealed to this Assembly not to import prejudice, not to import politics and not to import passion and not to import anger. May I make a similar appeal to the Honourable the Commerce Member and ask him whether political considerations did not intervene in the determination of this Trade Agreement (Hear, hear) (Applause), whether it was not a question of a subordinate legislature, of a subordinate Government being dominated by imperial considerations of an Imperial Government? I challenge the Honourable the Commerce Member to place on the table of the House all the correspondence that must have passed between the Government of India and the Secretary of State and the Board of Trade in England and our High Commissioner in England. That would show definitely that it was the British commercial and industrial interest that has been wagging the head. With regard to this Agreement, both the parties concerned, namely, the English commercial interests and the Indian commercial interests are agreed with regard to the import of the terms and the meaning of the respective words. Now, the Honourable the Commerce Member said that India has given nothing and that it only crystallises the existing practice. I would only like to answer the Honourable the Commerce Member in the words of Sir William Clare-Lees. He said on January 11 in London addressing the members of the Lancashire Textile Mission in India:

"I do not suggest that it is perfect from a Lancashire point of view or that we should not have wished for more concrete undertakings regarding our trade, had it been possible to obtain them. If the position created by the agreement is compared with that which existed before, it will be seen that a marked improvement has been brought about. Before the Ottawa Conference we were unable to obtain any assurances as to the duties on cotton and artificial silk goods because the Indian tariffs on these articles were under review by a Tariff Board. That Tariff Board had no obligation to bear in mind the interests of British trade. Lancashire very properly felt this position should be rectified in view of the notable advantages conferred on India by the Ottawa agreement and when the Lancashire mission made representations to the Government of India, they emphasized very strongly the desire of the trades they represented to be brought within the ambit of the Ottawa agreement."

Continuing, Sir William Clare-Lees says:

"that the new agreement begins by recognizing that Indian industry may require a higher level of protection against foreign than against British goods, and, furthermore, definitely brings protective duties in India under the Ottawa umbrella. It contains undertakings that protective duties will only be imposed or amended after due inquiry by a tariff board, and it lays down clearly the principles which tariff boards will be required to observe, notably that duties shall only be as high as is necessary to equate the prices of imports from the United Kingdom with the fair selling prices of similar goods produced in India and that United Kingdom industries shall have full opportunities to state their cases and answer the cases presented by other interested parties. It also provides that any differential margin established in accordance with the principles it contains shall not be altered to the detriment of United Kingdom goods, except, of course, on grounds of revenue, a point which I shall deal with separately. It does not require much reflection to see what an immense difference this makes in the future outlook in these matters."

Yet the Honourable the Commerce Member has the hardihood to suggest that India did not surrender any of her advantages.

Again, Sir, with regard to the possibility of British interests interfering even with the revenue side of the Government of India, Sir William Clare-Lees lays down emphatically that he will devise some means by which he will interfere even with our budget. Let me read his words:

"Instead of being without acknowledged rights and entirely at the mercy of other parties, we now have for the first time very definite rights under which we can advance our legitimate case with the assurance that it will be weighed and considered

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in the light of established principles which are inherently equitable. This is a great advance and if we regard it as a first step in the policy of reciprocity which is capable of further extension, given effort and goodwill on both sides, we have every reason to be satisfied with it at any rate so far as concerns the fundamental principles which it lays down.

There are, however, at least two difficulties which unfortunately the agreement does not entirely surmount."

Be it noted that the Honourable the Commerce Member said that India had surrendered nothing, but Sir William Clare-Lees has got another recipe for even surmounting that difficulty. He says:

"The first arises from the fact that in India import duties constitute a vital part of the revenues of the State and cannot be fixed without regard to the revenue position. We are entitled to use the argument that when duties are increased beyond a given point, the law of diminishing returns is bound to operate and if times improve as we all hope they may, I personally do not see why revenue considerations should point to a higher level of duty than would be justified under the other provisions of the new agreement.

The second difficulty is associated with the first. The new agreement does not bring us any immediate reduction in the duty or any immediate prospect of increased trade."

This was uttered on the 11th January, but the Government of India subsequently were so obliging as to give way even with regard to the second requisite, for in the annexure to the Trade Agreement itself, there is a definite promise undertaking to reduce the duties. This is what it says:

"The tariff rates on United Kingdom cotton piece goods will be reduced to 20 per cent. *ad valorem* or 3½ annas per pound on plain grey goods, and 20 per cent. *ad valorem* on other goods, provided that on expiry of the period of the Agreement of 28th October, 1933, between the Lancashire Delegation and the Millowners' Association, Bombay, the duties on United Kingdom goods for the remaining period of protection will be fixed on a review of conditions then existing and in the light of such experience as may have been gained."

Sir William Clare-Lees says further:

"The new Agreement does not bring us any immediate reduction in the duty or any immediate prospect of increased trade. The explanation is that the duty can only be reduced when revenue considerations permit of the removal of the surcharges. We have a very clear promise on that heading and we shall look hopefully to the next Indian budget."

Sir, with regard to the position taken by the Honourable the Commerce Member that it was entirely in consonance with the Resolution of discriminating protection of the Government of India as passed on the 16th February, 1923, I hope to be able to convince every dispassionate Member of this House that what was contemplated was not what was actually done by the Honourable the Commerce Member on the 9th January. Sir Charles Innes moved:

"That this Assembly recommends to the Governor General in Council that he accepts in principle the proposition that the fiscal policy of the Government of India may legitimately be directed towards fostering and development of industries in India."

I ask, Sir, whether the spirit of this Resolution has been carried out by the terms of this Indo-British Trade Agreement, whether it was not a question of making protection that may be granted by the Government

of India to be the subject matter of discussion with a rival party, a party who does not want protection to Indian industries, a party in whose interests it is not that protection should be granted to Indian interests, I ask, Sir, whether such a course would be a course towards fostering Indian industries? The Resolution further says:

"(b) In the application of the above principle of protection regard must be had to the financial needs of the country and of the present dependence of the Government of India on import, export, and excise duty for a large part of its revenue."

This clause is intended for the guidance of the Indian Government, for the Indian people and for the Indian Legislature. It certainly does not give room for any rival person to say: "Well, by application of this principle of protection to a particular industry you are reducing your revenues. Therefore, you shall not do it but you must keep up the revenues by not offering the protection that is necessary in fostering a particular industry". It should not be possible for a foreigner and for a rival to be contesting your principles and dictating to you your revenue policy. It is a guidance for the benefit of the Indian consumer, for the Indian industrialists and for the Indian public to ask their opinion whether having regard to the position of the Indian Government at a particular time it would be possible and advantageous and necessary to foster a particular industry and forsake the revenue under customs duty. It certainly does not give room for any other interested party to come and say: "I am afraid, Sir, the Government of India's revenue position would be endangered by fostering a particular industry and by offering a certain amount of protection to a particular industry, and, therefore, you shall keep up the revenue position and you shall not foster an Indian industry by giving protection".

Then clause (c):

"That the principle should be applied with discrimination, with due regard to the well being of the community and subject to the safeguards suggested in paragraph 97 of the Report of the Fiscal Commission."

I agree that this only means that the Government of India must be prepared to give protection to such industries as the protection given might result in the maintenance of that industry independent of protection later on. It must be such as to develop it to an extent that it would be able to stand on its own legs. Certainly it is not intended that any other rival party should come and say that the amount of protection we are giving is against our own consumer. That is my business; it is the business of the Indian Legislature and it is for the Indian Government to safeguard the interests of the Indian consumer. It is certainly not for the trading and commercial interests of a foreign country which wants to compete with our goods in our own market.

Clause (d) runs thus:

"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 purely an investigating and advising body and should consist of not more than three members, one of whom should be a Government official, but with power, subject to the approval of the Government of India, to co-opt other members for particular inquiries."

If a Tariff Board is necessary it is in order to see that the Indian consumer is not defrauded by pseudo-Indian industries. Supposing an Indian industrialist applies for protection to the Government of India for

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a particular industry, the Government of India in the interests of the large numbers of people ought to be convinced that there is scope for that industry, that the profits that it is likely to make will not be such that merely on account of the protection they will defraud the public and take more from them. That is the consideration which the Tariff Board has got to examine. In examining that it may be necessary for their own guidance and in order to arrive at a proper, just and correct decision on that point, to take advice from other industries and other countries. It does not, therefore, mean that simply because you have been seeking the advice of other people in the matter of giving protection to industries, therefore, it should be a matter of right for the other man to butt in whenever there is a Tariff Board inquiry and say that this Indian industry does not require such protection as it is demanding.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has already exceeded his time limit, but the Chair will give him a few minutes more.

**Mr. Sami Vencatachelum Chetty:** Therefore, all that I submit is that this is a new departure. It is no good merely justifying it either under the Ottawa pact or under the plea of crystallising the practice that has been obtaining or merely being guided by the protective policy that has been laid down by the Assembly so long ago as 1923. It is justified by Government taking the ground that it is no new thing and that it was not necessary to consult commercial opinion. I put it in this way, that they knew that commercial opinion would be opposed to it and they did not have the courage to consult commercial opinion. At any rate, in view of the fact that the United Kingdom Government have been consulting the commercial and industrial opinion in England, from time to time, even with regard to the so-called crystallisation of opinion or crystallisation of practice or even with regard to matters in which they want to take everything possible from India and do not give anything, it should have suggested to the Honourable the Commerce Member, in fairness to commercial opinion, to consult the people before they signed this Trade Agreement. I want to be charitable to Government and concede that they were coerced into signing this Agreement instead of considering it on equal terms. Sir, it would have been noticed by both Government and the public that since the publication of this Trade Agreement or at any rate since commercial opinion knew that something was coming on they have demanded that they should be consulted and yet they have been ignored. But since the publication of this Trade Agreement protests have been pouring in from every quarter and there is not a single Indian Chamber of Commerce which has not taken objection to this Trade Agreement. It is significant that European Chambers of Commerce are silent over it. Is it suggested that the commercial community do not know its own interests and that the Honourable the Commerce Member of the Government of India knows those interests better than the community itself? It is only Mr. Mody who has given a partial approval to this Agreement, but, as a matter of fact, he also has condemned it in all parts. He only said that an Indo-British Trade Agreement is necessary. But nobody objects to the absolute proposition that there is necessity for entering into trade treaties. It is necessary and it is also desirable for any responsible Government to enter into treaties of a commercial nature with other countries. But that does not mean that this

is an agreement in any sense of the term. It is merely a surrender of all rights that India may have with regard to the fostering of Indian industries.

Sir, one word more and I have done. The Honourable the Commerce Member appealed more than once to this Assembly to view it with a judicial frame of mind. I would rather request him to submit this Indo-British Trade Agreement to a really unbiassed judicial tribunal and ask them to give their opinion as to whether this was not a one-sided agreement, whether by this we are not giving scope for other rival interests to interfere into our economic and industrial policy. I believe, Sir, if you instead of sitting in that Chair, had been a High Court Judge and had been asked to give your judgment on this Agreement, it would be entirely in my favour. (Applause.)

**Mr. President** (The Honourable Sir Abdur Rahim): Amendment moved:

"That for the original motion, the following be substituted:

'That after due consideration of the Agreement between His Majesty's Government in the United Kingdom and the Government of India, signed on the 9th January, 1935, this Assembly disapproves the Agreement and recommends to the Government of India to terminate the same forthwith.'

**Babu Baijnath Bajoria** (Marwari Association: Indian Commerce): Sir, I beg to move:

"That for the original motion, the following be substituted:

'That the Agreement between His Majesty's Government in the United Kingdom and the Government of India, signed on the 9th January, 1935, be either referred to a representative conference of various commercial interests in India or be circulated to all commercial bodies in India for obtaining their opinions at as early a date as possible and that the consideration of the said Agreement be postponed till this House is in possession of such opinions for arriving at a correct decision.'

