

LEGISLATIVE ASSEMBLY DEBATES

TUESDAY, 23rd FEBRUARY, 1932

Vol. II—No. 3

OFFICIAL REPORT



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LEGISLATIVE ASSEMBLY.

Tuesday, 23rd February, 1932.

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

QUESTIONS AND ANSWERS.

RETRENCHMENTS EFFECTED BY THE CHIEF ACCOUNTS OFFICER, NORTH WESTERN RAILWAY.

478. ***Mr. S. G. Jog:** (a) Is it a fact that the Chief Accounts Officer, North Western Railway, Lahore, under telegraphic instructions from higher authorities, had suspended retrenchment in staff proposed to be effected on 1st February, 1931, and again all of a sudden brought under retrenchment 13 men from the P. I. Section of his office?

(b) If so, will Government please state what this sudden necessity was, and how it could not be foreseen?

(c) Will Government please say how the work of these 13 men has been arranged?

Sir Alan Parsons: (a), (b) and (c). The 13 posts alluded to were added to the P. I. Section temporarily for the specific purpose of bringing up arrears. On the completion of this specific work the posts were reduced.

ARREARS OF PAY OF CERTAIN CLERKS PROMOTED BY THE CHIEF ACCOUNTS OFFICER, NORTH WESTERN RAILWAY.

479. ***Mr. S. G. Jog:** (a) Is it a fact that it took a period of about three years for the Chief Accounts Officer, North Western Railway, Lahore, to decide the officiating promotions of clerks to upper classes of the clerical cadre, i.e., classes I and II?

(b) Is it a fact that the arrears of pay so withheld have been recently drawn by a part of the staff, and that some of the staff who could not receive payment have now been prohibited by the Chief Accounts Officer, Lahore, from drawing these arrears of pay on the basis of paucity of funds? If so, will Government please state, if withholding of salaries, or any other incurred liabilities, is a part of the economy campaign? If so, how?

Sir Alan Parsons: (a) The delay to which the Honourable Member refers was not so much in deciding officiating promotions as in deciding the position of each individual in the seniority list when the office of the Chief Accounts Officer was formed. A committee had to be formed for this purpose and representations from all clerks affected had to be heard.

(b) The matter was settled last June and the arrears of pay should have been disbursed as quickly as possible thereafter. I am grateful to the Honourable Member for bringing to my notice in this question that this has not been done. Orders have been issued to the Chief Accounts Officer to make the payments at once.

PURCHASE OF GOLD BY OPERATORS IN BOMBAY.

480. ***Mr. B. V. Jadhav:** (a) Will Government be pleased to state whether their attention has been drawn to the fact that certain operators in Bombay have been buying heavy quantities of gold even at unremunerative prices?

(b) Will Government be pleased to state whether they have heard of the rumours current in the Bombay bullion market that the operators referred to in part (a) are subsidised by Government? If the reply be in the negative, are Government prepared to make enquiries and contradict it?

The Honourable Sir George Schuster: (a) Government have read statements in certain newspapers to this effect. As far as they know, these statements are entirely inaccurate.

(b) Government have seen reference in certain newspapers to these rumours. They are so ridiculous that official contradiction is unnecessary.

Mr. B. Das: With reference to part (a) of the question, is it a fact that the Bombay bullion brokers are buying gold at unremunerative prices.

The Honourable Sir George Schuster: My Honourable friend inquires whether it is a fact that the Bombay bullion brokers are buying gold at unremunerative prices. Does my Honourable friend mean unremunerative to the buyer or unremunerative to the seller?

Mr. B. Das: To the buyer, for speculation purposes.

The Honourable Sir George Schuster: Having a fair acquaintance with the Bombay bullion brokers I would say that it is extremely unlikely that they should undertake clearly unremunerative transactions.

Mr. S. C. Mitra: The Honourable Member in his reply said that the statements were inaccurate. Inaccurate may mean a slight difference and the facts may be substantially correct. Is it false?

The Honourable Sir George Schuster: My exact words were 'as far as the Government know, these statements are entirely inaccurate'.

DEPOSITS, LOANS AND CASH CREDITS OF OTHER BANKS WITH THE IMPERIAL BANK OF INDIA.

481. ***Mr. B. V. Jadhav:** Are Government prepared to ask the Imperial Bank of India to publish in their weekly statements the amounts of deposits, loans and cash credits of member Banks separately from those of their ordinary clients?

The Honourable Sir George Schuster: I do not understand the meaning of the expression "member Banks". If the intention of the Honourable Member is that the Imperial Bank should be asked to show separately transactions with banks and transactions with clients other than banks, the answer is in the negative.

Mr. B. V. Jadhav: May I know why the answer is in the negative, why the accounts could not be separately shown?

The Honourable Sir George Schuster: The Government do not consider that they have any right to ask the Imperial Bank to show them separately.

Dr. Ziauddin Ahmad: I thought that the Government control the policy of the Imperial Bank. If the Government desire that these accounts should be shown separately, the Bank cannot refuse.

The Honourable Sir George Schuster: The Honourable Member is quite incorrect when he says that Government control the policy of the Imperial Bank.

Dr. Ziauddin Ahmad: Do not Government control the bank rate of interests?

The Honourable Sir George Schuster: I must repeat that my Honourable friend is quite incorrect.

Dr. Ziauddin Ahmad: Am I to understand that the Government does not control the rate of interest of the Imperial Bank.

The Honourable Sir George Schuster: If my Honourable friend refers to the bank rate fixed by the Imperial Bank, that is fixed by the Directors of the Imperial Bank.

Dr. Ziauddin Ahmad: And the Government had nothing to do with this matter?

The Honourable Sir George Schuster: I did not go so far as to say that Government had nothing to do with that matter. As my Honourable friend is aware, we are in a peculiar position in India in regard to the control of currency and control of credit, in that they are under two separate authorities, the one concerning Government as currency authority and the other the Bank. It is obviously very important that these two authorities should co-operate as closely as possible together and have a common policy for regulating currency and credit. I have nothing to complain about in the action taken by the Directors of the Imperial Bank in co-operating with Government in these matters.

Dr. Ziauddin Ahmad: Is not this a dual control, causing irritation both to the Government and the Bank?

The Honourable Sir George Schuster: I suggest that my Honourable friend is getting very far from the original question.

Mr. B. V. Jadhav: Who first prescribed the form of the weekly statement of the transactions of the Imperial Bank that is published in the Government Gazette?

The Honourable Sir George Schuster: I should like to have notice of that question. I do not want to give my Honourable friend inaccurate information.

FLOATING DEBT OF THE GOVERNMENT OF INDIA.

482. ***Mr. B. V. Jadhav:** Will Government be pleased to state what the amount of their floating debt, consisting of Treasury Bills, in the hands of the public and in the Paper Currency Reserve and Ways and Means Advances from the Imperial Bank was on the last day of June, 1931 and what the amount on the last day of December, 1931 was?

The Honourable Sir George Schuster: The amount of the floating debt consisting of Treasury Bills in the hands of the Public and in the Paper Currency Reserve combined was Rs. 76,33 lakhs on the last day of June and Rs. 1,07,22 lakhs on the last day of December, 1931. The Treasury Bills in the hands of the public decreased by 15 crores during the period between these two dates. No Ways and Means Advances were outstanding on either date.

Mr. B. V. Jadhav: Does this not lead to inflation of currency? I mean this increase in the floating debt.

The Honourable Sir George Schuster: I cannot accept my Honourable friend's expression 'inflation' if that term is used to imply an improper expansion of the currency. It is obvious that the currency has been expanded since September, 1931.

Dr. Ziauddin Ahmad: How far do the Government propose to inflate the currency?

The Honourable Sir George Schuster: The Government propose to carry out their proper duty as currency authorities, and that implies regulating the supply of currency according to the needs of the public and according to the intrinsic monetary situation.

SUPERSESSION OF CERTAIN SUBORDINATES IN THE GREAT INDIAN PENINSULA RAILWAY.

483. ***Mr. N. M. Joshi:** (a) Are Government aware that railway subordinates in the Great Indian Peninsula Railway with less officiating service in the officers' grades have been confirmed in permanent vacancies over the heads of those officiating in officers' grade for a greater length of time and whose names have been recommended for confirmation simultaneously with their juniors?

(b) If the answer to part (a) is in the affirmative, will Government be pleased to state how many seniors have been passed over and what steps they will take to see that the seniors do not suffer any loss in regard to their seniority and position in the cadre on account of the delay in their confirmation?

(c) Is it a fact that the Railway Board have ruled that promotion to the senior from the junior scale should go strictly according to seniority based on service?

Sir Alan Parsons: (a) and (b). Promotions of subordinates to officers' grades are made by selection from those recommended and the recommendations made are not necessarily in order of length of officiating service.

(c) No; but between officers who are considered qualified to hold senior scale charges, promotions from the junior to the senior scale are made according to seniority.

Lieut.-Colonel Sir Henry Gidney: Will the Honourable Member state whether it is a fact that seniority is in many cases overlooked in favour of selection?

Sir Alan Parsons: I imagine that where two persons are absolutely equal, if that ever occurred, seniority would come in.

Lieut.-Colonel Sir Henry Gidney: Is it a fact that in the G. I. P. seniority plays a secondary part to selection which very often savours of favouritism?

Sir Alan Parsons: If the Honourable Member wishes definite answer to that question, I must ask for notice.

Dr. Ziauddin Ahmad: Is it not a fact that Government always play about with seniority and efficiency and they adopt the formula which suits them best. I want an answer to this question.

Sir Alan Parsons: Certainly not.

Lieut.-Colonel Sir Henry Gidney: In view of the fact that there is a tremendous amount of unrest in regard to this system of selection, will Government be good enough to formulate rules finally to decide this matter, which is a very important matter, and will Government state to this House whether they are prepared to inquire into this matter and issue stringent orders on it?

Sir Alan Parsons: I cannot imagine the possibility of creating any rules for dealing with selection.

Lieut.-Colonel Sir Henry Gidney: How extraordinary.

Dr. Ziauddin Ahmad: Did I understand the Honourable Member say that they always adopted the formula of seniority and not the formula of qualification or efficiency, and will I be justified in putting forward a series of names during the Budget debate in cases where they have digressed from this formula?

Sir Alan Parsons: I am quite unable to prevent the Honourable Member from quoting as many names as he wishes in the course of the Budget debate. I did not say that seniority was always the rule and selection was not always the rule.

NON-TRANSFER OF STAFF OF RATES AND CLAIMS BRANCHES IN THE GREAT INDIAN PENINSULA RAILWAY.