In moving this amendment, I am actuated not by any ill-feeling either  
12 Noon. towards the Government of India who are supposed to be the custodian of Indian commerce or towards His Majesty's Government who are, as well, the custodian of British commercial interests. I am perfectly positive that the Government of India, and especially the Honourable the Commerce Member, who fortunately is an Indian, must have tried his level best to protect the interests of commerce and industry in this country. But the Agreement as it stands abundantly proves that His Majesty's Government combined with the British mercantile interests proved too strong a match for the Government of India.

Now, Sir, my complaint is that the Government of India were to blame for their defeat in this struggle, as they never cared to take into confidence the commercial interests in this country. If the British commercial interests, through the Board of Trade in England, could be taken into confidence by His Majesty's Government, I do not see any justification for the Government of India not taking the commercial interests in this country into confidence, before coming to a final decision about this important Agreement and before signing the said Agreement. I think it is a huge farce to submit the Agreement to the consideration of this House, after the mischief has been done by signing the Agreement on our behalf. This motion reminds me of another motion which was made in the last Assembly for considering the question of the transfer of the Aden administration from the Indian Government to His Majesty's Government. In

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that case also, the Government of India, after acquiescing in the demand of transfer by His Majesty's Government, placed the matter before this House for consideration. The present Agreement from beginning to end abundantly proves that it is one sided and has been very carefully drafted to cover two things: firstly, the principle of Imperial Preference has again been accepted on behalf of India, in spite of the united protest in this country. To my mind, Government must now have been convinced, by the defeat of Sir Shanmukham Chetty at the last election, that India feels and feels very strongly too that the Imperial Preference agreed to at Ottawa is not in the best interests of this country. (Opposition Cheers.) The country has given its verdict in unmistakable terms, that it does not approve of the Imperial Preference by not returning to this House the champion of the Ottawa Agreement. If today the Government of India are to seek election on this issue, I am perfectly certain, that the same fate would have awaited them at the polls. But placed as the Government of India are under the existing Constitution, they are not afraid and as such they can sign with impunity such an Agreement as the one under discussion in the name of India, against the wishes of the nationals of the country.

Sir, representing a commercial constituency as I do, I cannot let go this opportunity of putting my emphatic protest against the principle embodied in Article 4, in which the Government of India have agreed to the demand of the British industries or that of His Majesty's Government to initiate Tariff Board enquiries whenever their interests would be at stake. In my opinion, this clause deprives the country of the right of exercising the privileges of fiscal autonomy which it has been enjoying for the last twelve years. Tariff Board inquiries are made by a Government in a country whenever any industry in the country demands protection to develop the industry concerned. Protective tariffs are granted to an industry after inquiry by a Tariff Board, whenever an industry in a country proves that it cannot develop unless some sort of protective barrier is raised to save it from outside competition. It is one of the oldest maxims of economics. But it is surprising that the present Government of India have propounded a new formula in economics, namely, whether protection to an Indian industry is to be continued or not may be raised by an outside competitor of that very industry. The economists of the world at large, and especially the international economists, would I think, applaud this formula as one of the novelties of the present century. Had the Indian Tariff Board been given unfettered discretion in the matter of selection of bodies from which they have to take evidence, I would have no objection if, in their discretion, they asked for evidence from British commercial interests. Even under the present constitution there is no bar to the Tariff Board to consult British interests. But what I emphatically protest against is the treaty obligation by which the Tariff Board will be bound in future to give the British commercial interests the opportunity of giving evidence before the Board whenever the question of protective tariffs will be considered by them.

Then, I come to Article 5 in which only promises of making every endeavour and efforts for the consumption of Indian raw materials and semi-finished products have been made. In a document like the present Trade Agreement, there are two parties. It is a surprise to me how the Government of India could accept the obligatory Articles like 3 (2), 3 (3) and 4.



whereas Article 5 concerning His Majesty's Government is merely optional. With your permission, Sir, I quote the exact words in the Agreement. Article 5 says:

"His Majesty's Government in the United Kingdom will give consideration to the steps that might be taken in co-operation with the respective commercial interests to develop the import from India of raw or semi-manufactured materials, etc., etc."

In Article 3 you will find:

"The Government of India further undertake that the measure of protection to be afforded shall be only so much as, and no more than, will equate prices of imported goods to fair selling prices for similar goods produced in India, and that, wherever possible having regard to the provisions of this Article, lower rates of duty will be imposed on goods of United Kingdom origin.

The differential margins of duty established in accordance with the principles laid down in the preceding clauses of this Article as between United Kingdom goods on the one hand and foreign goods on the other, shall not be altered to the detriment of United Kingdom goods."

Article 4 says:

"When the question of the grant of substantive protection to an Indian industry is referred for enquiry to a Tariff Board the Government of India will afford full opportunity to any industry concerned in the United Kingdom to state its case and to answer the cases presented by the other interested parties. The Government of India further undertakes that, in the event of any radical changes in the conditions affecting protected industries during the currency of the period of protection, they will on the request of His Majesty's Government or of their own motion cause an enquiry to be made, etc....."

Compare these words in Articles 3 and 4 with the words in Article 5 where it says that His Majesty's Government in the United Kingdom will "give consideration"—mark the words. The Government of India give a definite undertaking, whereas the Government in the United Kingdom will merely give consideration. This conclusively proves that for the purpose of consumption of our raw materials His Majesty's Government will give consideration. I, therefore, ask the Government to explain the inner meaning underlying these words quoted by me.

Before I conclude, I cannot but draw a comparison between the last Indo-Japanese Trade Agreement and the present Indo-British Trade Agreement. On the last occasion, all the commercial interests in India were taken into confidence, whereas in the present case the usual hush-hush principles of the Government of India was observed. In the second place, in the case of Japan a definite quota of consumption of Indian cotton was fixed, and in the case of the present Agreement the Government of India were satisfied with the empty promises made in regard to the consumption of raw cotton from India. May I ask the Government of India why they looked with suspicion on Japanese commerce while the British commerce has been let off on mere promises? I will go a step further and state that in the case of the Indo-Japanese Trade Agreement a compulsory quota could be fixed only because the Indian commercial interests were there to advise the Government of India. It is my firm conviction that, had the Indian commercial interests been consulted in regard to the present Agreement, the Government of India would certainly have been able to make a better bargain with His Majesty's Government.

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Then, coming to Note No. 1, attached to the Agreement, I find that His Majesty's Government have undertaken to take steps to open markets for Indian cotton goods in Colonies and Protectorates. The sentiment underlying the Note is very good and I welcome it for all that it is worth. But coming to the practical field, let us examine what it is worth. The value of the export of cotton goods from India to Protectorates and Colonies is negligible in comparison with the value of the import of British cotton goods into India. It is, therefore, palpably preposterous to demand such advantages from India as has been done in the Agreement, by giving her in return a concession which has little practical utility and value.

The Federation of Indian Chambers of Commerce and Industry has severely criticised this Agreement and it goes without saying that the Federation represents a considerable volume of Indian commercial opinion and as such their views are entitled to great weight. At this stage, I would like to put the following questions to the Honourable the Commerce Member to answer. There is no gainsaying the fact that there is a lurking suspicion in the minds of a very large number of Members on this side of the House about this Trade Agreement, and I believe that if the Government can satisfy us on these points it will go a great way to pave the way for an amicable settlement on this debate. Sir, these are my questions.

(1) Will the Honourable the Commerce Member kindly inform this House when this Agreement expires?

**An Honourable Member:** Which Agreement?

**Babu Baijnath Bajoria:** This Indo-British Agreement.

(2) Will the Honourable the Commerce Member kindly inform this House as to the exact date when the Ottawa agreement is to expire?

(3) If the Ottawa Agreement or any other similar agreement is ever renewed, either in its present form or in an amended form, will this Indo-British Agreement automatically come into force, or a fresh trade agreement between India and the United Kingdom be necessary?

(4) With reference to Article 3 (3), will Government state clearly what is meant by the words "That the differential margin of duty.....shall not be altered to the detriment of United Kingdom goods". By way of example, I ask, if in accordance with the principles embodied in clause 3 (2), the protective duty against any British goods is levied at 15 per cent. and against foreign goods of the same class at 35 per cent., the differential margin being 20 per cent., and if at any subsequent stage, the cost of production of British goods comes down and there is no change in the cost of production of foreign goods, shall we be debarred from increasing the rate of duty against United Kingdom from 15 per cent. to a higher level to the same extent by which the cost of production there has come down thereby reducing the differential margin of 20 per cent. mentioned above?

Considering all these things, I would earnestly request the Government of India to postpone this discussion till either a representative conference of commercial interests in India is summoned or the Agreement is circulated to all commercial bodies in this country for their opinion. On receipt of such opinions, this House will be in a better position to judge the real value of the Agreement and to arrive at a correct decision as to whether the Agreement is really beneficial to Indian interests which the Government of India, the exponents of the Ottawa Agreement and the

exponents of the Mody-Lees Pact, claim or it is only beneficial to Lancashire cotton manufacturers and Birmingham and Leeds steel manufacturers. With these words, Sir, I beg to move my amendment.

**Mr. President** (The Honourable Sir Abdur Rahim): Amendment moved :

"That for the original motion, the following be substituted :

"That the Agreement between His Majesty's Government in the United Kingdom and the Government of India, signed on the 9th January, 1935, be either referred to a representative conference of various commercial interests in India or be circulated to all commercial bodies in India for obtaining their opinions at as early a date as possible and that the consideration of the said Agreement be postponed till this House is in possession of such opinions for arriving at a correct decision'."

Now, there will be a general discussion on the original motion as well as the amendments. )

**Dr. P. N. Banerjee** (Calcutta Suburbs: Non-Muhammadan Urban): Sir, I respond to the appeal made by the Honourable the Commerce Member and propose to examine the terms of this Agreement in the light of cold reason. Sir, to me it appears that this is a question of fundamental importance, and it is a matter of great regret that such a question has been decided behind the back of the Legislature. The Honourable Sir Joseph Bhore says that no new ground has been covered and no new principle has been adopted. But, Sir, a careful examination of the Articles of the Agreement will show that his view is incorrect. If we read Article 1 of the Agreement, we find that the principle and policy of Imperial Preference has been accepted in its entirety. . . .

**The Honourable Sir Joseph Bhore:** No.

**Dr. P. N. Banerjee:** Sir, may I say a few words about the history of this question. In 1903, when Lord Curzon was the Viceroy of India, the question of Imperial Preference was examined, and the Government of India came to the definite conclusion at that time that it was not to the interest of India to adopt such a policy. Twenty years later, the Fiscal Commission examined the question again and came to the conclusion that it was not desirable in the present circumstances to adopt the policy of Imperial Preference. In 1927, Imperial Preference was sought to be introduced by the back door, and, in 1930, under the threat of strangling the cotton industry, it was again sought to be adopted. But on both these occasions the elected Members of the House refused to be a party to the recognition of that principle, and even the Honourable the Commerce Member made it clear that the House was not being invited to accept the principle of Imperial Preference. In 1930, Mr. Jinnah, Sir Purshotamdas Thakurdas and several other Members definitely said that they were going to agree to the adoption of that policy of giving preference to British goods only, because, otherwise, the cotton industry of Bombay would be ruined. In 1934, the question was again discussed, and on this occasion the Government again took up the attitude that, unless preference was given to British goods, the Bill before the House would not be passed. In view of these circumstances, we find that the Legislative Assembly has always been opposed to the acceptance of the principle or the policy of Imperial Preference, and, when it has submitted to that policy, it has done so under a threat. It may be said that

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1932, on the occasion of the discussion of the Ottawa Pact, the Assembly accepted the principle, but we know that this was done in a House which was devoid of the services of a section which was the most independent and the most public-spirited. (Hear, hear.) Even in that unrepresentative House, it was not the principle, but merely the policy of giving preference to a number of specified articles, was adopted.

So far as regards the principle of Imperial Preference. This principle is further emphasised in Article 3, clauses 2 and 3, of the Agreement. Not only that; but the fiscal autonomy convention, which has so long been regarded as a reality, is sought to be given up. With regard to this convention, we all know that the Joint Parliamentary Committee in 1919 laid it down definitely that it was desirable that when there was agreement between the Legislature of India and the Government of India the Secretary of State or the British Government should not intervene, and this principle was affirmed in the House of Lords by Lord Curzon and reiterated by successive Secretaries of State like Mr. Montagu and Mr. Wedgwood Benn. Even in this Assembly, Government Members have given repeated assurances that the fiscal autonomy convention is an integral part of the constitution. Now, are we not giving up this integral part of the constitution? Article 3 of the Agreement says: "The differential margins of duty . . . shall not be altered to the detriment of United Kingdom goods". It also says that: "lower rates of duty will be imposed on goods of United Kingdom origin". And these arrangements have been made behind the back of the Legislature!

Sir, these undertakings on the part of the Government of India involve the acceptance of three new principles and lines of policy; first, the application of the principle of discriminating protection is restricted; secondly, it commits us to the principle of safeguarding British industries; and thirdly, we part with a power to negotiate trade agreements with other countries on a fair basis. In Article 4 the right of this country to give protection to its own industries is further curtailed. Opportunity has to be afforded to rival British industries whenever an Indian industry asks for protection.

**An Honourable Member:** It is given now.

**Dr. P. N. Banerjea:** Sir, opportunities are given even now, but why are such opportunities given? It is because India is subject to Britain. Is there any free country which gives opportunities to other countries to show that the industries of that particular country may not benefit?

**Mr. F. E. James** (Madras: European): Yes, Canada, Australia.

**The Honourable Sir Joseph Bhore:** Canada.

**Dr. P. N. Banerjea:** But it goes further. Not only are opportunities to be given at the time when an industry asks for protection, but also during the currency of the period of protection. This lays down, I submit, a new economic doctrine, and the demand appears to me to be a preposterous one. This demand has been made because India is subject to Britain. But is it right and proper that such unfair advantage should be taken of the political relations between the two countries?

Now, Sir, in return for these concessions which we have to make to Britain, what are the concessions which Britain make to us? We find that Britain undertakes to consume our raw cotton to a greater extent than hitherto. So far so good. We want our cotton to be consumed to a greater extent in Great Britain and in other countries. But what is the exact value of this concession? During the year 1933-34, I find that there has been a considerable increase in the cotton exports of India to the United Kingdom; these exports have increased from nine per cent. to twelve per cent. But we should not forget that even now 88 per cent. of the raw cotton of India goes to foreign countries, and is it desirable on our part to antagonise these good customers of ours? Next, the British Government say that, they will continue the admission of pig-iron free of duty into the United Kingdom. This is no new undertaking, but is the continuance of the present arrangement. In this connection, I may point out that, although there has been some increase in the quantity of pig-iron imported by the United Kingdom from India, there has been a decrease in value. Further, I wish to point out that the United Kingdom is now steadily diminishing her imports of pig-iron from other countries. Therefore, India does not stand to gain very much by the admission of pig-iron into the United Kingdom free of duty.

It is thus clear that, if we stick to this Agreement, we bind ourselves to do several things. First of all, we have to accept to the full extent the principle and policy of Imperial Preference. Secondly, we have to restrict the scope of the policy of discriminating protection which has been accepted by the country. Thirdly, we agree—we undertake—to safeguard and protect British industries. And fourthly, we give up the fiscal autonomy convention. And as against these, we get very slight benefits—benefits which are not of very great value.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

**Dr. P. N. Banerjea**: Sir, I will conclude in a minute. Is this real reciprocity, I ask? Is there any *quid pro quo*? Sir, the self-respect of this House demands, and the interests of the trade and commerce of this country demand, that we should resist, to the best of our ability, the continuance of the present arrangement which is not only unfair, but wholly inequitable. I have great pleasure in supporting the amendments moved by Mr. Gauba and Mr. Chetty.

**Mr. J. Ramsay Scott** (United Provinces: European): The Trade Agreement may be divided into two parts, the first being the theory or principle and the second the practice or action. Now, there is nothing new in either the principle or the action and the Agreement only sets out in black and white the ideas which the Government of India have tried to act up to in the last decade.

I am in thorough agreement with the principle of this Agreement, and I maintain that this Agreement is in the best interests of India and of Great Britain and is a first step in the right direction and establishes, once and for all, that India has complete freedom and control over her tariffs for whatsoever purpose such duties may be levied. The duration of this Agreement is for the period of the Ottawa Agreement which has only one year to run, but, I feel sure, that the Ottawa Agreement will be and has been of so much use to India that it will be renewed.

[Mr. J. Ramsay Scott.]

Now, I will give you three reasons why this Agreement is for the good of India. His Majesty's Government now recognise, firstly, that the Industries of India may require protection even against imports from Great Britain, secondly, that import duties are indispensable to the Government and that revenue considerations must be given weight, thirdly, that financial stringencies may require an all round surcharge. These three facts show that Great Britain absolutely and without any equivocation admits the Fiscal Autonomy of India. That in itself means the start of a new era for India and a very definite advance on the road towards Dominion Status or whatever name you may give the goal towards which we have set our face. But, there are several butts which I will bring to your notice and to which I would like a reply from Government. During negotiations, it is said that, the British Government consulted various British trade interests, and I consider that the Indian Government should have done the same. It is no reply to say that there was nothing new to discuss and that, in my opinion, is just the case where it would have done no harm. It is just such tactless actions which lead to suspicion. I may say that I should have thought that the Indo-Japanese deliberations would have shewn the Government the use of the strength of a united front, and I maintain that in this case consultations would probably have meant the whole country behind the Agreement instead of a few voices very much against it. The industrialists of this country would like to feel that the Government of India have their best interests at heart and is sympathetic to their grievances.

The second point is that no protection will be granted without a Tariff Board inquiry, and, may I ask, what is the good of a Tariff Board report which is locked up in a Government safe for two or more years before it sees day light and is acted on? Such procedure is no use to the industry, and is, moreover, a sheer waste of public money. The results of the inquiry should be made public within six months of the report being presented to Government and all the recommendations should be given effect to and not just one or two which suit Government. When a case for protection to an industry is made out, the whole industry should be protected, and, as an instance, I can only quote the cotton hosiery industry where knitted apparel has been left out. The glass industry was reported on in April, 1932, so that three years have elapsed since the inquiry was made and nothing has been done. Thirdly, there is mention that agreements between Indian and British interests will be received and considered. I have so far only seen one Agreement which has been acted on and that only in part. I press that other Agreements should receive consideration. Fourthly, the fixation of a fair selling price. India will not be satisfied until the Indian Government realise, as the British Government have done, that India has a right to her own markets and Indian industries should be protected throughout the whole of India. Industries have a right to expand and their expansion is necessary for the absorption of the increasing population. For instance, the products of sugar factories in Bihar, Punjab or the United Provinces have a right to compete in the port markets of Calcutta, Bombay or Karachi or elsewhere with the imports from foreign countries, and no "fair selling price" will be a fair selling price until railway freights are considered. At present discriminating protection is protection which holds good in a small and limited sphere and tends to restrict the development of the industry. These four points in no way affect the principle of the Agreement, and, I feel sure, the

Government will be able to satisfy any doubts I have expressed. The British Government will continue to admit pig iron free in Britain and has also promised to assist imports of raw material. These concessions and the promise are no mere words, for Great Britain had done wonders in the way she has increased her consumption of Indian cotton in the short time the Ottawa Agreement has been in force. Mr. President, I have examined this Agreement very carefully, and, as I have already said, there is no clause or word in it which is in any way detrimental to the best interests of India, and, I feel sure, that the Indian Government will act with scrupulous care and see that the industrialist in this country is assisted to the best of their ability. In conclusion, I would say that my interests are the same as those of other Honourable Members. Indian interests are the same as those of Europeans and the interests of Cawnpore the same as of Ahmedabad. I, therefore, oppose both the amendments and whole-heartedly support the Resolution of my Honourable friend, Sir Joseph Bhowe.

**Mr. B. Das** (Orissa Division: Non-Muhammadan): Sir, last year, we helped the Honourable the Commerce Member to give a decent burial to that pact known as the Mody-Lees Pact. We thought the spirit of that Pact was well at rest, but what do we find this year? The skeleton of that Mody-Lees Pact has been brought out and it is now appearing before us as a fearful ghost in medieval armour and wherein the Knight, Sir Homi Mody, clanks his chains and armour plates, and that happens to be the Indo-British Trade Agreement. The Honourable the Commerce Member said that no new principles had been initiated, and, therefore, there was no necessity to consult the Indian mercantile community, because he had all the consultation he wanted from my Honourable friend, Mr. Mody, last year. And what Mr. Mody and Sir William Clare-Lees said, we thought, were the last words, but the Honourable the Commerce Member managed to forget that that particular Pact met with the whole-hearted condemnation of every section of the Indian commercial community barring Mr. Mody's sweet soul. (*An Honourable Member*: "No, no.")

Sir, I believe, whenever the Viceroy addresses this House, the Departments write out the portions of his speech concerning them, and, I imagine, the Honourable the Commerce Member or the Secretary of the Commerce Department wrote out the speech of the Viceroy on this point and what does it state about the Indo-British Trade Agreement? It says:

"There was signed on the ninth of this month a Supplementary Agreement between the Government of India and His Majesty's Government in the United Kingdom which covers the important field of protected commodities which was left untouched by the main Agreement of 1932. It is in the nature of things that the later Agreement should differ in its character from the earlier one. It relates not so much to the tariff treatment of specific commodities as to the general principles governing the exercise of our present policy of discriminating protection."

Sir, either the Viceroy does not know English . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): Order, order.

**Mr. B. Das**: I do not mean any disrespect, Sir, or I do not know English, being trained under Indian teachers. I understood from this speech, coming as it did from His Excellency the Viceroy, that this Indo-British Trade Agreement meant the application of the little principles of the Mody-Lees Pact, enlarged into general principles which would cover

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and apply to all protected commodities. The Ottawa delegates of India had that apprehension at Ottawa and they paused many times before they expressed any opinion. If these are no general principles to the Honourable the Commerce Member, then I would say he has failed to appreciate the demand of the commercial community of India. Sir, a Bombay paper, the *Financial News*, has characterised this Indo-British Trade Agreement as "the British Trade Ordinance for India". Sir, that is a happy expression. We have had so many Ordinance Acts in this House and I congratulate Mr. Chunilal B. Mehta on having coined that phrase. Sir, this Indo-British Trade Agreement appeared to me as an enlarged edition of the Mody-Lees Pact. I would just like to state that this Pact was once referred to rather wittily by my Honourable friend, the Finance Member, in one of his speeches in the last Assembly Session. He used a rather witty sentence and I had better quote it:

"Mr. Mody has been abused in England for having sold Lancashire for what is vulgarly called a pup; he has been abused in India for having sold the pass."