484. *Sardar G. N. Mujumdar (on behalf of Mr. N. M. Joshi): Is it a fact that officers and men trained in the Rates and Claims Branches of the Commercial Department of the Great Indian Peninsula Railway are not transferred out of their branches on account of the specialised nature of the work performed in these branches?

Sir Alan Parsons: There is no hard and fast rule to this effect.

RECRUITMENT OF CERTAIN EUROPEAN OFFICERS FOR RATES AND CLAIMS WORK IN THE GREAT INDIAN PENINSULA RAILWAY.

485. *Sardar G. N. Mujumdar (on behalf of Mr. N. M. Joshi): Is it a fact that in 1923 a European officer was imported from the Agency into the Commercial Department of the Great Indian Peninsula Railway to specialise in Rates work and similarly on 13th January, 1928, another European officer was recruited in England for learning Claims work?

Sir Alan Parsons: In 1923 appointments were made by the old Great Indian Peninsula Railway Company and Government are not aware whether any European officer was taken into the Commercial Department to specialise in rates work. In 1928 two traffic officers were recruited for the Transportation and Commercial Departments, one of whom, to whom the Honourable Member is probably referring, was appointed as an Assistant in the office of the Chief Commercial Manager. He had no special claims experience, though he had previously been employed in the office of the Chief Commercial Manager of one of the British railways.

Lieut.-Colonel Sir Henry Gidney: Will the Honourable Member be pleased to state whether promotion to this appointment was made by selection or by seniority?

Sir Alan Parsons: This was not a case of promotion: it was one of the original recruitment of an officer from England.

REVISED CADRES AND PROMOTION OF SUBORDINATES IN CERTAIN DEPARTMENTS OF THE GREAT INDIAN PENINSULA RAILWAY.

486. *Sardar G. N. Mujumdar (on behalf of Mr. N. M. Joshi): Will Government be pleased to state:

- (a) the revised cadres for officers in the Great Indian Peninsula Railway sanctioned with effect from 1st March, 1931, in each of the following three departments—(1) Transportation: Power and Traffic; (2) Commercial; and (3) Engineering: Civil and Mechanical;
- (b) whether Sir A. Parsons gave an assurance in the Legislative Assembly that the confirmation of subordinates officiating in the officers' grades is dependent on permanent vacancies occurring;

- (c) the number of subordinates officiating in the officers' grades permanently promoted to these grades in the year 1931 under the classification given in part (a) with the number of Indians and Anglo-Indians in each department;
- (d) the number of permanent posts in the revised cadres for officers temporarily held in abeyance in each of the three departments referred to in part (a);
- (e) the number of vacancies in the permanent officers' grades after allowing for this temporary reduction in each of the three departments referred to in part (a); and
- (f) the number of subordinates still continuing to officiate in the officers' grades in each of the three departments referred to in part (a) and the date on which each of these subordinates was first promoted to the officers' grades?

Sir Alan Parsons: (a) The usual grouping is Transportation (Power) and Mechanical; Transportation (Traffic) and Commercial; and Civil Engineering. The number of officers' posts sanctioned in the cadre as revised from the 1st March 1931 was 4,768 and 77 respectively. These figures include provision for officers to be drawn from these Branches to fill general posts and posts in the Stores Department.

(b) Government have not been able to trace the assurance to which the Honourable Member alludes.

(c) Transportation (Power) and Mechanical, three Anglo-Indians; Transportation (Traffic) and Commercial, one Indian and eight Anglo-Indians; Civil Engineering, one Indian.

(d) The revised cadre introduced on 1st March 1931 has since been reduced and the number of posts is now Transportation (Power) and Mechanical, 40; Transportation (Traffic) and Commercial, 58; and Civil Engineering, 65. Of these the number of posts placed temporarily in abeyance is Transportation (Power) and Mechanical, 2; Transportation (Traffic) and Commercial, 2; and Civil Engineering, 3.

(e) and (f). I am calling for certain information from the Agent, Great Indian Peninsula Railway, and will communicate it to the House on its receipt.

Dr. Ziauddin Ahmad: With reference to part (c), may I just inquire whether these promotions were made on the strict principle of seniority and that there was no consideration of qualifications?

Sir Alan Parsons: I am not perfectly certain, but I think they were entirely made on qualifications and not on seniority.

Dr. Ziauddin Ahmad: May I just say that the Honourable Member has just said that the promotions were made on the principle of seniority and immediately afterwards in what he said he has just reversed that principle.

Sir Alan Parsons: I have never said that promotions were made on the ground of seniority. I think the Honourable Member has misunderstood a remark which I made with reference to an entirely different class of people, that is to say, junior and senior class officers already in the service.

Lieut.-Colonel Sir Henry Gidney: Will the Honourable Member inform this House whether the Railway Board is prepared to accept the recommendation of the Labour Commission with regard to confirming as permanent those employees who have been officiating for some time in appointments?

Sir Alan Parsons: The Railway Board, as far as I am aware, has not yet considered that recommendation. I cannot therefore state whether they will be prepared to accept it.

Lieut.-Colonel Sir Henry Gidney: Will the Railway Board be good enough to consider it now? Some time has elapsed since the Labour Commission submitted its report.

Sir Alan Parsons: They will certainly consider it along with all other recommendations of the Royal Commission.

LEAVE RULES FOR CERTAIN SUBORDINATES ON THE GREAT INDIAN PENINSULA RAILWAY.

487. ***Sardar G. N. Mujumdar** (on behalf of Mr. N. M. Joshi): (a) Is it a fact that concessions of leave on average pay to subordinates officiating in the officers' grades have been withdrawn from 12th June, 1931, on the Great Indian Peninsula Railway?

(b) Is it a fact that subordinates who have once qualified themselves for the concession of leave on average pay by having to their credit the prescribed minimum period of three years' continuous service in the officers' grades are required to put in a further period of three years' continuous service from the termination of their first period of leave to the commencement of the second period of leave before they can be eligible for the concession a second time?

Sir Alan Parsons: (a) The concession was granted in 1929 subject to the condition that the staff concerned would have no claim to a continuance of this privilege after the new leave rules for State Railways, which they would have the option of accepting, had been brought into force. The new leave rules were introduced from the 1st April, 1930 and the special temporary concession was withdrawn from the 12th June, 1931.

(b) The concession is no longer in force.

PROMOTED SUBORDINATES GRANTED LEE CONCESSIONS ON THE GREAT INDIAN PENINSULA RAILWAY.

488. ***Sardar G. N. Mujumdar** (on behalf of Mr. N. M. Joshi): Will Government please state how many of the subordinates in the Transportation (Power and Traffic), Commercial and Engineering (Civil and Mechanical) Departments of the Great Indian Peninsula Railway confirmed as officers in the year 1921 were admitted to the Lee Concessions subsequent to their confirmation and what were the total allowances drawn by each with retrospective effect?

Sir Alan Parsons: I am obtaining the information, and will lay it on the table when received.

PROMOTION OF A EUROPEAN OFFICER ON THE GREAT INDIAN PENINSULA RAILWAY.

489. *Sardar G. N. Mujumdar (on behalf of Mr. N. M. Joshi): Is it a fact that a European whose substantive post is that of the Publicity Officer, which post has been retrenched, is being posted to the Great Indian Peninsula Railway in the senior grade *plus* Rs. 750 personal allowance per month?

Sir Alan Parsons: The officer referred to is on deputation temporarily in England and in receipt of deputation pay of £500 per annum. On the abolition of the post in the Publicity Department which he held, he has been given a lien on a senior scale post in the Transportation (Traffic) and Commercial Department of the Great Indian Peninsula Railway. If he resumes duty in India he will not be entitled to any personal pay.

Dr. Ziauddin Ahmad: Will this post be specially created for him?

Sir Alan Parsons: Does the Honourable Member mean the post in England or the post in India?

Dr. Ziauddin Ahmad: In India.

Sir Alan Parsons: No, Sir.

Lieut.-Colonel Sir Henry Gidney: Is this officer's post on the list of posts proposed to be abolished in the Publicity Department?

Sir Alan Parsons: The post which he is now holding in England is under a contract till the end of June, and the question whether it will be continued after that date is being considered.

Lieut.-Colonel Sir Henry Gidney: Will the Honourable Member inform the House whether, till that consideration is completed, he will have a lien on his appointment?

Sir Alan Parsons: He will certainly do so.

Dr. Ziauddin Ahmad: What is the deputation for? What is he doing in England?

Sir Alan Parsons: He is actually there, I should describe it as an advertisement manager. (Laughter.)

Dr. Ziauddin Ahmad: Can we afford this expensive luxury in these days of retrenchment?

Sir Alan Parsons: That is exactly the question. We are seeing whether the advertisements which he gets for us will make it worth while paying him £500 a year.

Sir Cowasji Jehangir: May I ask, if the post of the Publicity Officer is to be abolished, what is the use of sending such an officer on deputation to England to learn the art of advertisement?

Sir Alan Parsons: He is not going to learn. He is there to collect advertisements for us.

Lieut.-Colonel Sir Henry Gidney: Can the Honourable Member inform this House whether he is in possession of facts and figures of income obtained from advertisements secured in England by this officer which supports the retention of his present appointment on deputation to England?

Sir Alan Parsons: Before the contract ends, he will remain in England. After that, when we have got these figures, we shall consider whether it is worth while to continue employing this officer in England.

Lieut.-Colonel Sir Henry Gidney: Then he is still on trial, a risky and expensive experiment?

PROMOTION OF AN ANGLO-INDIAN SUBORDINATE ON THE GREAT INDIAN PENINSULA RAILWAY.

490. ***Sardar G. N. Mujumdar** (on behalf of Mr. N. M. Joshi): Is it a fact that an Indian subordinate on the Great Indian Peninsula Railway with officiating service in the officers' grades for nearly six years was not recommended for confirmation on the ground that he was on the eve of retirement while an Anglo-Indian subordinate was so recommended and since confirmed although he was then serving one year's extension of service beyond his 55 years age limit?

Sir Alan Parsons: An Anglo-Indian on extension of service was confirmed in the Lower Gazetted Service in August, 1931. Government have no information in regard to a recommendation on behalf of an Indian subordinate having been withheld on the ground stated by the Honourable Member. A copy of the Honourable Member's question and of this reply will be sent to the Agent, Great Indian Peninsula Railway.

DENIAL OF HOLIDAYS TO THE STAFF OF THE CHIEF TRAFFIC MANAGER'S OFFICE, GREAT INDIAN PENINSULA RAILWAY.

491. ***Sardar G. N. Mujumdar** (on behalf of Mr. N. M. Joshi): Will Government be pleased to state whether it is a fact that the staff of the Chief Traffic Manager's office, Great Indian Peninsula Railway are not generally given the full benefit of Bank holidays such as Christmas and Diwali holidays, and, if so, why?