Sir, that illustrates the point that the Mody-Lees Pact met with no appreciation either in England or in India. Sir, my Honourable friend, Mr. K. C. Neogy,—and I deplore his absence from the floor of this House, and nobody deplores that more than I, Sir, who worked for eleven years whole-heartedly as his staunch lieutenant—Mr. Neogy reminded Mr. Mody, while we were discussing the Textile Tariff Bill, as to what was the actual principle behind the Mody-Lees Pact. And what did the British commercial opinion want? They were afraid of the new Constitution. Nobody has referred to the new Constitution, nor am I referring to the J. P. C. Report which will be discussed next week. I shall give a sentence which Mr. Neogy quoted for the refreshing of the memory of my Honourable friend, Mr. Mody:

"This was the result of Mr. Mody's Agreement conversation and the Agreement that was reached:

"It seems to the organisations that their wish for the inclusion of safeguards in the Constitution should not be regarded other than as a desire for a form of insurance against contingencies which, although possibly unlikely to arise, cannot be overlooked."

Sir, before we have got the new Constitution, before we have even discussed the J. P. C. Report, the Insurance Act for British Trade in India has already been passed. Sir, we all know that this Indo-British Trade Agreement had been discussed in London, but I do not know how our old friend, Sir Bhupendra Nath Mitra, came into the picture. We never heard before that the High Commissioner was negotiating this Agreement with Mr. Runciman of the Board of Trade. My Honourable friend, Munshi Iswar Saran, points out to me that it was the Secretary of State that was negotiating, but in the end somebody must be made the cat's paw and Sir Bhupendra Nath Mitra was made to sign this ghost-like ghoulish Indo-British Trade Agreement.

Sir, I was reading only this morning of the Irish Trade Pact signed the other day, and Mr. Thomas, Mr. Joshi's comrade (*Mr. N. M. Joshi*: "Not now") says this. What does he say? Mr. Thomas, in the House of Commons, a day or two ago, referred to the recent Anglo-Irish Agreement for the exchange of coal and cattle and he estimated how much coal and cattle could be actually exchanged. Mr. Thomas described the arrangement as satisfactory to both sides and beneficial to Britain. Sir, I would



like to ask the Honourable the Commerce Member one question. What is the basis of this Indo-British Trade Agreement? Is there any principle, is there any basis behind it? The Honourable gentleman took pride in the Indo-Japanese Agreement. I did congratulate him last year on those negotiations and I asked him—why should not the principle of the Indo-Japanese Trade Agreement be applied to this Indo-British Trade Agreement? Where is the quota system? Mr. Mody, with his magnified pair of spectacles, examined Dr. Meek's Report when it was placed before you, Sir, when you were a Member of that Assembly Committee last Session which reviewed the working of the Ottawa Trade Agreement. Of course, Mr. Mody, who deals in big finances in Bombay, felt satisfied that the Indian exports had become doubled and trebled, but did he weigh the quantity of cotton that went to London, and consider whether it was due to the Mody-Lees Pact or the Ottawa Agreement or whatever it was? But, anyway, it satisfied his soul.

**Mr. F. E. James:** Might I ask my Honourable friend a question? I am not tripping him up, but asking a genuine question. If my Honourable friend says that the United Kingdom should take a quota of Indian cotton, is my Honourable friend also willing to agree that this country should take a quota of British piecegoods as a *quid pro quo*?

**Mr. B. Das:** Without confining myself to piecegoods, I would say that I am quite agreeable to a *quid pro quo* basis of agreement with Britain. This is not the first time I have said that; this is the fourth time I have said that on the floor of this House and I would ask my Honourable friend, Mr. James, to refresh his memory by reading the note of dissent I wrote on the Indo-British Trade Agreement in the Select Committee's Reports on the Textile Bill and the Steel Protection Bill. But Britain wants to be the Master. Sir, I have looked into this Agreement. Sir Bhupendra Nath Mitra, on behalf of the Government of India, undertakes three times, and the Master, the British Government, undertake only once. And what is that undertaking? It is no undertaking at all. The British Government would like to ask the Colonial Governments to take more of Indian piecegoods and Indian commodities. Let the majority Assembly Committee opine that India has derived no benefit from the Colonies through the Ottawa Agreement. Sir, I thought that Mr. Runcimen was talking with his tongue in his cheek, because, if he was the right Minister of the Board of Trade, he ought to have known that Australia, Canada and South Africa have repudiated the Ottawa Agreement. The Ottawa Conference was a failure, and if it became successful, it was merely due to the machinations of the Government of India, by means of which they put through the Ottawa Pact in the teeth of the Opposition on the floor of this House. Sir, I was referring to the Assembly Committee's examination of the Ottawa Agreement, and I do not wish to refer to the Chair, but the fact remains that you, Sir, and Mr. K. C. Neogy were responsible for the minority report. These two gentlemen, who were the jewels of the Opposition of the last Assembly, did not sign the majority report which so many other people did sign. Of course, there is an admirable note by Mr. Sitaramaraju, but he did sign the majority report. Sir, you have laid down the demand of India in one paragraph which I will read to the House. Mr. James was a member of that Committee and he must have read that paragraph. That paragraph contains the national demand

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of India for any trade agreement, be it with England, or with Japan or with Ireland or with Italy. This is how the paragraph runs :

"Having regard to the economic policies adopted practically by all countries, trade agreements on the basis of mutual interests seem to be inevitable. We, therefore, recommend to the Government of India that they should take immediate steps to come to definite agreements on the system of quotas with all important countries that deal with us including the United Kingdom (*Mr. James to please note that there is no boycotting*), so that our trade position may be established on a surer basis."

I stand by it and the whole country will stand by it. The mercantile community all over India and the various Indian Chambers of Commerce will stand by it. But a little private talk in the parlour between Master Mody and Sir William Clare Lees has been magnified and has ended in a Trade Agreement which is not an agreement, but dictation of the Master to his Subordinate.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

**Mr. B. Das:** I will soon conclude my remarks. I know, Sir, that the Government of India were negotiating with Italy an Indo-Italian Trade Convention. They were also negotiating with Ireland an Indo-Irish Trade Agreement. I do not know whether these will come off or not, but I do know this that when the Government of India are not dictated by their Masters in Whitehall, they apply principles that they applied to the Indo-Japanese Convention. Sir, I am not a whole-hogger, and, being interested in the activities of the mercantile community, I am anxious that goodwill should be fostered between England and India for which my Honourable friend, the Commerce Member, has made an appeal. But, Sir, where is the return? There are two ways in which England can pay us in return. One is by political concessions and the other is by economic concessions. So far, I have seen no economic concessions. My Honourable friend, Mr. James, who interprets the British commercial mind, will take this assurance from me that I am prepared to enter into an agreement and to canvass throughout India to get sanction for that Trade Agreement if England honestly and sincerely gives us a return even in political concessions. Then, India will be prepared to give in return any concession that will satisfy my British commercial friends in England.

**Mr. Akhil Chandra Datta** (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Mr. President, the case of the Honourable the Commerce Member is a very simple one. His case is, there is nothing absolutely new in this Indo-British Trade Agreement and we are seriously asked to believe that all the ado about this Agreement is over nothing. This aspect of the question has, however, been dealt with exhaustively by my Honourable friends who have preceded me, and I do not wish to cover the same ground again.

Sir, there are certain essentials of a good agreement, whether it be in a law Court or otherwise. The first essential element in a good agreement is that it pre-supposes two contracting parties. Here the case is that it is an Indo-British Agreement. It is an Agreement between India on the one side and Great Britain on the other side. But the real question is: "Was India really a party to that Agreement? Did India really agree? Did she express her consent?" I venture to submit that far from being a party

to that Agreement and giving her consent to it, she was not even present: the Agreement has been entered into behind her back. She did not know what the contents of the Agreement were; she did not know how and by whom and through what channels all these negotiations were going on: and, therefore, I say, that an essential element of a good contract is wanting in this case. Who signed the contract on behalf of India? Did the gentlemen who signed the contract receive any authority from the Indian masses, from the commercial and industrial communities and from the Indian Legislature to come to that Agreement? In the first place, the gentleman who signed it was an unauthorised agent. In the second place, that unauthorised agent was not a free agent. His will was dominated by the will of the other party to the contract. Therefore, in fact, they were not dealing at arm's length with each other, but one party was dictating and the other party had to agree. Can this at all be called an agreement? Now, Sir, it is true that the matter has now been brought up before this Honourable House, but it has been brought up after it has become an accomplished fact. It has been flung upon the face of this Honourable House after it has been concluded. It is something like putting the cart before the horse.

Now, Sir, it is an old complaint of this country, and not merely of the political agitators, that India has never had her own voice in the determination of her fiscal policy. That was a grievance which was recognised even in the Montagu-Chelmsford Report and it was this aspect  
 1 P.M. of the matter which made Mr. Gokhale to characterise this as the darkest spot in the Indian administration. Since then, however, things were altered and the fiscal autonomy convention has since been accepted by the Government of India and by the Imperial Government. But the whole question is, whether or not this fiscal autonomy convention has been cast to the winds by this Agreement now under consideration? Another essential element of a good contract is consideration, whether there was any good and sufficient consideration so far as India is concerned. Our case is that really under the terms of this Agreement India will have to sacrifice more than she will gain. The benefit to India is problematical, whereas the benefit to Great Britain is definite and considerable. In order that there may be real reciprocity, there should be equality of sacrifice and equality of advantage. That must be the basis of mutual preferential trade agreement between the two countries. Examined in the light of that test, let us try to examine the Articles of this Agreement.

The stipulation contained in Article 1 and Article 3 is really based on the principle of Imperial Preference, giving preference to the imports of the United Kingdom. These articles propose lower rates of duty on goods imported from the United Kingdom. The inevitable result of this is higher prices for consumers and greater competition for Indian industries. This rebate granted to British products is bound to lead to one of two results. Either it will reduce the margin of protection required for our industries, thus retarding the industrial development of this country, or it will impose an additional burden on the poor consumers of this country by raising the price of articles imported from other foreign countries for the benefit of the British capitalists and the British manufacturers. The Honourable the Commerce Member has invited us to examine the terms of this contract with cold logic and reason. I believe, Sir, that even the Honourable the Commerce Member will admit that the Fiscal Commission was not a body dominated by any political bias. Therefore, I propose to examine the Articles of this Agreement in the light of the recommendations of the

[Mr. Akhil Chandra Datta.]

Fiscal Commission. Now, Sir, it is well-known that the Fiscal Commission did not recommend the acceptance of Imperial Preference as a general tariff policy of India. I say as a general tariff policy for India, because I should like to be accurate. With regard to some specified commodities, there was a faint sort of recommendation by that Commission for the acceptance of that policy of Imperial Preference. But, on that point, again, we have got to remember that the one condition laid down by the Fiscal Commission was that no preference should be given which would in any way diminish the protection required by the Indian industries, because, up to a certain point, it can be said roughly that the policy of preference and the policy of protection are inconsistent with one another. In any case we have got to remember another very important condition laid down by the Fiscal Commission and that condition was that anything like Imperial Preference, whether general or partial, should not be adopted except in accordance with Indian opinion and that Indian opinion expressed through our Legislatures. It is very clearly stated there that it must be with the free consent of the Legislatures, without which there should be no adoption of any Imperial Preference. In any case, Sir, our contention is that we cannot accept this principle of Imperial Preference until we have attained responsible Government and until we are able to regulate our fiscal policy by a vote of a wholly elected Legislature. I might add, Sir, that it is somewhat unfair to the future national Government of India, which, it is said, is coming soon, that, at this hour, these new Articles of Agreement should be entered into between Great Britain and India.

Coming to Article 3 of this Agreement, it lays down that, whenever possible, lower rates of duty will be imposed on goods of United Kingdom origin. I venture to submit that this is a new principle enunciated that in giving protection to Indian industries, the interests of British manufacturers are also to be safeguarded; that is protection not merely for Indian industries, but also for British industries at the cost, of course, of the Indian consumers. It is practically enacted that India should afford protection not only to Indian industries, but that India should afford protection to British industries also. It is the case of a pigmy asked to protect a giant,—the case of a street beggar asked to patronise a millionaire. In Article 3, sub-article 3, the Government of India undertake that the differential margins of duty established in accordance with the principles laid down in the preceding clauses of this Article between the United Kingdom goods on the one hand and foreign goods on the other shall not be altered to the detriment of United Kingdom goods. That is, India must no longer have the right of entering into agreements with other foreign countries for mutual or preferential tariff treatment, if it so happens that it would prejudicially affect British interests. I say, Sir, this is a step backward.

Now, Article 4 of this Agreement lays down that the Government of India undertake to re-open the question of appropriateness of the existing protective duties from the point of view of the new principles laid down in this Agreement; that is, the new principles will apply not only to protective duties, hereafter imposed in future, but would apply to duties already imposed in the past. In other words, they ought to have retrospective effect. In this enquiry the British industries must be heard. With regard to this demand of the British industries, let me read out what the

Federation of the Indian Chambers of Commerce and Industry says. This is how they express their opinion on this Article:

"The Committee of the Federation are constrained to characterise this as a preposterous demand of the British industries to seek to nullify the very principle of fiscal autonomy, as it amounts to an interference in the internal administration of a country and that too at the instance of an industry which is in direct competition with an indigenous one. This particular article 4 will act as a serious impediment in the industrial development of India as no industry will ever flourish if it is to be in constant dread of the protection given to it being altered from time to time, at the instance of its British rivals. There is bound to be a conflict between the Indian and the British interests and the Committee have no hesitation in recording their opinion that in the case of such a conflict the interests of the Indian industries are likely to be subordinated to those of the British ones. The anxiety of the Government of India, in safeguarding the interests of the British industries, such as the iron and steel and cotton textile, is an illustration ample enough to justify the Committee's apprehensions in regard to the working of article 4 of the agreement."

These are the obligations undertaken by the Government of India in this Agreement.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has exhausted his 15 minutes.

**Mr. Akhil Chandra Datta:** May I be permitted two minutes more? I have not the time to elaborate all the evil effects of an Agreement like this. I would like, therefore, to place an exhaustive summary of the evil effects of such an agreement which was made by Mr. N. R. Sarker as President of the Bengal National Chamber of Commerce:

- (1) India stands to gain little and to sacrifice much more.
- (2) The benefits to India are inconsiderable and problematic.
- (3) The benefit to Great Britain is much more definite and considerable.
- (4) It will affect adversely India's trade with other foreign countries, which form its largest group of customers.
- (5) It is likely to provoke retaliation by countries which are hit by preference to Great Britain or the other Empire countries.
- (6) For these reasons, it will only cause a redistribution of Indian trade and not increase the total volume of trade; in fact, India's exports are likely to be reduced.
- (7) It will either reduce the margin of protection required for Indian industries, retarding the industrial development of the country or else,
- (8) It will impose an additional burden on Indian consumers by raising the prices of imported articles for the benefit of British industries.
- (9) It will render our fiscal system inflexible, virtually destroying our fiscal freedom.
- (10) It will render it difficult, if not impossible, for India to negotiate mutually advantageous trade agreements or preferences with other countries.
- (11) It will greatly increase India's economic dependence upon Great Britain and confirm her political subjection to that country."

Sir, I support the amendment of my Honourable friend, Mr. Gauba.

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#### STATEMENT OF BUSINESS.

**The Honourable Sir Nripendra Sircar** (Leader of the House): With your permission, Sir, I desire to make a statement as to the probable course of Government business in the week beginning Monday, the 4th February. I announced last week, that, in order to meet the wishes of the House,

[Sir Nripendra Sircar.]

Government would find three days in that week for the debate on the motion, of which I have given notice, that the Report of the Joint Committee on Indian Constitutional Reform be taken into consideration. In consultation with the Leaders of Parties, I have reached the conclusion that the best arrangement for this debate is that it should begin on Monday, the 4th, and that it should be continued on Wednesday, the 6th, and that it should be concluded on Thursday, the 7th. That day is at present allotted for non-official Resolutions, but as all persons who have found a place in the ballot are agreeable, I propose, with your approval, Sir, to invite the Governor General to transfer the allotment of Thursday, the 7th, to Monday, the 11th, with the result that the ballot for Thursday, the 7th, will stand. In addition to the meetings on the 4th, 6th and 7th for the debate on the constitutional issue, there will also be a meeting for non-official Resolutions on Tuesday, the 5th. Friday, the 8th, is a gazetted holiday for Basant Panchami, and it is not proposed that the House should sit on Saturday, the 9th, on which day it is understood that there will be a further sitting of the Standing Finance Committee.

**Mr. Sami Vencatachalam Chetty** (Madras: Indian Commerce): Sir, may I ask if there will be an interregnum after the 11th?

**The Honourable Sir Nripendra Sircar:** If my Honourable friend will wait, he will hear another statement made at the proper time before that.

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

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The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. President (The Honourable Sir Abdur Rahim) in the Chair.

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#### MOTION RE INDO-BRITISH TRADE AGREEMENT.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair has to inform the House that the House will be adjourned today at 4 o'clock as, it is understood, there are many Honourable Members who want to attend the reception in honour of His Highness the Maharaja of Nepal, and if the debate is not concluded today and if Honourable Members so desire, the Chair is prepared to sit again tomorrow so that this debate may proceed.

**Munshi Iswar Saran** (Benares and Gorakhpur Divisions: Non-Muhamadan Rural): Mr. President, the question before us is so simple that even a mere layman like myself might venture to trespass on the attention of this House for a few brief moments. I wish to make it perfectly clear at the very outset that we are not here concerned with the Ottawa Pact, nor are we concerned with the Mody-Lees Pact. Furthermore, we are not here concerned with the meaning and significance and scope of what is known as the Fiscal Autonomy Convention. The sole question which we have to put to ourselves is, is this Agreement which has been entered into by the Government of the United Kingdom on the one side and the Government of India on the other, in the interests of India, and shall we,

as representing the people of India, be justified in giving our assent to it? The Honourable the Commerce Member, with that dexterity which anybody who knows him associates with him, said:

"This Agreement is in conformity with previous principles. This is in accordance with past practice."

And his suggestion was that, therefore, it should be accepted. I submit with great respect that all those questions are irrelevant. The only issue before us at the moment is, is or is not the Agreement in our interests? If it is not in our interests, then we shall be betraying the trust that is reposed in us if we give our consent to it.

I can submit with confidence before a President who has had a great deal to do with judicial matters, that if in a Court of justice there had come up for consideration an agreement between a guardian and a ward or an agreement between a trustee and a beneficiary—we are told *ad nauseam* that Britain is the trustee of this country,—or an agreement between a superior and a subordinate Government—this Government has been called a subordinate Government, not by a Congressman, but, by the late Lord Curzon himself—it is perfectly clear that the Court would jealously see whether or not the dominant party had been able to gain an unfair advantage over the subservient party. In a similar manner, the House should approach this question.

There are certain things which strike one when one begins to consider the surrounding circumstances in which this Agreement has been made. May I remind the House that the Agreement was made on the 9th January, 1935, and it was very well known that the Session of this House was to commence on the 21st of January, 1935? May I ask—I shall ask my Honourable friend, the Commerce Member, not to take shelter behind technicalities—could not the Government which he so worthily represents have waited for a few days and put the matter before the Assembly before making the final agreement? I wish to make it clear that I do not hold that in every case and in all circumstances it is the duty of Government to put every proposed agreement before the House and obtain its sanction thereon; nor it is the right of the House to say to Government, "you shall in no case enter into an agreement without our previous sanction". But, having regard to all the circumstances, in the present case, this would have been a most desirable course for the Government of India to follow. The Government of India knew very well that all these previous transactions—the Ottawa Pact and so on—had been very unpopular in the country. Perhaps the country is not able to understand those high principles of trade and commerce which I suppose it is the special privilege of the Members of Government to understand. That may be. But the fact remains that the country has been opposed to all these arrangements that have been entered into. I shall, with your permission, read to you a passage from a speech delivered by an Honourable Member on the floor of this House before telling you the name of the speaker. It runs:

"I do not in the least deny the contention of my Honourable friend, Sir Abdur Rahim, that he has got the country behind him in opposition to this Agreement. I know that the great volume of opinion outside the House is with my Honourable friend, Sir Abdur Rahim; but I am also confident that if that great volume of opinion outside this House had an opportunity to examine this Agreement with the same amount of care with which my colleagues on the special committee examined it, they also would be converted in time to the view that I hold that this Agreement would be in the interests of India; but even if the majority outside this House were against this

[Munshi Iswar Saran.]

Trade Agreement, I would take consolation in the fact that on certain occasions, at any rate one must choose between two alternatives, honesty and popularity, and in this I had not the slightest doubt in my mind what is the alternative that I ought to choose, and I am glad that in this I was able to carry a great many of my colleagues with me."

Who was this speaker who admitted that the volume of opinion, rightly or wrongly—I shall concede for the purpose of this argument wrongly—was against the Ottawa Pact? A man whom, without offence, I may call the prize-boy of the bureaucracy and the political godson of a very distinguished personage—I mean Sir Shanmukham Chetty. I find, there were cheers at the close of these remarks; the cheers must have come more particularly,—I venture to imagine,—from the other side. The Honourable the Commerce Member in his capacity as the representative of the Government of India knew full well the feeling of the country on this subject, and still what do the Government of India do? I should feel very sorry, Sir, to say an unkind word against the Honourable the Commerce Member, because I know that in his private capacity he would be a very different man from what he is in his official capacity and he would not do many things which force of circumstances compel him to do in his present position. Now, it appears, Mr. President, that the negotiations about this Agreement started somewhere in July, and it was on the 13th August, 1984, that questions were put to the Honourable the Commerce Member. And look to the answers that were given on behalf of Government. The question was: "May I take it that at some stage before the negotiations are completed, commercial interests,—and I am referring to Indian commercial interests,—will be consulted?" The answer was: "I am not in a position to bind myself in regard to that, but I have no doubt that Government have an opportunity of knowing what the views of the commercial interests in this country are on the various questions that are under discussion". Then the reply to another question was, "Before they have made up their mind or come to an agreement, I said that I have no doubt that Government will be in a position to appreciate and know what the views of the commercial community are in regard to the various questions under discussion". What was claimed on behalf of Government was that they possessed some occult powers by which they knew all about the public opinion in this country in regard to the various questions which were the subject of negotiations between His Majesty's Government in England on one side and the Government of India on the other. They did not,—I shall beg you, Sir, to remember,—at that moment say that it was not necessary to consult commercial opinion in this country. That was not their position then. Their position was that no consultation would be necessary as the Government of India knew what the views of the country would be. But now we find that the Government of India in a letter addressed to the Indian Chambers of Commerce say: "The Government of India are unable to understand why it should be deemed necessary to consult the commercial or public opinion on matters involving no new departure in principle or in practice". I submit to you, Sir, with great respect, that perhaps when this answer was written to this Chamber of Commerce, the previous questions and answers were not placed before the gentleman who drafted this answer. The Honourable the Commerce Member very gently shakes his head—I put it to the House, is the present answer consistent with the answers that were given on behalf of Government when these questions were put on the 13th August? They said that they knew the opinions; now they say



that it is not necessary to consult those opinions. I say there is a distinct contradiction between the two statements, because on one occasion they say that it is not necessary to find what the views of the Indian commercial community are, while, on the other, they say: "Well, we know all that has to be said".