Sir Alan Parsons: Government have received no representation to this effect. The Honourable Member will no doubt realise that permission to take holidays must depend upon the state of work in the office.

AMALGAMATION OF THE COMMERCIAL AND TRANSPORTATION DEPARTMENTS OF THE GREAT INDIAN PENINSULA RAILWAY.

492. ***Sardar G. N. Mujumdar** (on behalf of Mr. N. M. Joshi): (a) Will Government be pleased to state whether the Commercial and Transportation Departments of the Great Indian Peninsula Railway are to be amalgamated shortly as a measure of economy?

(b) If the answer to part (a) is in the affirmative, how many officers and subordinate staff are likely to be found surplus and whether Government propose to absorb them; if not, why not?

Sir Alan Parsons: The possibility of amalgamating the commercial and transportation work on Divisions of the Great Indian Peninsula Railway is under investigation but the investigation is not yet complete.

AMALGAMATION OF THE ACCOUNTS AND AUDIT DEPARTMENTS OF THE GREAT INDIAN PENINSULA RAILWAY.

493. ***Sardar G. N. Mujumdar** (on behalf of Mr. N. M. Joshi): (a) Will Government be pleased to state whether the Accounts and Audit Departments of the Great Indian Peninsula Railway are likely to be amalgamated as a measure of economy and from when?

(b) If the answer to part (a) is in the affirmative, what will be the number of officers and subordinate staff likely to be surplus and do Government propose to absorb the surplus staff; if not, why not?

Sir Alan Parsons: (a) No decision has yet been reached.

(b) Does not arise.

REDUCTION OF POSTS OF JUNIOR INSPECTORS OF STATION ACCOUNTS ON THE GREAT INDIAN PENINSULA RAILWAY.

494. ***Sardar G. N. Mujumdar** (on behalf of Mr. N. M. Joshi): (a) Will Government be pleased to state whether it is a fact that five permanent posts of Junior Inspectors of Station Accounts and four temporary posts of Junior Inspectors of Station Accounts in the office of the Chief Accounts Officer, Great Indian Peninsula Railway, are to be brought under reduction from February, 1932 and, if so, why?

(b) Is it a fact that by abolishing these posts the number of Indian Inspectors will be reduced to three in a cadre of thirty-one Inspectors?

(c) Is it a fact that these five permanent Inspectors have put in over six years service and whether Government propose to provide them with suitable posts in the office; if not, why not?

Sir Alan Parsons: (a) It has been proposed to abolish three permanent and two temporary posts of Junior Inspectors of Station Accounts on the Great Indian Peninsula Railway owing to the reduction in the number of Station Inspections. The two other temporary posts were sanctioned for a definite period of 8 months to bring up arrears and it is not proposed to extend that sanction.

(b) and (c). As the date from which the permanent reductions will take effect is not yet settled, no decision has yet been taken as to the individuals to be discharged.

In carrying out these discharges, however, the orders of the Railway Board issued in their letter No. 683-E. G., dated 3rd March, 1931 (a copy of which has already been laid on the table of the House) will be followed, which require among other things that men whose posts are abolished should be considered for other appointments in the office.

COMPLAINT OF OFFICIAL INTERFERENCE IN THE MANAGEMENT OF THE GREAT INDIAN PENINSULA RAILWAY EMPLOYEES' CO-OPERATIVE SOCIETY.

495. *Sardar G. N. Mujumdar (on behalf of Mr. N. M. Joshi): (a) Will Government be pleased to state whether the Agent of the Great Indian Peninsula Railway is a Chairman of the Managing Committee of the Great Indian Peninsula Railway Employees' Co-operative Credit Society?

(b) Is it a fact that the said Society is unconnected with the Railway Administration?

(c) Is it a fact that the Agent of the Railway gives instructions at State expense to his Divisional and other subordinate officers on the line to secure votes in favour of certain employees of the Railway seeking election to the committee of management at the annual meeting of the Society?

(d) Is it a fact that the subordinate employees who are share-holders of the Society have been complaining for the last two years about official interference in the management of the Society?

(e) If the answers to the above are in the affirmative, do Government propose to instruct the Agent of the Great Indian Peninsula Railway to desist from such interference in the election of the Managing Committee of the Society?

Sir Alan Parsons: (a) Yes; *ex-officio*.

(b) No. The Society is closely connected, with the Railway Administration in various ways.

The Agent is *ex-officio* Chairman of the Managing Committee and the Chief Auditor, the Vice-Chairman.

The deposits of the Society and recoveries due from borrowers are remitted free of charge by reduction from pay sheets.

Cheques of the Society are also similarly cashed at stations.

A limited number of passes and Privilege Ticket Orders are also granted free of charge to the employees of the Society, while its correspondence is also carried free like regular railway correspondence.

(c) Yes, at negligible expense, when he considers it to be in the best interests of the Society as a whole. He has, however, enjoined that on no account should any pressure be put on people but they should be given an opportunity of recording their votes as they desire.

(d) There have been some complaints, the matter was discussed at the last Annual General Meeting of the Society held in Bombay on 31st August and 1st September, 1931, on a proposal to do away with the system of voting by proxies. The proposal was withdrawn after discussion.

(e) No. The Government of India would leave such matters to the decision of the General Body of the Shareholders of the Society and the Registrar of the Co-operative Societies who administers the provisions of the law in this regard.

Lieut.-Colonel Sir Henry Gidney: Is the Honourable Member aware of the fact that this very matter was brought up before the Labour Commission by me when I examined the Great Indian Peninsula Railway officials in Bombay? Will Government also please state whether the Railway

Board has informed the Great Indian Peninsula Railway Agent that his official connection with this Society should cease?

Sir Alan Parsons: I am not aware of the first fact mentioned by the Honourable Member but I am quite prepared to take it from him. I am not aware of any orders issued by the Railway Board to the Agent saying that his official connection with the Society should cease.

Lieut.-Colonel Sir Henry Gidney: Is the Honourable Member aware of the fact that by official administration of this Co-operative Credit Society it is paralysing and interfering with the advancement of other Unions and Societies that control the interests of workmen on this Railway, and by giving official support it is certainly not encouraging the growth and utility of Railway Unions? Will the Government please state whether it is not a fact that an audit officer of this Railway examines the accounts of this Society?

Sir Alan Parsons: I do not think that I can in reply to a supplementary question enter into a discussion on the main point raised by the Honourable Member. I understand that the Society itself makes some payment to an accounts officer to audit or look after their accounts.

Lieut.-Colonel Sir Henry Gidney: Will the Honourable Member be good enough to make inquiries in this matter? I am talking from my personal experience.

Sir Alan Parsons: If the Honourable Member will put down a question, I will certainly make inquiries.

**SUPPLY OF WAGONS FREE TO DR. DRIVER BY THE STATION MASTER,
LONAVLA.**

496. ***Sardar G. N. Mujumdar** (on behalf of Mr. N. M. Joshi): (a) Will Government be pleased to state whether it is a fact that the Station Master, Lonavla (Great Indian Peninsula Railway) supplied certain wagons free to Dr. Driver without the necessary authority in May, 1930?

(b) If the answer to part (a) is in the affirmative, will Government be pleased to state what action they have taken to punish the Station Master for the transgression of rules and also whether any action was taken against Dr. Driver for complicity?

Sir Alan Parsons: (a) Government have no information.

(b) If there has been any transgression of rules, the question of the disciplinary action to be taken is one for the Administration to deal with. I am, therefore, bringing the Honourable Member's question and this answer to the notice of the Agent of the Great Indian Peninsula Railway for such action as he may consider necessary.

ORIYAS EMPLOYED ON THE BENGAL NAGPUR RAILWAY.

497. ***Mr. B. N. Misra:** Will Government be pleased to state the number of Oriyas and non-Oriyas in the (a) Traffic, (b) Goods, (c) Commerce, (d) Engineering, and (e) Locomotive Departments employed by the Bengal-Nagpur Railway throughout their lines?

Sir Alan Parsons: Government have no information and regret that they are not prepared to supplement the information in regard to communal representation in Railway Services given in the annual Report by the Railway Board on Indian Railways with figures for Oriyas and non-Oriyas.

COST OF STAFF OF VARIOUS COMMUNITIES ON INDIAN RAILWAYS.

498. ***Mr. M. Maswood Ahmad:** Will Government kindly refer to the total cost of staff given in the report by the Railway Board on Indian Railways for 1930-31, Vol. I, and stated to be (i) Rs. 39,69,53,154 for 1930, and (ii) Rs. 39,92,20,220 for 1931, and give separate figures, for these two years, spent on (i) Hindus, (ii) Muslims, (iii) depressed classes, (iv) Indian Christians, (v) Sikhs, and (vi) other remaining communities?

Sir Alan Parsons: I regret to say that the information is not procurable.

Mr. M. Maswood Ahmad: Do Government propose to print this statement in the Railway Report that will be prepared for 1931-32?

Sir Alan Parsons: It is quite impossible to get the information. We do not keep our accounts according to the communities to whom pay or salary is disbursed.

PERCENTAGE OF DIFFERENT COMMUNITIES ON THE SUBORDINATE STAFF OF STATE RAILWAYS.

499. ***Mr. M. Maswood Ahmad:** Will Government be pleased to lay on the table the percentage of the different communities in the quarter ending the 31st December, 1931, of the subordinate staff of all the State Railways, separately?

Sir Alan Parsons: The information is not available for the quarter ending the 31st December, 1931, but the figures in respect of gazetted officers and subordinates on scales of pay rising to Rs. 250 per mensem and over as they stood on 1st April, 1931, are given at pages 55 and 56 of Volume I of the Report by the Railway Board on Indian Railways for the year 1930-31.

REPORT ON THE REPRESENTATION OF MINORITY COMMUNITIES IN RAILWAY SERVICES.

500. ***Mr. M. Maswood Ahmad:** Will Government be pleased to lay on the table of the House a copy of the report submitted by the Special Officer deputed to enquire into the representation of the Muslims and other minority communities in the Railway services?

Sir Alan Parsons: I would invite the Honourable Member's attention to my reply to Mr. Muhammad Muazzam Sahib Bahadur's question No. 428 of the 22nd instant.

Mr. M. Maswood Ahmad: Is it a fact that, except Volume I no other volumes of the Report have been laid on the table?

Sir Alan Parsons: I was only able to lay on the table Volume I. I understand that the other two volumes are about to be received from the press and they will also be laid on the table.

Dr. Ziauddin Ahmad: Will the Honourable Member circulate the second volume also among the Members?

Sir Alan Parsons: Certainly, Sir.

UNSTARRED QUESTIONS AND ANSWERS.

APPOINTMENT OF TELEPHONE OPERATORS ON A NON-PENSIONABLE BASIS.

90. **Mr. S. C. Mitra:** (a) Will the Honourable Member in charge of Industries and Labour be pleased to state whether the cases of the telephone operators appointed after 1st March, 1919, are treated as non-pensionable ones and these officials are subject to discharge on a month's notice? If so, why?

(b) Is it a fact that in some cases some of the operators, though they entered the Department before 1st March, 1919, in an officiating or temporary capacity, have been retained on a non-pensionable basis because they did not hold any substantive and permanent post before that date?

(c) Is it a fact that even the posts of the inferior servants of the Department such as cable-guard, batterymen, line-coolies, engine-coolies, chowkidars, tindals and other such officials have recently been brought on to pensionable cadre, whereas the operators have been ignored?

(d) Do Government contemplate to put the services of telephone operators on a pensionable basis now?

Mr. T. Ryan: (a) Yes. The service of telephone operators was reconstructed on a permanent non-pensionable basis with effect from the 1st March, 1919, on administrative grounds.

(b) Yes.

(c) No. Some of the posts referred to are pensionable, and some non-pensionable.

(d) The question is under consideration.

MILITARY PENSION CLAIMS TIME-BARRED.

91. **Mr. S. C. Mitra:** Will Government be pleased to state:

(a) whether the orders issued by them in Army Instruction (India) No. 22 of 1931, which do not allow the entertainment of claims arising out of the Great War and Waziristan Operations, 1919—1924, in respect of pay, allowances, pensions and gratuities, after 31st March, 1932, are not in contravention of paragraph 44 of Financial Regulations for the Army in India, Part I, as also to the "preamble" to Pension Regulations for the Army in India (See page V);

(b) whether under paragraph 44 of Financial Regulations for the Army in India, Part I, all claims to pay and other pecuniary advantages are allowed to be entertained at all times; if so, why under Army Instructions (India) Nos. B-342 of 1926, A-16 of 1927 and 22 of 1931 such claims are being declared as time-barred after certain dates;

(c) why the aforesaid paragraph of Financial Regulations is not applied to war claims;

- (d) whether under the Regulations for the Army in India, it was not for Government to settle the claims of discharged officers, soldiers, etc., at the time of their discharge; and whether the officers concerned are not personally responsible for avoidable delay;
- (e) whether promises were made to military men, at the time of their discharge, that their full dues were remitted to them, at their home addresses; if not, why their account was not settled and they paid off at that time; and
- (f) whether they were told to apply for their dues within a certain period, if they did not receive them up to a certain time; and to whom they should apply in case their units were disbanded?

Mr. G. M. Young: (a) The orders contained in Army Instruction (India) No. 22 of 1931 do not contravene paragraph 44 of Financial Regulations, Part I, or the Preamble to Pension Regulations; the latter does not refer to belated claims but to stoppages from emoluments under issue.

(b) and (c). Paragraph 44 of Financial Regulations, Part I, prescribes that all claims to pay and other pecuniary advantages must be preferred as soon as they arise. Claims not preferred within three years are ordinarily treated as time-barred. But the regulation in question allows discretion to the sanctioning authority to admit such claims in certain circumstances, for instance, in the event of a satisfactory explanation of the delay being forthcoming, though it does not remove the time-bar. Records pertaining to accounts cannot be kept open indefinitely, and must necessarily be destroyed after some prescribed period.

(d) All accounts that could be settled at the time when individuals were discharged were settled. In cases in which circumstances prevented this being done, ample opportunity was given to the individuals concerned to substantiate their claims within a period that would allow of verification.

(e) Yes, such promises were made when a settlement could not be effected at the time of discharge, and dues were remitted later whenever it was possible to trace the persons concerned.

(f) This was done in a large number of cases and Army Instruction (India) No. A.-16 of 1927, which was issued with the object of expediting claims, was published in vernacular newspapers and in the *Fauji Akhbar*. Since the date of the issue of that Instruction, the period for the submission of belated claims has been extended by another five years by Army Instruction (India), No. 22 of 1931. Thus, since the termination of the Great War, a total period of eleven years has been allowed for the submission of arrear claims.

As regards disbanded units, the names of officers who hold the records of these units have been published in the *Fauji Akhbar* and the vernacular Press from time to time.

CREDIT BALANCES DUE TO MILITARY OFFICERS SERVING BETWEEN 1919 AND 1924.

92. **Mr. S. C. Mitra:** (a) Is it a fact that the lists of credit balances due to individuals concerned, in respect of their services during the Great War and Waziristan Operations, 1919—1924, are correctly prepared and that all emoluments due to them are included therein?

(b) Are the amounts, outstanding in the books of officers concerned with the settlement of Field Accounts, not trust money kept with Government?

(c) Why should not such amounts be transferred to the Official Trustees to Government, if some of the units are not in existence, or are there no special arrangements in some of the offices for keeping such amounts?

Mr. G. M. Young: (a) Yes, Sir.

(b) This raises a question of law which Government have not examined.

(c) Outstanding amounts may be claimed from the Controllers of Military Accounts. No other arrangements are considered necessary.

SHORT NOTICE QUESTION AND ANSWER.

ENSORSHIP OF PRESS MESSAGES REGARDING PROCEEDINGS OF THE ASSEMBLY.

Sirdar Harbans Singh Brar: (a) Since the commencement of the present Assembly session has there been any censorship of Press messages regarding the proceedings of the Assembly?

(b) If so, who is the Censor and what are his qualifications?

(c) In how many cases was censorship exercised?

The Honourable Sir James Orerar: (a) and (b). I would refer the Honourable Member to section 5 of the Indian Telegraph Act and to rule 13 of the Indian Telegraph Rules which regulate the procedure in regard to telegrams generally. Apart from arrangements under these provisions, there is no censorship of telegrams in Delhi Province, to which province the Honourable Member is presumably referring.

(c) My information is there has been no interference with the issue of any Press messages reporting the proceedings of the Assembly.

I may add that, in order to satisfy themselves in this matter, the Government of India have arranged that should any question arise, either at the place of origin or receipt, of interference with any Press telegram which purports to report proceedings of the Indian Legislature, the case will be referred by telegram to the Government of India for orders.

Mr. C. S. Ranga Iyer: Are the Government aware of the fact that a Press telegram sent from the telegraph office close by within the precincts connected with the throwing of pamphlets in this House was not sent to the telegraph office concerned?

The Honourable Sir James Orerar: I do not think the incident to which the Honourable Member refers can be regarded as the proceedings of the House, but if he will give me the details of the case he has in mind, I shall be glad to make inquiries.

Mr. S. O. Mitra: Has the attention of the Honourable the Home Member been drawn to a Resolution of the Indian Journalists Association of Calcutta which runs as follows:

"Proceedings of the Indian Legislative Assembly and the Bengal Legislative Council are not allowed to be published in full, but are censored."

Has the Honourable Member got a copy of this?

The Honourable Sir James Orerar: I think the Honourable Member has put down a question bearing on this point.

Mr. S. C. Mitra: It may be some other Member.

The Honourable Sir James Orerar: Then, I regret to say that the resolution which the Honourable Member has quoted has not hitherto come to my notice. I shall be very glad if he will supply me with a copy.

Sirdar Harbans Singh Brar: Is it a fact that all Press telegrams in connection with the incident of the Congress woman throwing a leaflet were withheld or substantially modified?

The Honourable Sir James Orerar: I have no information to that effect, but if the Honourable Member will supply me with any facts bearing upon the matter, I shall inquire.

Sirdar Harbans Singh Brar: Is it not a fact that all the local papers have published full accounts of that incident but not the papers outside Delhi?

The Honourable Sir James Orerar: I have dealt with that incident already.

Maulvi Muhammad Shafee Daoodi: Will the Government take note of the fact that the officers authorised to censor are not strictly following the rules laid down in the book? I am saying this from my personal experience.

The Honourable Sir James Orerar: If the Honourable Member will furnish me in writing with the details of the matter to which he is referring, I shall be very glad to inquire into the matter.

OBSTRUCTION OF MEMBERS ENTERING THE ASSEMBLY CHAMBER.

Mr. President (The Honourable Sir Ibrahim Rahimtoola): The Chair wishes to inform the Honourable House that the Leader of the Opposition, Sir Hari Singh Gour, complained to the Chair that on two occasions when the afternoon sittings of the Assembly had to be adjourned for want of a quorum, organised efforts were made by some Members in the Lobby, thereby preventing other Members from entering the House.

The Chair considered that this was a very serious complaint to make of interference with the normal business of the House and called upon Sir Hari Singh Gour to furnish proofs in support of his allegations. Sir Hari Singh Gour furnished the names of some Honourable Members who would support the allegations made. The Chair addressed letters to these Members, and has received their replies. Enquiries were also made in other directions, with the result that the Chair is satisfied that there was interference and obstruction in the Lobby on these two occasions with the object of preventing Honourable Members from entering the House.

The House is aware that the only entrance for Honourable Members to the Assembly Chamber is through the Lobby, and therefore if this form of obstruction is resorted to, it is bound to interfere seriously with the transaction of public business. The Chair feels confident that the House will strongly resent such interference with the liberty of Honourable Members in the discharge of their public duty.

The Chair is entitled to ask for unqualified co-operation from all Honourable Members in resisting any attempt to interfere with or obstruct those who are desirous of performing their duty and exercising their privilege as Members of the Assembly. As this is the first occasion on which the attention of the Chair has been drawn to these incidents, it does not propose to take any strong action but wishes to give a clear warning against any repetition of such tactics. The Chair intends to take serious notice if on any occasion this warning goes unheeded.

The Honourable Sir George Rainy (Leader of the House): I have no doubt that every section of the House will unite with the Chair in condemning the practice to which you have alluded. On behalf of the Official Benches, I should like to promise whole-hearted co-operation with the object of bringing any such practice to an end.

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muhamadan): I thank you, Sir, for the very plain and straightforward statement that you have made as to the rights and privileges of the Members of this House. Speaking for myself, I have not the slightest doubt that we, on this side of the House, will offer you the fullest co-operation which your ruling deserves.

Sir Cowasji Jehangir (Bombay City: Non Muhammadan Urban): The Independent Party have always co-operated with the Chair in the past and I am sure will continue to do so in the future to your entire satisfaction.

Sir Hugh Cocke (Bombay: European): I endorse fully the remarks put forward by the Leader of the House and by other Leaders. I personally have not been subjected at any time to any opposition in entering this House, neither have I seen any other Member so obstructed. If I had been subjected to this, I should have certainly brought the matter to your notice. I consider that every Member has a right to come to this House at any time and should not be obstructed by anybody.