Sir, we all know that the United Kingdom cannot normally be expected to absorb more than 20 per cent. of our commodities which are of an exportable character. That being so, when entering into an Agreement of this nature, the most important fact to take into consideration is how will it affect those which deal with the 80 per cent. of the exportable commodities of India? Now, it is obvious, I submit, that if you make an agreement, and if you show some preference to a party which does not take more than 20 per cent of your exportable commodities, it does not require very great imagination to realise that it might be,—I do not wish to put it higher than that—that those who deal with the 80 per cent. of your exportable commodities might not like it, and your interests, as far as they are concerned, might be prejudicially affected. I, therefore, say, Sir, that this one ground alone should be enough for us not to agree to ratify or give our consent to the Agreement which has been made.

Then, Sir, there is another matter which deserves attention, and it is that, what might have been a practice, what might have been an understanding, is now being reduced into an Agreement, into a binding contract, that in all inquiries before the Tariff Board such industries in the United Kingdom as are inclined to make any representation to the Tariff Board will have the right to do so. I do not say that they have not done so in the past,—I do not,—but what I say is that there is a world of difference between something which depends on your goodwill or acquiescence and a right which has for its foundation a binding contract. And what is worse is that, during the currency of the period of protection, the Government of India will cause an enquiry to be made as to the appropriateness of the existing duties on the representation of any industry in the United Kingdom which is interested in the particular trade. I submit to you that this is a wide power and a very dangerous power, because, what will be the consequences? You will destroy that sense of security which the industry in this country has . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member's time is up.

**Munshi Iswar Saran**: Very well, Sir. Your attention and the attention of the House have been invited to other considerations also. What I submit to you is this. If you consider what India had to give to Britain on one side and what India has received from Britain on the other, the conclusion is irresistible that this Agreement is more in favour of the United Kingdom than it is in favour of India.

**Mr. Bhulabhai J. Desai** (Bombay Northern Division: Non-Muhammadan Rural): Entirely.

**Munshi Iswar Saran**: The Leader of my Party suggests entirely, and I thankfully accept the amendment; it is entirely in favour of the Government of India.

**Mr. H. P. Mody** (Bombay Millowners' Association: Indian Commerce): Hear, hear. Of the Government of India. (Laughter.)

**An Honourable Member:** Of the United Kingdom.

**Munshi Iswar Saran:** On what evil days have my Honourable friends on the other side fallen, that they and their supporters seek refuge in a mere slip of the tongue!

**An Honourable Member:** That is the only thing they can do.

**Munshi Iswar Saran:** My time is up, and, therefore, I shall make this last submission to you, and it is this. Having regard to the fact that this Agreement has been entered into in defiance of public opinion, in defiance of commercial opinion, which the Government of India knew perfectly well, and also having regard to the substance of the Agreement and the conditions which are more, nay, entirely favourable,—I shall adopt the word of the distinguished Leader of my Party,—to the industries in the United Kingdom, I say, there is no other course possible for this House, I mean no other honourable course, but to say in most emphatic language that this Agreement should be terminated, and, as far as we are concerned, we shall be no party to it. (Cheers.)

**Mr. H. Dow** (Government of India: Nominated Official): Sir, with your permission, I shall devote the short time at my disposal merely to the examination of two of the points which were raised in the course of the debate this morning. The allegation has been made that this Trade Agreement between the Government of India and the United Kingdom, in some way, is inconsistent with the Fiscal Autonomy Convention. One Honourable Member, I think, went so far as to say that this convention had been thrown to the winds. Now, what is this Fiscal Autonomy Convention? I do not wish to take up much time in elaborating a thing which ought to be known, and, I am sure, is known, to a great many of the Members of this House, perhaps to all of them, but it is, I think, necessary that I should read just one sentence from the Joint Select Committee's Report of 1919. I only want to read the last sentence of the Report on clause 33 of the Government of India Bill—not because there is anything else in that paragraph which I am anxious to leave out, but I just want to read the last sentence:

"In the opinion of the Committee, therefore, the Secretary of State should, as far as possible, avoid interference on this subject when the Government of India and its Legislature are in agreement, and they think that his intervention, when it does take place, should be limited to safeguarding the international obligations of the Empire or any fiscal arrangements within the Empire to which His Majesty's Government is a party."

Now, that is only a statement of what the Joint Committee thought the Convention should be. The thing was taken a stage further when a deputation from Lancashire waited on the late Mr. Montagu in March, 1921. Mr. Montagu then accepted fully the terms in which this Convention had been stated by the Joint Parliamentary Committee, and, in the Council of State here, a few months later, the Government of India were asked to state their attitude with regard to this Convention. The Government reply

was—I am afraid I have forgotten who the Honourable Member in charge was at that time:

“I am perfectly prepared to state that the Government of India have every intention of exercising, in concert with the Indian Legislature, and in what it believes to be the best interests of the country, the fiscal powers which have been conferred on it under the recent Constitutional Reforms.”

Then the Tariff Board came into operation, and there have been various enquiries, and the principle laid down in this Convention has been followed. There has been no interference of the Secretary of State in the matters in which it was laid down in the Convention that the Secretary of State would not interfere. Then, in 1930, on the Textile Industry Protection Bill, the matter was fully discussed in the Legislative Assembly, and if I may say so, the debate that we have today marks the fullness of the recognition of this Convention. (Laughter.) I will explain what I mean.

**An Honourable Member:** Marks the abolition.

**Mr. H. Dow:** Hitherto, when the matter has been debated in this House, there have always been certain Honourable Members who have refused to believe that this Fiscal Autonomy Convention was of any use to India. Now, I understand, it is the gravamen of the charge against the Government that Government are throwing this Convention to the winds.

I maintain that there is nothing in the conclusion of the Agreement which in any way conflicts with the Fiscal Autonomy Convention. That Convention deals with one point only, and that is the circumstances in which the Secretary of State should refuse to exercise his ordinary powers of superintendence, direction and control. If the Government of India are not in harmony with the Legislature in the matter of this Agreement, the use of this Convention does not arise at all; and I would like to point out that in the debate of March, 1930, although this matter was very fully discussed, it was never even suggested that there was anything in the Convention which would prevent India from entering freely into any Agreement with the United Kingdom, nor was any suggestion made by any Honourable Member that it would be necessary to associate the Legislative Assembly with the Government of India in the purely executive function of negotiating such an Agreement.

Now, I pass on to my second point. We have been told that this Agreement cuts at the root of India's powers of protecting her own industries. Sir, I think there is nothing at all in this Agreement which will embarrass the Tariff Board in applying to the applications before it exactly the same principles that have been applied in the past. It would be quite easy for me to go through this Agreement, clause by clause, and illustrate that point, but I do not intend to do so. I will just refer to the two clauses of the Agreement which have been brought forward by more than one Member this morning in order to show that Indian industries are going to be deprived of their opportunities to protect themselves. Clause 2 of Article 3 says:

“The Government of India further undertake that the measure of protection to be afforded shall be only so much as, and no more than, will equate prices of imported goods to fair selling prices for similar goods produced in India.”

[Mr. H. Dow.]

Now, Sir, what is that but a statement of the principles on which the Tariff Board have always based their recommendations? And not only have they based their recommendations on that principle, but it has always had the full support of all responsible sections of Indian opinion. Perhaps there is some apprehension about this phrase "fair selling price". There may be a fear that it would perhaps handicap the Tariff Board in dealing with industries that are not so firmly established as the greater industries. I do not think there need be any apprehension on that score. The Tariff Board have always considered themselves entitled to take into consideration the circumstances of a particular industry, and, in coming to their decisions on what is a fair selling price, they may legitimately take into consideration that one industry would require, if it was to get any real measure of encouragement, perhaps a greater return on its capital, or a larger profit, than another industry. This involves no new departure on the part of the Tariff Board. The Tariff Board has always considered itself competent to consider for each separate industry what would be a fair selling price, and it has not come to any hard and fast conclusions which it tries to fit into the circumstances of every industry.

**Sir Cowasji Jehangir** (Bombay City: Non-Muhammadian Urban): May I put a question to the Honourable Member? There was no change of principle up to now, but after this Agreement was signed, does not this clause define the selling price? Do the Government of India interpret this clause as not a definition of selling price? Do they maintain that the definition of selling price remains as it was before it was signed?

**Mr. H. Dow:** This clause does not contain a definition of a selling price, and I can see in it nothing which in any way attempts to give any fresh instructions to the Tariff Board. I think the Tariff Board will be able to conduct any future inquiry without even troubling to read this clause.

**Sir Cowasji Jehangir:** Does not it mean that the selling price is a price that equates the prices between the two countries?

**Mr. N. M. Joshi** (Nominated Non-Official): Who is the final authority as regards the interpretation of these matters?

**Mr. H. Dow:** The Tariff Board's reports have always been dealt with by the Government of India so far. It has never been suggested that the Tariff Board is the final authority, and that everything that the Tariff Board recommends ought to be done. The Tariff Board reports to the Government of India.

(Mr. N. M. Joshi rose to interrupt.)

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member is not giving way.

**Mr. H. Dow:** The measure of protection to be afforded shall be only so much as, and no more than, will equate prices of imported goods to fair selling prices. Now, Sir, what I maintain is that if the Tariff Board were

to go beyond this and to recommend that a duty should be fixed which would enable goods to be sold at more than the fair selling price, they would be going beyond the Resolution which this Assembly laid down in 1923. It was then made perfectly clear that in the application of the principle of protection, "due regard should be paid to the well-being of the community and the safeguards suggested by the Fiscal Commission".

Now, if you are going beyond the fixing of a fair selling price, you are going beyond this Resolution and you are imposing on the consumer a burden which you have no right to impose upon him.

Now, possibly some alarm has been caused by clause 3 which says that:

"The differential margins of duty established in accordance with the principles laid down in the preceding clause of this Article as between United Kingdom goods on the one hand and foreign goods on the other, shall not be altered to the detriment of United Kingdom goods."

I can only explain this alarm by supposing that Honourable Members think that this means that a duty once imposed on United Kingdom goods cannot be raised. That suggestion was made in a question put by one Honourable Member. It seems to me perfectly clear that if the price of the United Kingdom goods goes down and that of foreign goods goes up, this clause does not prevent an adjustment of the duties by raising the duty on United Kingdom goods or lowering it on foreign goods. What really matters is the relative position of the landed cost of United Kingdom goods or foreign goods to the fair selling price of goods produced in India and as long as that is not disturbed, I do not think it can be maintained that duties are being altered to the detriment of the United Kingdom. I hope that will remove some of the uncertainty on that point.

Those are the only two points that I wish to make. Yesterday an Honourable Member, speaking to a Government Resolution, made, what I understand, is the customary reference to Government as a mountain producing a mouse. I am not going to suggest that the Movers of these amendments are mountains, and it is only in the course of nature that what they have produced should be a little mouse. What we are entitled to object to on this side of the House is the attempt to represent this little mouse as a mountain.

**Mr. K. L. Gauba:** Might I ask a question? The Honourable Member read out clause 2 of Article 3 of the Agreement and said that the Tariff Board would do no more than equate prices. What I would like to ask is, after the Tariff Board has recommended an equation of prices, what does the rest of the clause imply? The rest of the clause, which my learned friend did not read out, was:

"Wherever possible, having regard to the provisions of this Article, lower rates of duty will be imposed on goods of United Kingdom origin."