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhamadan Rural): I should like your ruling

Mr. President: Are you rising to a point of order?

Mr. C. S. Ranga Iyer: Yes, Sir. Now that you have made your statement, I should like, for future guidance, to have your ruling on the matter, namely, whether it would not be advisable for Honourable Members to raise such matters as they have now apparently done through the Chair, instead of making a demonstration in the newspapers.

Mr. President: I do not quite follow the Honourable Member's point of order.

Mr. C. S. Ranga Iyer: My point of order is this: obviously the matter that you have mentioned has been brought to your notice. But before it was brought to your notice, I find that wild accusations were made by the gentleman concerned in the newspapers. I wish to have your ruling for future guidance whether it would not be proper on matters essentially concerning this House to bring the matter directly to your notice instead of bringing it first to the notice of the public.

Mr. President (The Honourable Sir Ibrahim Rahimtoola): The Chair cannot deal with matter appearing in the Press except what directly affects the business of this House.

THE SUGAR INDUSTRY (PROTECTION) BILL.

PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

The Honourable Sir George Rainy (Member for Commerce and Railways): I move that the time appointed for the presentation of the Report of the Select Committee on the Bill to provide for the fostering and development of the sugar industry in British India be extended to the 23rd February, 1932.

The motion was adopted.

The Honourable Sir George Rainy: Sir, I lay on the table the Report of the Select Committee on the Bill to provide for the fostering and development of the sugar industry in British India.

THE BAMBOO PAPER INDUSTRY (PROTECTION) BILL.

The Honourable Sir George Rainy (Member for Commerce and Railways): Sir, I move that the Bill further to amend the law relating to the fostering and development of the bamboo paper industry in British India, as reported by the Select Committee, be taken into consideration.

The Select Committee have reported the Bill to the House in the form in which it was introduced. On the other hand, the Report in certain ways must be a curiosity amongst the Reports of Select Committees, since, though the Bill is unchanged, there are only two members of the Select Committee who have not signed minutes of dissent. Five members, including myself, dissent from an expression of opinion in the Report of the Select Committee; four members have recorded their dissent on a point connected with the duty on wood pulp; seven members have dissented as regards the period of protection, and one member has dissented from the whole policy of protection in this matter. No doubt, some of these questions will come up on specific amendments of which notice has been given. But so far as the Bill itself is concerned, there is obviously very little for me to say, since the Bill is actually reported in the form in which it left the House. I may perhaps deal briefly with the question about the amount of duty on imported wood pulp. The view taken by Government on that question has been endorsed by the majority

of the Select Committee and it is this. We consider that the Tariff Board's recommendation is right, and that when they fixed the duty at an amount which would increase the cost of imported wood pulp to such an extent that bamboo pulp was likely to be the cheaper, they adopted the right principle. We also thought that, in view of the time which has elapsed since protection was first accorded to the paper industry, the mills had had sufficient time for making their preparations, and that there were no good grounds why the imposition of the duty at the rate recommended should be postponed. The other important point on which there has been dissent is the question of the period for which the protective duty is to remain in force, and that is closely connected with what is said in the Report itself, and in the minutes of dissent, on the subject of Indianisation, because the object of those who wish to shorten the period is to make sure that active steps are taken towards Indianisation at an early date, and the method by which this result might be secured is that the mills should know that, unless action is taken, there is a possibility, at any rate, that protection will not be continued. I cannot possibly deal with that question fully until the amendment about the period is reached, but there are certain general observations on that question which I should like to make. I do not propose to dwell on the question of whether it is right to take measures to enforce Indianisation because I have made the attitude of myself and of the Government of India quite clear in the minute of dissent which I have appended to the Report. The particular point to which I wish to draw attention is this. It is to be found in the minute of dissent signed by seven Members where they say :

"In our view there should in reality be no distinction in this regard between industries receiving assistance in the shape of bounties and those which are protected by means of tariff duties."

I am not concerned, Mr. President, to show that there is a logical distinction between the two methods of giving assistance, but I am concerned to make it clear that practically there is all the difference in the world. In the case of the bounty, if you attach conditions to the grant of the bounty, it is a simple matter to pay the bounty only to those firms who satisfy the conditions. But when protection is given by means of tariff duties, the benefits which the duties confer accrue automatically and must accrue to all concerns engaged in the industry in the country whether they comply with specified conditions or not. If it were proposed to give practical effect to what I understand to be the view of the Honourable Members who signed the minute of dissent, the only possible way of proceeding would be to prohibit by law any firm unless it satisfied certain conditions from engaging in a particular industry. Now obviously that would be a very drastic step to take. It is one thing to give special assistance to firms who satisfy certain conditions, and it would be quite another thing to prohibit firms who do not comply with the conditions from taking any part in the industry at all. And when you are dealing not with firms that may come into existence in the future, but with firms who have been engaged in the industry for a very long time, it is obvious that any provision of that kind would amount to confiscation. When it came to the point, I do not believe that any section of the House would be prepared to go as far as that. What the Honourable Members who signed the minute of dissent had in view is I think something different. By shortening the period for which protection is given, they would give a warning to the firms concerned that, unless action is

[Sir George Rainy.]

taken in the direction suggested, quite possibly the Legislature may refuse to continue protection. I should like to draw attention to certain consequences which would follow from the adoption of any policy of that kind, for in effect what it would mean is, that as long as the principal firms at the moment engaged in an industry were insufficiently Indianised, the country would have to abandon the development and fostering of that industry altogether. I think there is a tendency sometimes in discussions which take place, whether in this House, or in the columns of the newspapers or elsewhere, to treat questions of protection as if they were questions which primarily concerned particular firms and not the general development of the industry. If the policy of protection is to succeed at all in the case of an industry such as the paper making industry, then it must mean the establishment of new firms as time goes on, and not merely the continuance and strengthening of the existing firms who happen to be making paper now. If we narrow our vision and concentrate too closely on the question of two or three particular firms, we shall not I think be looking at the problem in the right focus. There are bigger matters than that, and I personally look forward in the future to the establishment of Indian firms in various parts of the country who will engage in the manufacture of paper and of bamboo pulp. I wished to put these points to the Assembly at this stage because I think they are important, and there is one thing more that I should like to say. I have no doubt the paper manufacturers in India will have it impressed upon them by what has been already said in this House, by what is said in the Report of the Select Committee and by what is said in one of the minutes of dissent that a strong feeling undoubtedly exists in this matter. I have made the attitude of Government plain that they do not consider that compulsory methods ought to be adopted in the case of firms already engaged in the industry, but I also feel that an obligation rests on firms engaged in any industry in India which receives protection from the Legislature, that they should take reasonable measures to comply with the feelings expressed and held by a very large majority of Indians. I do feel that, and in particular the point which always seems to me most important is the providing of facilities for the training of Indians in the industry. I do not attach nearly so much importance to the proportion of Indian Directors, because it is the shareholders' money which is at stake, and naturally they are entitled to say who is to look after their interests. And here I may draw attention to another passage of the minute of dissent where it is said that the proportion of European shareholders in the Titagarh Mills has risen from 30 per cent. to 45 per cent. But why did the Indian shareholders sell their shares, and how are you going to prevent instances of that kind occurring in the future? That, however, seems to me a minor matter, but I do attach great importance to facilities being provided for the industrial training of Indians. I believe that the mills recognise the strength of the feeling that exists in this direction and that they will do their best to comply with the general wishes of the country.

Sir, I move.

Mr. B. Das: (Orissa Division: Non-Muhammadan): Sir, I was very much interested in the speech of the Honourable the Commerce Member. Towards the latter part of his speech he expressed his personal views with which every one of us personally agrees. I wish those personal views

expressed on the Treasury Benches and on this side of the House could be collected, co-ordinated and legislated so that it would become a national mandate to those industries that are operating in India and thriving under the protective tariff system of the Government of India. I entirely agree with my friend that he has rightly interpreted the feeling of the public and the feeling of the Legislature. Why is it then that he as the Commerce Member of the Government of India is not in a mood to agree with the minute of dissent and incorporate in the Bill a certain mandate on those firms? I think he entirely agrees with my minute of dissent which I have separately appended. The time has come when the Government of India must face the problem. Of course the Government of India are not responsible to the public opinion in this country or of this Legislature. The Government of India, peculiarly situated as they are, have to obey the mandate of the British Government and of the Parliament, and as my friend, Mr. Neogy, puts it, the British Government are nothing but another edition of the East India Company; and naturally the Government of India, having to voice the view points of the descendants of the East India Company, however individual members of the Treasury Benches may be disposed to agree with us on points raised on this side of the House, are not in a position to decide that they can legislate in the matter, whereby much of the suspicion that the Indian public have would vanish. My friend, in criticising the majority minute of dissent characterised the conditions which we seven persons intend to lay down very drastic on the industry. I do not think they would be drastic; they are based on equity and justice, and if my friend would only once make up his mind to agree on behalf of Government with those view points, he will smoothen not only the working of the Legislature here but of the conferences that are sitting or would be sitting six thousand or nine thousand miles away from this place.

I particularly want to draw the attention of the House to the five points that I have raised in my minute of dissent and to which personally my Honourable friend is agreed. I would like to read them. The first recommendation I have made is :

“When a firm or a public company deals with external capital, every facility should be given by it to attract Indian shareholders and there should be Indian Directors on board of such a company.”

I think nobody will dispute this and nobody will raise objection to this. Of course my Honourable friend the Commerce Member asked, why is it that the Indian shareholders part with their shares in the Titagarh Paper Mills to the European investors? I do not understand the question of gambling in the stock exchange; but I have heard it said that sometimes the directors of a company pay low dividends in order to drop the prices of those shares in view of the fact that they have reserve funds, depreciation funds, etc., and also their own surplus money; then they buy up the shares and subsequently they pay high dividends, and in that way they corner the shares.

My second recommendation is :

“If the undertaking be a private concern and yet belongs to the British Empire, it should take steps to associate Indians in its management and employ Indian capital wherever possible.”

[Mr. B. Das.]

I do not think anybody will raise any objection to that. The third one is this:

"Whenever firms are neither Indian nor British these should not be allowed to take advantage of the protection unless and until these promote joint stock companies with rupee capital and that at least 50 per cent. of capital and directorate should be Indian."

This matter was raised when the Steel Protection Bill was discussed in 1924-25, and the Government agreed at that time that they would embody similar views in case an industry received a bounty; but they did not agree that where an industry receives concessions in the shape of a protective tariff that industry should also be obliged to conform to these rules. Yet, my friend while discussing the Paper Pulp Bill said—(I am quoting his own words)—

"It is the established policy of the Government of India that when concessions, bounties and subsidies are given to industrial firms, then in the case of any company not already engaged in an industry we enforce the conditions recommended by the Fiscal Commission."

My friend introduced the word "concessions" in the year 1932; he ought to have introduced it in the year 1927 or rather 1925, when they gave the first protection to the paper manufacturing industry; and if that has been ignored why should firms established in India receive any protection at all? Although my friend the Commerce Member wanted to tie them down under the moral issue—by saying that those firms have certain moral obligations and they must fulfil them, we know that one forgets moral obligations when it is a question of *£.s.d.* and one only remembers how to multiply the *£.s.d.* So, why not introduce this moral obligation as legal obligations which will satisfy the public in India?

My fourth recommendation is:

"Wherever firms have non-Indian capital, these should train up Indians as probationers in the industry."

I find that the Honourable the Leader of the House and I are entirely agreed in this matter: and he is equally keen with me that protected industries should observe this condition; the only difference is that I want there should be a statutory provision that this training should be obligatory and legal and not merely moral.

"All firms, private or public, Indian or British, non-Indian or non-British, receiving concessions by protective tariff should submit annual returns of the extent of their purchase of Indian raw material or Indian stores and the percentage these bear to total requirements. Such annual returns should also state the facilities offered to Indian youth for technical training."

In a certain paragraph of the Report of the Tariff Board on protection for paper it is mentioned that the paper manufacturing companies do not buy Indian china clay on the pretext that it is not up to the requisite quality. When a firm is not in a mood to buy Indian produce, it can always bring out these pretexts. But what is the primary principle of protection? That it must use Indian raw material, and also simultaneously it must use indigenous Indian stores. If the foreign firms, be they British or non-British, come to India, they take advantage of the protective tariff, and they establish firms. They satisfy the condition of the grant of a protective tariff by using as little raw material in the shape of bamboo pulp as possible and they evade all moral and legal obligations for using Indian stores. I think when the Indian

12 Noon.

Fiscal Commission's Report was signed, they never had that idea in their minds. The Commission never thought that British or non-British firms installed in India would evade in that way the use of Indian stores. Therefore, I want the Government to legislate even by rules—I do not mind, it may not be in the shape of an Act, it may be in the shape of rules—whereby all firms receiving concessions should show that they are purchasing Indian stores and Indian materials for use in their manufacturing industries. And, Sir, this is not the first time that this subject has been raised. When certain firms in Calcutta and Jamshedpur wanted to manufacture wagons and underframes, this side of the House pointed out that they should show to the Inspector of Government in the Railway Department and in the Indian Stores Department that they use at least 50 to 75 per cent. of materials which are produced in India. If Government have slept over it, if they have not insisted it on other firms receiving concessions in the shape of protective tariff or bounties, it is their fault, it is not the fault of this side of the House. We cannot interfere with the Government in their daily routine of work. If they once concede a certain principle, if they once agree to a certain principle, they ought to see that the principle is brought out clearly in the shape of rules and regulations to which everybody conforms.

The very fact, that four of my Honourable friends have attached a separate minute of dissent in which they want a sliding scale of duty on wood pulp, shows that the paper manufacturers have no interest to use Indian raw material. It is money that they want; they do not want to develop Indian industries. It may be trotted out to me by a speaker later on from the European Benches, "Oh! We employ 10,000 Indian workmen". But if those men were not employed there, they would find employment elsewhere. They will be much better off to live in their own homes in the free air than in the slum quarters provided by the factories. When any industrialist works a factory he must employ workmen. How can that be a special benefit conferred on the workmen or on India simply because certain industries are receiving certain protective tariff concessions. The very fact that these gentlemen want postponement and a graduated scale of Rs. 20 in the first year, Rs. 35 in the second year, and Rs. 45 in the third year, shows that they will try to thwart the objective of this Bill, and they will try to make as much money as they can by importing foreign wood pulp for manufacturing paper. Yesterday we discussed a protective Bill which we passed into an Act, and to-day we are discussing another protective Bill, and therefore we should lay down the minimum amount of Indian raw material which must be used by these industries, whereon only protection should be given to the particular industry. On the last occasion when I spoke, I said that a protective tariff for bamboo pulp alone was adequate for this paper industry, but I did not think of mentioning and bringing that point out in the Report of the Select Committee as I found that the views of the majority were against me. But I must say that the apprehensions which I felt then still remain, as to whether the particular industries receiving protection will use Indian raw material. That is the most essential factor, which my Honourable friend the Deputy President also analysed and agreed to. If that be so, I hope if this Bill does not incorporate any such enactment, the Government will ask this House to give them special power to see that industries receiving protection use the minimum quantity of Indian raw material, or otherwise that the protection is to be taken off.

Mr. B. Sitaramaraju (Ganjam *cum* Vizagapatam: Non-Muhammadian Rural): Sir, the Select Committee, in paragraph 4 of their Report say:

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

Notwithstanding the number of minutes of dissent that have been appended to this Report the Select Committee would like that the Bill as introduced should be passed.

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muhammadian Rural): Subject to the minutes of dissent.

Mr. B. Sitaramaraju: My Honourable friend, Mr. Mitra, says, subject to minutes of dissent, but I was reading, Sir, from the paragraph

Mr. S. C. Mitra: But that was not signed by everybody.

Mr. B. Sitaramaraju: . . . which said that they did not propose to make any amendments to the Bill as introduced. Still, the Select Committee have made certain recommendations. As you know, any expression of opinion in the Report is not binding upon the Government. That in the Report of the Select Committee important issues have been raised, there can be no question. In fact, they have stated that the recommendations of the Tariff Board at paragraph 108 should be taken into consideration, and that the Government should act up to them. That paragraph 108 has taken note of the recommendations of the Fiscal Commission in paragraph 292 of their Report, where a certain policy was stated to be the settled policy of the Government. And in the minute of dissent appended to this Report by the Honourable Sir George Rainy, he questioned the interpretation of the Tariff Board and suggested that the settled policy of the Government was not as stated by the Tariff Board in Article 108. Therefore, Sir, it raises the question as to what exactly is the settled policy of the Government. In paragraph 292 of the Tariff Board's Report, Mr. Chatterjee on behalf of the Government stated thus:

"The settled policy of the Government of India, as I think we have mentioned more than once in this Assembly, is that no concession should be given to any firms in regard to industries in India unless such firms have a rupee capital, unless such firms have a proportion, at any rate, of Indian directors, and unless such firms allow facilities for Indian apprentices to be trained in the works. This has been mentioned more than once, and I can only repeat this declaration."

So far as these words are concerned, there can be no doubt that what was in the mind of the Government's spokesman on that occasion was that he intended that this paragraph 292 should apply to all firms alike where they received some assistance from Government, because I find from the note of dissent appended to this Report, Sir, by yourself and other Members of the Fiscal Commission it is stated thus:

"Our conclusion, therefore, is that every company desiring to establish an industry after the policy of protection has been adopted in India should be subject to the same concessions which are recommended by our colleagues, namely, that all such companies should be incorporated and registered in India with rupee capital, that there should be a reasonable proportion of Indian Directors on the Board and that reasonable facilities should be given for the training of Indian apprentices."

That was the minority report on that occasion. Therefore, the Government at the time thought that the recommendations made in the Fiscal

Commission in paragraph 292 should apply to all companies, and that appears to have been the irresistible conclusion that the Government could arrive at on the Report of the Fiscal Commission. Sir George Rainy has stated that afterwards the External Capital Committee has recommended otherwise. Here in the External Capital Committee they made two broad distinctions as regards the assistance which has to be given by the Government; namely, one where bounties are given and the other was where a trade protection was given. At page 10 of their Report the External Capital Committee say this:

"Where a bounty or definite concession is being granted to a particular company, it is certainly practicable to impose any restrictions desired in return for the concession, but where a general tariff is imposed, and any concern operating in the country will derive benefit from it without the necessity of approaching Government for any special concession at all, no practical method has been suggested to us whereby discrimination could be effected."

That was the External Capital Committee's Report. Reference has also been made to the Steel Industry Protection Act. Clause 5 of that Act says this:

"Notwithstanding anything contained in sections 3 and 4, no bounty in respect of steel rails, fish-plates or wagons shall be payable to or on behalf of any company, firm or other person not already engaged at the commencement of the Act in the business of manufacturing any one or other of such articles unless such company, firm or person provides facilities to the satisfaction of the Governor General in Council for the technical training of Indians in the manufacturing processes involved in the business and in the case of a company—

- (a) Registered under the Indian Companies Act of 1913,
- (b) Capital in Rupees, and
- (c) Indian Directors."

From this it would appear that since that Bill was discussed in 1924, the policy of the Government appears to have been changed. If I am correct in interpreting paragraph 292 of the Tariff Board's Report, as has been proved by Mr. Chatterjee in his speech before the Assembly, it would appear from this that there was a change in the policy of the Government, and the policy was more in consonance with the minority of the Fiscal Commission than with that of the majority view because here

The Honourable Sir George Rainy: May I interrupt the Honourable Member for one moment? I am not quite sure that I have caught his point. Is he suggesting that there was a change between the date of the Fiscal Commission's Report and the Steel Industry Protection Bill? I have no controversial intention; I only want to understand.

Mr. B. Sitaramaraju: I was saying that from paragraph 292 of the Fiscal Commission's Report and from the statement made on behalf of Government by Mr. A. Chatterjee it would appear while that no distinction was sought to be made between company and company, in 1924 when the Steel Protection Bill was before the House, a clear distinction has been made in regard to operating these bounties in favour of new firms. Therefore, I am suggesting that it is quite clear from these two that the policy of Government between 1922 and 1924 has changed considerably. Therefore on this ground I am unable to say what the settled policy of the Government is. If I am mistaken, I shall be glad if my attention is drawn to any particular incident or statement of Government where the settled policy of the Government has been mentioned as such.

[Mr. B. Sitaramaraju.]

My next point is this. Sir George Rainy in his minute of dissent stated:

"Nor can I admit that the placing of an order with a particular firm necessarily involves any concession to that firm."

Here on behalf of Government the Honourable Sir George Rainy would like to say that the placing of orders by Government with a particular firm would not operate as a concession to that party, but I venture to suggest that it does act as a concession. Government are a large purchaser of stocks, and when they give orders to a particular firm, it must necessarily operate as a concession to that firm, or you might call it a patronage to that firm.

Lastly, Sir, I would like to say one thing to clear all misunderstanding. There is no general desire on our part to put any unjust handicap on any existing company at all. All that we would like to say is that there should be Indianisation as far as possible, and that the companies who derive benefit from us should respond to that desire on our part and meet us as much as they could. Further, I feel some delicacy in going over this matter at this stage, because the whole question is reviewed elsewhere. Under these circumstances I would like that Honourable Members should take a dispassionate view and request the Government to give us an opportunity to discuss the whole policy underlying these concessions.