**The Honourable Sir Joseph Bhoré:** Sir, may I say I will deal with that point very fully when I stand up to reply?

**Sardar Mangal Singh** (East Punjab: Sikh): (Applause). Sir, the question of this Trade Agreement raises very important issues, fundamental issues, which are intimately and deeply connected with our industrial, commercial and agricultural life. So far, many Members have spoken,

[Sardar Mangal Singh.]

but there is not a single Member, a single elected Indian Member who has not had a bit at this unjust document, this precious document, which weighs less than two ounces. (Laughter.) Sir, this document is not an agreed document; it is not a document which is the result of mutual negotiations, mutual deliberations, but it is an entirely one-sided document, sought to be imposed by a superior Government, a very powerful Government, upon a subject-country. The Honourable the Commerce Member has asked us not to be prejudiced by political considerations. Very well, Sir, I shall make an effort in that direction, but you cannot get away from the fact that India is a subject-country and the Government of India are a subordinate Government to His Majesty's Government in the United Kingdom. Under the circumstances, Sir, it would have been a miracle if this document, if this Trade Agreement would have been fair to India. An Honourable Member has just said that this document is a road to Dominion Status. (Laughter.) Sir, if this is the road to Dominion Status, then that is not a fair and promising Dominion Status of which my friends over there, the Liberal politicians, are so much enamoured, but it is a road not leading to Dominion Status, but to a dummy status. (Laughter.) I have said that this document is a one-sided document. Sir, it does not at all protect our interests, and it reminds us of our real status, namely, our utter helplessness and degradation, so much so that we are not in a position to safeguard and to protect the interests of our own nationals in our own country. Very well. I will not refer to my political convictions here, but I shall try to examine this in the light of cold reason, as we have been asked to do by my Honourable friend, the Commerce Member. This document is not based, Sir, on the principle of give and take, but on the principle of take and take on the one side and give and give on the other side. (Loud Laughter.) Therefore, Sir, as an elected Member; as a Member who has to go again to his countrymen to ask for their votes, I cannot stand here and say any word in favour of that precious and that wonderful document which is known as the Indo-British Trade Treaty.

Then, Sir, the Honourable the Commerce Member said that they have not broken any new ground. I admit, but I would submit they have broken many new principles. They have implemented the principle of Imperial Preference which it has been the effort of several interested quarters to impose upon India, but, so far, the Indian Members, if I may say so, even the Indian Government, have not so far thought it proper or just to submit to this iniquitous demand. Sir, the first Article of this Agreement grants Imperial Preference. I do not pretend to be a shrewd business man,—I am a layman. This very first article reads to me like this, that it would not be possible for us to tax imported articles from the United Kingdom in the same way as we would be able to tax articles from other countries, if we thought that that was in the interests of our country. Now, if that is not Imperial Preference, I should like to know what that is. In the second place, the second principle implemented is that we have even departed in this document from "discriminating protection". Under Article 3, it would not be possible for us to help our own industries in competition with British industries. It is a power reserved to the Government and even to the Lancashire interests that, whenever they like, they can demand a reconsideration. They can say that this duty is too much and you should reduce it, and so on and so forth; and, Sir, above all, they

can say that you cannot enter into trade agreements with other countries. Supposing there is a country, supposing Japan is prepared to take our raw materials, and, in answer to that, in consideration of that, we should wish to make room for their articles. But, under this Agreement, it is not possible for us to do that if that goes against the British commercial interests. We are here debarred from entering into trade negotiations with other countries if that agreement goes against British mercantile interests. Then, Sir, much has been made of reciprocity,—that the Government of the United Kingdom, in consideration of several facilities which they have got, have conceded that they will give preference to, and they will try to import more articles from this country. What is the position? They are importing duty-free our pig iron. It is very kind of them. Three years ago, they imported about three lakhs of tons, and last year, it came down to less than a lakh, and, within the next two years, I think we will go down to zero. Sir, that is the reciprocal treatment which we are getting. And, lower down in Article 5, they say something about our cotton imports into England. The expressions used are very vague and general. They say: "All possible efforts" and "all possible ways" and that sort of thing. I would like to put a straight question. Are they prepared to fix a definite quota? Would they be prepared to take so much cotton or wheat or other commodities which we can afford to send? Are they prepared to take so much at least a year just as we have contracted with Japan? Are they prepared to do it? Are they prepared to tax cotton from other countries in preference to our cotton? I am just speaking here from the point of view of an agriculturist with whom the Government professes to be in great sympathy. I will ask a straight question. Are the Government of the United Kingdom prepared to levy a tax on cotton from other countries and admit our cotton duty-free? Sir, we know that this proposal was put before the Government of the United Kingdom by the Government of India, but the Government of India were not able to convince that Government, because it would go against the mercantile interests of Great Britain. The proposal was, therefore, thrown out. With these few remarks, I would appeal to my Honourable friends—at least the elected Indian Members—to vote for the amendment which has been moved by my Honourable friend from the Punjab, Mr. Gauba. As a matter of fact, the country has already given its verdict in very clear and unmistakable terms and we are here, as representatives of the people, simply to register that verdict and throw out this document which is unjust, unfair and unfavourable to our interests and to our country. (Applause.)

**Mr. Mathuradas Vissanji** (Indian Merchants' Chamber and Bureau: Indian Commerce): Mr. President, first of all, in rising to support the amendment of my Honourable friend, Mr. Gauba, I crave your leave that this being my first attempt in this Assembly to speak on an important matter, I might perhaps exceed the time-limit that is allotted to me, although I will try my best to be within the time at my disposal. I will try to restrict myself to the cold logic which the Honourable the Commerce Member gave us in his opening speech. I have no intention to dwell at length on the political and constitutional aspect of this matter. It is, indeed, not because I find no objection to this Treaty on political and constitutional grounds, that I have decided not to labour those points. The mere absence of any consultation with Indian interests, even though repeatedly requested by the Federation of Indian Chambers of Commerce and Industry to do so, and even though the corresponding British interests were not only consulted, but were allowed practically to dictate the terms of this Treaty, would be

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sufficient ground to take exception to the procedure attending the negotiation and conclusion of this Treaty. The contrast with the procedure attending the Indo-Japanese Pact, wherein Indian delegates were at least nominally associated in negotiations, is too glaring not to afford another objection to the present Treaty on the same general ground. In regard to a self-governing Dominion, the Imperial British Government would not dare to assume such a dictatorial tone in matters relating to its trade and industry; for, the principal Dominions have always their own Ministers and representatives to negotiate such agreements whenever one becomes necessary. India, we are told is, in practice, on a level with the Dominions; and, yet, in such a vital matter as India's trade and industry, affected by a treaty like this, we have been treated in a way which cannot but emphasise our lack of self-governing status. Even the precedent of the Ottawa Agreement itself is not followed, for there at least non-official delegation, no matter how selected, had taken part in the preliminary negotiations and the final Pact. The precedent of Ottawa is particularly unfortunate for Government to rely upon in this case; for, whereas in that Agreement, negotiations were conducted by Indian representatives, and the final Pact applied only to a stated number of articles, this Treaty has been concluded without any reference to Indians, and forms a limitless charter of preference for Britain on the entire trade of India, without any substantial *quid pro quo* such as Ottawa gave. On all these political and constitutional grounds, much could be said in condemnation of this Pact; but I shall leave that to those of my Honourable friends on this side of the House who are better trained to deal with such matters.

I come to the strictly economic and commercial objections to this Agreement and will discuss it on its merits. Without detaining the House by an analysis of every clause of the Treaty, I must point out that, if its terms are given effect to, India's right to protect and develop her natural industries will have to be sacrificed. Sir, the path of Indian industries seeking protection—even when badly needed and richly deserved—is not very easy. If the prime considerations influencing the Tariff Board are the need of the industry, and the suitability of the conditions under which it is working, the principal consideration before the Commerce Department in scrutinising the recommendations of the Tariff Board is nominally the interests of the Indian consumer, and of Indian revenues. In fact, the interests of British industry are also given full consideration. If the Department is convinced of an irresistible case for protection, it embodies its findings in suitable legislative form for presentation to the Legislature. Even then it is not always certain that the industry would get all that it needs or all that is recommended. Under these measures, there is a chance of the industry growing, or growing more rapidly than would have been the case in the absence of such protection. Considerations of Imperial Preference may modify the initial protection granted, but cannot altogether deny it. Under the terms of this Treaty, however, India will be bound, in every instance almost, to charge lower duties on goods of British origin than on those of other countries. This is regardless of the fact that protection to Indian industries is often needed, more particularly and rigidly against its British rival in the Indian market than against any other. This is surrendering India's birthright in regard to developing every possible or at least every suitable industry in the country with the minimum of expenditure in time and energy. India never can hope of an intensive policy of industrial regeneration; she can have no scope for any concrete scheme



of unemployment relief, nor can entertain any hope of a nationally planned economy, so long as this unfortunate engagement is allowed to chain our national activity in support of our own essential suitable industries. If we are bound by such a Treaty to grant invariably lower duties to goods of British origin, we shall be precluded by that fact from granting to other countries any consideration which might tempt them to accord some advantage to our trade with them. When the Government of India concluded a pact with Japan, a concrete *quid pro quo* was established; India's trade with Japan is, on the whole, more to India's advantage, so far as the balance of payments is concerned, than her trade with Britain can ever be hoped to be. What has actually been the case in regard to Japan may quite likely be the case with regard to other countries as India trades with almost every country except Britain on terms which leave generally a balance in her favour. But any of these countries may, quite conceivably, embark upon a policy of special encouragement of their other markets, which would oblige India to negotiate with such a customer a new deal. But, while this Treaty endures, what can India offer by way of temptation or consideration, to such a country that she should be induced to grant us particularly favourable terms? The offence of this Treaty thus lies, not only in its granting to England what would cripple India in developing rapidly her own industries, it lies still more in preventing India from having any bargaining power *vis-a-vis* other countries, so as to safeguard her industry and protect her commerce. The Treaty thus denies this country a primary right of national development, and prevents her from even dreaming of a scientific, comprehensive, co-ordinated system of national economic development without which there is no hope of a real increase in general well being.

Sir, clause 2 of this Treaty recognises the revenue duties of India and the place of import duties in meeting those needs; while clause 4 of Article 3 concedes to the Government of India, in cases where they deem it essential in the interests of their revenue, to impose an over-riding revenue duty on imported goods higher than the protective duty requires. This apparent solicitude for the "revenue needs of India" may quite possibly lead us to reintroduce that hateful feature of the Indian tax system, the internal excises. Sir, I consider all excise duties objectionable which are not levied on articles of deleterious consumption, for they fall on the production of the country and so tend to discourage the production of new wealth, and thereby reduce employment and the general well being of the community. If, however, we are obliged under this Article to give due weight to revenue considerations in fixing levels of import duties, and if the revenue needs of the Government require a duty higher than an additional to protective duty, as was the case in connection with sugar, there would be every likelihood of that over-riding revenue duty being required to be counterbalanced by an excise duty on our home production in that protected industry. This, Sir, is a likely contingency because the Budget of this Government is in chronic deficit but also because this treaty binds them under Article 4. "in the event of any radical change in the conditions affecting protected industries during the currency of the period of protection" to cause an enquiry to be made, either on a request from His Majesty's Government, or on their own initiative as to the "appropriateness" of the existing duties from the point of view of the principles laid down in Article 3. In the course of such an obligatory enquiry, consideration will have to be given not merely to the revenue needs or to the interests of the Indian industry, or the Indian consumer, but also to any

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representation that may be addressed to the investigating authority "by any interested industry in the United Kingdom". This, Sir, spells in my eyes, the end not only of our very moderate policy of discriminating protection to local industries but also to any consideration of the interests of the Indian consumer. Excise duties on home production often act so as to diminish the very fund from which the revenues of Government are ultimately derived. I mean the productive resources and, therefore, the wealth of the people and hence, I repeat, this apparent solicitude for the revenue needs of the Indian Government will result in practice in nothing more than excise duties on domestic production to countervail the supposed "inappropriateness" of any existing duty, at the instance of the British competing industry and of course it means the end of fiscal autonomy convention.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has only two minutes more to conclude his speech.