Mr. G. Morgan (Bengal: European): Sir, I would like to point out that the whole basis, or rather the whole reason for this Bill, is to foster the use of bamboo pulp, and for that reason it is desired to put the mills in such a position, having carried on to a certain extent experimental work in this connection, as to enable them to carry out much more concentrated work of the development of the bamboo pulp industry. At the present moment about half of their raw material consists of wood pulp. The object is to decrease this amount of wood pulp gradually and go on with the crushing of bamboo and make bamboo wood pulp from which, it has been proved definitely, an excellent quality of paper can be made. Now, we know the position of the mills when first protection was granted. As far as figures show they were bankrupt, and it took some years before they were financially in a position even to start the experimental stage. That is acknowledged by the Tariff Board itself in its Report. This experimental stage is now coming to an end and the mills now are just about in a position to put more money into the extra machinery and further development of their mills for the production of bamboo pulp, and when my Honourable friend, Mr. Das, spoke about the period of protection, it is very important that the protection should be for a considerable length of time. You cannot expect people to go on from year to year in the expectation of protection being given by this Honourable House. If they know definitely that protection will be given for a fair length of time then all their energy can be devoted to the objects with which this Bill is brought forward, and I know the mills are fully alive to the necessity for pushing on, now that the experimental stage is over, as fast as possible with the plant for the development of the bamboo pulp itself, and I am perfectly certain that if this House passes this Bill and gives protection for the period

of time asked for, they will be astonished at the development after the next two years. With regard to the question of the sliding scale, that was merely put forward because in the first two years there will have to be a considerable amount of money put into the mills for the bamboo pulp work. Now at the present moment, as everybody knows, there is a very bad depression. Prices of paper have fallen and we thought we might mention the fact that this Rs. 45 a ton, import duty on wood pulp was a fairly heavy charge for the first two years being a period of depression, which shows at the present moment no sign of lightening. It would ease the financial position of the mills to enable them to put in the extra money required. I do not quite understand what my Honourable friend Mr. B. Das meant. I hope I am quoting him correctly when he said that the Bill does not incorporate the use of Indian raw material. I thought that was the whole object of the Bill. The object of the Bill was to make the mills use Indian raw material by putting on this duty of Rs. 45 for the wood pulp and to give a little twist to the tail of the mills to get on with the bamboo pulp. That is the whole object, to make them use Indian raw material.

Mr. B. Das: I want the whole body to be twisted, not only the tail.

Mr. G. Morgan: After many years residence in India, I understand that twisting the tail is the best thing to do. With regard to what was said about Indianisation, I do not want to labour the point. The Honourable the Leader of the House has mentioned some facts and my friends can take it from me that the mills are fully alive to the position and they are fully aware of the views expressed by this Honourable House. I can again say quite definitely that they are quite alive to the position. My Honourable friends will understand what I mean by that. I do not think there are any other points that I want to make at this stage of the discussion but I am sure that notwithstanding the minutes of dissent that have been put forward, this House fully realises that protection must be given to the paper mill industry, and that it must be for the period asked for in the Bill.

Mr. B. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Mr. President, the measure for the protection of the paper industry that we are now considering is in a way analogous to the measure for the protection of the wire and wire nail industry which we considered yesterday. What was aimed at in the Bill for the protection of the wire and wire nail industry was not so much to give effective protection to the industry at this stage, but to create conditions for the manufacture of the raw materials required for that industry. I find, Sir, that the measure that we have now before us is analogous to that other measure in that, after giving to the paper industry protection for the period of 6½ years, we have now created a situation whereby there is every possibility of the raw material for paper, namely bamboo pulp, being manufactured economically in our country. In 1925, this House, on the recommendation of the Tariff Board, granted protection to the paper industry. They did not grant protection for the manufacture of bamboo pulp, but we expected, and the Tariff Board also expected, that with the surplus funds available to the paper mills as a result of the protective measure then offered, those mills would be able to conduct experiments in bamboo pulp making. If in 1925 protection for bamboo pulp was not

[Mr. R. K. Shanmukham Chetty.]

granted, it was because the Tariff Board, after an expert inquiry was made, found that the manufacture of paper from bamboo was still in an experimental stage. They therefore definitely recommended that the only logical way of giving assistance to the bamboo pulp industry would be to ask the Government to give financial assistance to certain paper mills in India for carrying on the experiments in bamboo pulp making. For various reasons the Government of India decided that it was neither feasible nor advisable to give to the paper mill mentioned in the Tariff Board Report the financial assistance recommended by the Board, and this House concurred with the decision of the Government of India. To-day the Tariff Board, after further inquiry, has now satisfied itself that the quality of paper made from bamboo pulp will be perfectly satisfactory, that the price of bamboo is now at an economic level to encourage the development of the bamboo pulp industry, and that if some further protection is granted, paper made from bamboo pulp will be in a position ultimately to dispense with protection. Under these circumstances, the Board has recommended the continuance of the duty of one anna per pound on imported paper and the imposition of a duty of Rs. 45 per ton on imported wood pulp. From the leaflets that I have been getting for the last one week, printed I suppose on paper made in India, I take it that this measure has aroused a great deal of interest and controversy. Closely following this controversy, I find that there are two opposite schools of thought; one school which has been most active in its propaganda, wants the duty on imported wood pulp to be still further increased, and another school, represented I suppose by the existing paper mills, wants the duty on wood pulp to be decreased or to be fixed according to a graduated scale. After very carefully considering the implications of these two ideas, the Select Committee came to the definite conclusion that on the whole it should advise the House to adopt the Bill as it was originally introduced. Sir, I followed very carefully the arguments used by the advocates of an increase in the duty on imported wood pulp, and I must regretfully state that these arguments seem to me to be based not so much on the ground as to what is good for the industry at large but on the supposed grievances which the public have with reference to certain paper mills in India. That consideration, to my mind, therefore, seems entirely irrelevant to the issue we are now faced with. With regard to the attitude of paper mills in India about the conditions mentioned by the Fiscal Commission regarding Indianization and other matters, I shall revert later on. I will only say one word to those who would advocate a graduated scale of duty on wood pulp or would reduce the duty on wood pulp. The Tariff Board have found that, on the present cost of production of paper and the selling price of imported paper, a duty of Rs. 123 per ton would be sufficient to protect the paper industry in India, but as a matter of fact it asks us to continue the protection of one anna per pound, which really comes to Rs. 140 per ton, and this extra duty is recommended by the Tariff Board as an off-set to the handicap that the paper mills will suffer from as a result of the imposition of the Rs. 45 duty on imported wood pulp. Therefore the effect of the duty on imported wood pulp has been sufficiently taken into consideration by the Tariff Board in deciding the duty that is to be imposed on imported paper, and I would strongly recommend that this House ought to accept the findings of the Tariff Board on that matter. It has been brought to my notice that the duty on wood pulp which has been recommended by the Tariff Board at Rs. 45 per ton, will really be Rs. 56-4-0 per ton, because there would be

the surcharge of 25 per cent. according to the Indian Finance Act. To this, the answer is very simple. The Tariff Board recommended one anna per pound, or Rs. 140 per ton, on imported paper and the surcharge which applies to wood pulp equally applies to the duty on imported paper and while the surcharge on wood pulp is Rs. 11-4-0 per pound, the surcharge on the paper duty is Rs. 37½ per ton. Therefore, whatever disadvantage might accrue to the paper industry as a result of the imposition of the surcharge has been more than made good by the imposition of a corresponding surcharge on the duty on paper, and for these reasons I do not think any case has been made out for reducing the duty on wood pulp. Now at this stage I would like to say only a few words with regard to the question of Indianization and other matters recommended by the Fiscal Commission and about which the Select Committee has made a remark in paragraph 2, of its Report. I am entirely at one with the Honourable the Commerce Member that when you levy a protective duty on any material, you cannot make any distinction between one firm and another carrying on business in the country. A protective duty must certainly be beneficial to everyone that carries on business, irrespective of whether a person or firm carries out the conditions that we have in view or not. The Select Committee was fully alive to this aspect of the question. They have not recommended that any handicap ought to be imposed on existing firms which do not satisfy these conditions. I think this House has got the right to expect from Government that, in extending their patronage or in giving specific concessions to any particular industry, they should insist that these conditions ought to be satisfied by the firms concerned. I do not think that a demand of this nature can reasonably be resisted by a company carrying on business in India. Whether a company is managed by Indians or by Europeans, we do not now seek to make any discriminatory laws against them. I am absolutely clear in my mind on that point. But if any company expects the patronage of the Government, if a company expects certain concessions to be given to it for carrying on that business, then certainly that company has no right to grumble if the Government turn round and say, "Well, gentlemen, you must satisfy these conditions if you want our patronage", and that is all that the Select Committee has recommended. I do hope that the Government, in granting any concessions to the paper industry, or in extending their patronage to any paper mill, will insist upon the observance of these conditions by these industries. Sir, at this stage I do not think it necessary for me to go into greater detail, and I support the motion for consideration.