**Mr. Mathuradas Vissanji**: As I already requested in the beginning, I hope I will be allowed a few minutes more to conclude my speech considering the great importance of the subject I have to deal with.

Now, Sir, Article 8 is likely to prove the most potent source of injury to Indian industries and to the general well being of the people. For, under its provisions, the Government of India have bound themselves to a third party to give only such protection to a local industry, if qualified for it, and no more, as would *equates the prices in India of such imported goods with fair selling prices of corresponding goods made in this country*. The very positive and emphatic terms employed in the wording of this article discloses beyond the possibility of a doubt or misunderstanding, the real intentions of the authors of this Treaty. By this they want Indian industry to be for ever tied to the chariot wheels of British commerce. I am very apprehensive, Sir, and with good reason from past experience, as to what precisely shall be the interpretation put upon this wording: "the measure of protection to be only so much, and no more than, will equate prices of imported goods to fair selling prices of similar goods produced in India". I am aware, Sir, that there is conventional definition of a fair selling price for protected Indian goods. But that definition, if it is really operative, will apply more easily to goods produced under practically monopoly conditions than to goods produced under conditions of wide internal competition. It is difficult to say which of the many producing establishments in a protected industry, presumably on a varying standard of efficiency and economy in production, will be taken as representing normal conditions of production, whose selling price would be regarded as fair. The British competitor of such goods might urge that under prevailing conditions the fair selling price is represented only by the Indian producers at the top, or of those concerns which have entered into a combine with the British interests. I think either only a limited number of competing establishments will survive under this policy, which would be unable to meet the whole Indian demand, or the surviving establishments would combine with their British competitors to make a practical monopoly for the greater exploitation of the Indian consumer. Such a possibility, Sir, cannot be contemplated without tremor by any patriotic and thoughtful Indian. I, therefore, view this particular article with the utmost dread, and were there no other reasons, this alone would suffice, in my eyes, to condemn this Treaty altogether.

I have one more consideration to place before this House in condemning this Treaty, because Article 4 permits a reconsideration of an existing protective duty in India, even during the guaranteed period of that protection, at the instance of the British Government or the British interests, and because that condition opens up the possibility of reducing the margin of protection to Indian industry even during the currency of the statutory period, capital would feel very shy, and investment in new and promising industry would be effectively discouraged. How can we accept such unfair and injurious arrangements?

I now come, Sir, to the most astounding and egregious provisions in this Treaty. In the Articles of the Treaty which deal with the consideration offered for the very substantial and valuable advantages claimed of us by British manufacturers, there is not a trace of any real *quid pro quo* offered by the Britishers. The British Government is not bound to take any steps even—they will only give consideration to steps that might be taken; and that consideration, again, is to be in co-operation with the commercial interests of British concerns. Can any reasonable person imagine that the principal competitor of any manufacture would advise, when consulted, that steps be taken which would make difficult their competition in India? Notice the marked difference in wording between Articles which concern the obligations put upon the Indian Government, which in every instance undertakes to do this, that or a third thing—and the counterpart of the same Articles when they relate to the British side of the bargain. I leave it to the House to judge for itself on this point. The British Government nowhere bind themselves to impose a special duty on non-Indian cotton imported into Britain so as directly to encourage the use of Indian cotton in British mills. It is, I believe, a fact, and the Honourable the Commerce Member will correct me if I am wrong, that even at the time of the Ottawa Agreement the British delegation definitely refused to tax the raw material of their industry in this manner. The contrast, therefore, between the treatment of British goods in India and to Indian goods in Britain under this Treaty cannot be too much condemned as unjust and unreasonable.

Under the terms of this Treaty, India will have no means of negotiating similar treaties with any country, however good a customer of India that other country may be, or whatever other advantage India may be able to obtain from that country by offering her some relief in her customs tariff. For India would be bound by clause (8) of Article 3 of this Treaty always to give Britain lower duties than those charged on goods of any other country, and make no variation in these differential duties against Britain. There would thus be no possibility of securing any advantage or trade concession for this country by negotiating special trade treaties with our neighbours and customers. It is, Sir, a well-known fact of our foreign trade, that whereas almost every other country buys from us more than she sells to us, and so leaves a favourable balance of payments due to us, Britain is alone among our customers with whom we have always an unfavourable balance of payments. And yet, it is a sad fact arising from such treaties that just that one country with whom we have habitually an unfavourable balance of payment exacts from us the most favourable treatment, a treatment which would not simply benefit her own trade but would cripple India's power of making good bargains with other nations.

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Sir, I have done with the review of this preposterous Agreement. I hope I have convinced this Honourable House that it is not at all in the interests of this country to give the slightest countenance or support to this Treaty, and that the sooner we terminate it, the better. I, therefore, support the amendment of my Honourable friend, Mr. Gauba.

**Mr. Muhammad Nauman** (Patna and Chota Nagpur *cum* Orissa : Muhammadan): Sir, I rise to support the amendment of my Honourable friend, Mr. Gauba. Before discussing the merits of the Indo-British Trade Agreement, I want to point out that the way in which it has been arrived at is most objectionable. The Government of India neither consulted the Legislature, the representative House of the people, nor the Chambers of Commerce, the representative bodies of Indian trade and commerce. They have concluded this Agreement in spite of adverse opinions which were expressed by the people in general and by the commercial units in particular. No Government in the world would probably dream of entering into such an important agreement without consulting the commercial bodies of the country whose interests they profess to safeguard. Agreement implies free exercise of the will of the contracting parties and there can be no deviation from this universal formula. In this particular case, the so-called Agreement is a contradiction in terms inasmuch as this is unilateral and one party has been ignored and excluded from negotiations altogether. The spirit of the whole document is to end, once for all, the Fiscal Autonomy Convention by having entered into this Agreement without consulting the Indian Legislature.

Now, coming to the merits of the so-called Agreement, I want to point out to the House that it is suggestive of a supplementary commercial safeguard with the object of tying down the hands of future Ministers of Commerce. The British Government, not having been satisfied with the so many safeguards proposed in the Joint Parliamentary Committee report, is thrusting on Indians a document which ultimately aims at the circumvention of the future fiscal autonomy of India and further strengthen the vicious principle of "Imperial Preference". India in this regard has neither the requisite machinery nor freedom to negotiate such alliance and is made to bear all the consequences of retaliation and tariff walls raised against her in other foreign countries. We notice that the Government of India pledge themselves to certain most comprehensive and definite undertakings, whereas His Majesty's Government in the United Kingdom only contemplate to give careful consideration "to the import of raw materials from India used in the manufacture of articles of a class which on importation into India are subject to differential protective duties". This clearly means that His Majesty's Government in the United Kingdom will ignore the import of such raw materials from India which are not of the class that on importation into India will be subject to differential protective duties, such as hides and skins, jute and grains, wheat and rice, oil-seeds and oilcakes, etc. This means that only such raw materials from India may receive the consideration of His Majesty's Government which are to be returned to India in the shape of manufactured commodities after having sufficiently benefited the British capitalist, millowner and middleman in the United Kingdom.

From my own humble experiences in commerce, in different capacities, I may point out to the House that the Ottawa Agreement has engendered a spirit of retaliation and these supplementary agreements would only create more bitterness in the other foreign countries who are important

customers of India. The other foreign countries, having full resources and adequate control over their currency and exchange, are bound to manipulate in a manner which will keep their trade balance intact in relation to India, whereas India, with her disadvantageous rate of exchange of 1s. 6d. and restricted methods of trade, will not be able to push her raw products to many other foreign countries. Unless we give other foreign countries a reasonable share in the imports of our own requirements, they will not probably be willing to give us a share in their import of raw materials, which constitute the export of all such raw products from India in which we do not hold virtual monopoly.

By the Ottawa Agreement, and supplementary Agreements like this, India has exposed herself to the risk of dislocation of her export trade with other foreign countries which value almost 75 per cent. of her export of such commodities in which she does not hold virtual monopoly. Sir, I may point out that retaliation is possible even in such commodities, where India holds monopoly, for example, as in jute. Efforts were made some time back in the United States of America to introduce "Bulk Handling System" to reduce their requirements of bags, and efforts are being made in Australia since 1932 to make the "Bulk Handling System" a success and restrict their import of gunny bags and corn-sacks as much as they can. The disadvantageous rate of exchange, as administratively fixed at 1s. 6d. has already brought ruin to Indian agriculture and industry and the blocking of the channels of her export trade through and by the Ottawa Agreement is bringing further sufferings in general to the people of this country. As a result of these preference walls and retaliations, the whole structure of international trade is being shaken. The volume of international trade is sinking down every day and the world-wide depression is being prolonged.

The so-called Agreement has adopted a novel principle that the Indian Tariff Board should consult the principal industrial units in the United Kingdom before coming to a decision. It is the general opinion in this country that the Indian Tariff Board is rather a bureaucratic body whose decisions have seldom been for the advantage and benefit of India. The Fiscal Commission no doubt recommended that the Tariff Board should consider the costs of production in foreign countries; but by this Agreement they make it binding that the Tariff Board should consult British industrialists alone. The Ottawa Agreement accepted preferential duty of ten per cent. in favour of British goods; but, now, under Article 1 of this Agreement, the Government of India have agreed that if occasion arises they can give a higher level of protection to British goods against foreign goods. In the absence of any prescribed percentage of preference, it only means that it will give as much preference as the United Kingdom may require ignoring the interests of the consumers in India. For instance, if an Indian Hosiery Industry produces a certain class of undershirts at ten rupees a dozen, and Japan exports to India the same material *c.i.f.* delivered at five rupees per dozen, and the United Kingdom afford to sell to India at eight rupees per dozen *c.i.f.* delivered, then, under this Agreement, probably a duty of five rupees will be levied on Japan and two rupees on the United Kingdom goods to bring the prices in India to a level of ten rupees a dozen on the plea of safeguarding the infant industry of hosiery and thereby making the consumer pay a higher level of price to benefit the United Kingdom industrialists, and, with a meagre protection only, let the Indian industry exist and keep its head just above water, without affording the same any desired chance of development in India.

[Mr. Muhammad Nauman.]

In Article 2, it is said that the revenue consideration must be given due weight in fixing import duties, which probably means that we may put higher duties on British goods without any regard to the Ottawa Agreement. Reading Articles 1 and 2, we further understand that the intention of the Agreement is that preferential duties could be raised at higher than ten per cent., but cannot be lowered for either revenue purposes or protection and this means another anomaly in the document.

Summing up the whole matter, I think the House must have observed that on the one hand this Agreement is unilateral and, on the other, it is detrimental to the particular interests of India and to the general interests of international trade. On these grounds, Sir, I strongly support the amendment of Mr. K. L. Gauba and condemn this Indo-British Trade Agreement and I hope the Honourable Members will join me in this protest.

(Mr. F. E. James rose to speak.)

**Mr. President** (The Honourable Sir Abdur Rahim): Does the Honourable Member want to begin today? There are only five minutes left.

**Mr. F. E. James:** That, Sir, is in the hands of the Chair to decide. I am afraid I cannot conclude in five minutes; but if the Chair wishes me to take it up tomorrow, I shall do so.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member can begin tomorrow.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 30th January, 1935.