Diwan Bahadur T. Rangachariar (South Arcot *cum* Chingleput: Non-Muhammadan Rural): Sir, after the very closely reasoned and able speech of my Honourable friend, Mr. Chetty, it is necessary for me to explain why I stand here to support the Bill as it stands. Sir, the issue raised by my Honourable friend, the Leader of the House, in his minute of dissent as to Indianization is so important and vital that I should not allow his remarks to go unchallenged on this side of the House. Sir, my Honourable friend, the Deputy President, has already agreed with the Leader of the House that it is difficult to discriminate in imposing a protective tariff between firm and firm and individual and individual. I think that is universally recognized, and I do not see also how you are going to make a distinction in that respect between existing firms and incoming firms, unless you introduce conditions as to registration in the Companies Act perhaps. I do not see how you are going to impose a discrimination between new firms that are coming into existence and old firms in respect

[Diwan Bahadur T. Rangachariar.]

of tariff duties. My Honourable friend, the Leader of the House, recognizes that it would be just to impose such restrictions both as to ownership, as to directorate and also the training of apprenticeships in the case of new firms unreservedly; that is how I understood him. And he has also as an individual told us that he agrees with the principle underlying the recommendations of the Indian members of the Committee. Therefore, I take it that he has no quarrel with the principle. I do not believe that the Honourable Member can have a different conscience as a Member of the Government and as an individual. If the principle is sound, there must be some way of finding out methods by which you can enforce it. It is all very well for my Honourable friend Mr. Morgan and his companions to give us the assurance that they are fully alive to the feelings and sentiments of this side of the House. But, at the same time, human nature being what it is, and knowing by past experience what progress has been achieved in this direction by my Honourable friends and their predecessors and is likely to be achieved by their successors, it is but right that there should be some moral sanction to enforce the acceptance of the principles to which we have all agreed, because I do not think that any human institution can thrive, whether it is a Government or otherwise, without some sanction behind it. There must be some way of enforcing the observance of principles on which we are agreed. How are we going to do it is the question? My Honourable friends, the Members who have written their note of dissent, have not suggested any effective method of enforcing their principle. The only thing which I find they have given notice of in order to enforce their wishes is reducing the period for which protection should be afforded. That is the only notice of amendment that I have seen on the paper. They say that it is an indirect method of getting their objects attained. But I doubt, Sir, whether it is an efficacious method of getting what you want done. It will destroy the very object you have in mind. If you really want to give protection to the industry—apparently my Honourable friends are agreed upon giving this industry protection—then let us do it wholeheartedly and not in a half-hearted way. Let us do it effectively so that the object we have in mind of establishing the industry may be attained. But if you ask them to come to you year after year, or once in two years or once in three years, you do not encourage them to do what they should do. They have to invest capital; they have to take risks. Therefore, by all means, I am agreed that we should give them a long period within which they should make the experiment and make the business a real success. Therefore, I am not in agreement with my Honourable friends that the proposal which they make for shortening the period will be a sound policy to pursue for this House. But how else are we to do it? We cannot make a distinction in the tariff. If it was the case of bounties, you could withhold bounties if firms and individuals did not observe the tests which you might apply. But this is not the case of bounties. This is the case where we are trying to impose a tariff wall, as it were. Now, therefore, the only way in which we can do it is by asking the Government to stick to the policy which Mr. Chatterjee accepted before the Fiscal Commission. I do not see what reason there is for the Government not to accept that policy. My Honourable friend, the Leader of the House, in his minute of dissent says that as Government they cannot agree to the principle that Government orders should not be

placed with them if they do not comply with the conditions. I do not see why not. Government orders are very large orders to which many a company looks forward, and why should they not make it a condition that they will not give such orders if the firms or companies do not comply with these conditions, the most important of them being the training of Indian apprentices. I understand from my Honourable friend, Mr. Chetty, that the Government orders extend to the limit of nearly 10,000 tons per annum. It is a very large patronage, and do not the Government discriminate in distributing their patronage in other matters? Is not the Honourable the Home Member aware of the distinction they make in distributing advertisements to newspapers? Are not Congress papers banned from getting advertisements? Similarly, if you can get the paper elsewhere—I do not mean to say that you should pay extravagant prices for it elsewhere—of a similar quality for, nearly the equal amount, certainly you should place the orders with those firms and persons who can comply with the conditions as to Indianization.

Mr. B. Das: But that applies to Sir Joseph Bhore's Department.

Diwan Bahadur T. Rangachariar: Whoever it is, I am appealing to the Government of India. I do not see any practical difficulties. My Honourable friend agrees with the principle individually. Why should he not agree with it as a Member of Government? I ask in all conscience what is the difficulty which lies in his way in accepting it as part of the Government policy? The Government policy should be to encourage indigenous industry. It is after all the industry which wants protection at the hands of the Government. No doubt the Government are giving it protection in this case in the shape of tariff legislation, but there are certain matters in which the Government can also help. For instance, apart from placing orders, there are also, I am sure, such firms which require concessions in dealing with Government forests, in getting bamboos and other materials which they may require. Why should not Government impose restrictive conditions? Government can very well ask them that they should show improvement by actually training Indian apprentices, giving them equal chances of employment and so on. I do not mean to say that you should be unjust to the existing incumbents, but just as we are forcing the hands of Government in the matter of Indianization, why should you not force the hands of these firms who thrive on Indian soil, who thrive on Indian products and who thrive with Indian help? Therefore, I say that there is no injustice whatever in enforcing these conditions in these matters. The Honourable Member has not explained fully. He says placing of orders are not concessions. They are concessions in my view, but whether you call them concessions or not, it is immaterial. I look upon them as concessions, to place orders with these people. I am not bound to go to a particular firm and get my boots. I can patronise such firms as I like. Similarly, Government can patronise such firms as they like. Therefore, these are just conditions. My Honourable friend agrees as an individual that it is a just condition to impose. If he were giving orders himself, I am sure he would impose the conditions. He would go to a firm and buy his paper from a firm which satisfied his requirements. Similarly, I say the Government, after all, is composed of individuals and, if individuals share that belief, I do not see why they should hesitate to apply it in practice.

[Diwan Bahadur T. Rangachariar.]

Sir, the matter is far too important. As I said yesterday, we are wanting in education and we are wanting in opportunities for training. I am not so much concerned with Indianizing the capital or with Indianizing the directorate. That will amount to confiscation of property in the case of existing firms. But in the case of the future firms, by all means we can insist upon those conditions. I am not for confiscating anybody's property. By all means let them enjoy the property which they have earned with their efforts. But in the matter of the training of Indian apprentices, the art of making paper and the art of sale in various other matters we should insist upon it. Mere expression of opinion on the part of the individual Members will not do. Mr. Morgan is here to-day, but tomorrow he may not be here. My Honourable friends who form the European Group change almost every six months. Therefore there is no object in this lip sympathy which we do not care for. We must have some sanction behind it. I am sure the Government of India recognise that there should be a sanction to enforce these conditions, and I hope and trust that they will not stand on any technical grounds. Certainly, they must declare it as their definite policy that they will not encourage firms who do not subscribe to these conditions in practice. If they do so openly, I am sure the firms will fall in. If the firms are inclined to do so, this will be an inducement offered by Government to make them observe these conditions. With these words I support the Bill as it is and I earnestly implore the Government that they will reconsider the question of their policy in this respect.

Mr. S. C. Mitra: The House is committed to the principle of affording protection to the bamboo paper industry and not merely the paper industry. We are to see that this industry is protected and it is the main concern of Indians to see that it does flourish, and at the same time we are to see that our main purpose is not overlooked in the hurry of the thing. From our past experience, we have found that these English manufacturers of paper have not treated us well. We gave them seven years' protection. Now there is a suggestion by some members of the Select Committee that the period should not be so long again. It is not that we are against giving long term protection, but we want to see that the industry has the potentiality to make its own progress. But to have a control on these people, we want the period of future protection to be shortened. The manufacturers of paper have not come to us with clean hands. What has happened during the last seven years? I find that instead of increasing the consumption of paper pulp, they really utilised a lesser quantity. We find that the manufacturers instead of using an ever-growing quantity of indigenous material of bamboo pulp have steadily reduced their demand from 25,500 tons in 1927 to 17,000 tons in 1930. I ask my friends who are against reduction of the period for protection to note the fact that we are dealing with people whom we found in the past did not heed the main purpose of the Bill. On principle we agree that this industry requires protection for a long period, but we find that, unless there is some check, the paper manufacturers will act in the same way as they did in the past. As a matter of fact they will frustrate the very purpose of encouraging the bamboo pulp industry in India. That is the main reason why we wanted that the period of further protection should not be seven years but a lesser period. We are quite agreeable that the principle might be laid down, and if necessary it may be incorporated in the Act itself, that protection will be

given for seven years or more or even for a further period, but the question will have to be brought before the House at short intervals, so that we may judge that the paper manufacturers are conforming to the general principle of this Bill, namely, the furtherance of the bamboo paper pulp industry and not only of the paper industry alone. In this connection we should not forget the interest of the consuming public. Large quantities of paper are still imported and it is not really a question of favour from the Government alone. It is the public who are spending large sums of money every year by paying higher prices. They can claim that they are not to come and beg before the Government for favours but ask the Government to make clear conditions with the paper manufacturers before they extend their patronage. It is the ordinary consumer who is paying all this money in the shape of additional taxation. The Indian manufacturing firms are producing 40,000 tons, but even now we are importing from outside more than 100,000 tons. As a matter of fact that was the reason why such an important body as the Indian Journalists Association, at their meeting passed the following Resolution :

"Whereas, the Paper Mills of India have failed to take advantage of the Protective Tariff to Indianise their controlling and supervising staff and to increase the use of indigenous raw material in the manufacture of paper instead of using foreign wood pulp, the import of which is growing year by year, and whereas the customs revenue duty on paper has been increased already to 25 per cent., which was considered in 1925 sufficient for protection of the industry,

it is resolved—

That, the Government be requested to withdraw the Bill now before the Assembly proposing further extension of Protection;

That the members of the Assembly be requested to reject the Bill if it is not withdrawn;

That if any protection is given, a clause for compulsory Indianisation be introduced in the Bill;

That the duty on the imported wood pulp being fixed in the Bill at Rs. 45 per ton is inadequate and this should be raised to Rs. 70.

It is further resolved that a change in the quality of the Newsprint increasing the wood pulp contents from 65 per cent. to 75 per cent. contrary to the findings of the Tariff Board for the purpose of assessing protective duty will have the effect of lowering the quality of the Newsprint papers to the great detriment of the Newspaper business."

I do not say that I fully accept the views of the Association but what I should like to impress on the House is that they, as a public body, also feel that the advantage due to this duty is not being used for the benefit of India. We all agree on the general principle that if ultimately there is a chance of India getting paper cheap, we shall have for the time being to pay more, but it must be proved, and I should like to hear from the Government Member or the representative of the manufacturing firm, that this paper pulp industry has reached a stage when it is no longer in the experimental stage. As a matter of fact my Honourable friend Mr. Chetty said that it had passed that stage, while Mr. Rangachariar said that it was still in the experimental stage. I should like to know for certain whether bamboo as a material for paper pulp is still in the experimental stage or whether it has reached the stage now that it will only require protection for a few years so that it may prosper and ultimately India may get, with the help of bamboo pulp as material paper at a cheaper price. If that is proved there will be no opposition from this side of the House, though the owners of the paper industry—the present paper manufacturers—are 80

[Mr. S. C. Mitra.]

or 85 per cent. Europeans. That is not our quarrel. If we are once convinced that there is a chance for India getting paper at a cheaper rate, we will certainly support the Bill, but our purpose is to make it quite clear that by putting a shorter period for protection we do not mean that the paper industry might not require protection for a long period, nay, we are prepared to say in the Bill itself that we shall agree to any reasonable period which the paper industry may deserve.

Mr. B. K. Shanmukham Chetty: I should read to the House the passage from the Report of the Tariff Board:

"It may reasonably be expected that paper made from bamboo will eventually be able to dispense with protection."

Mr. S. C. Mitra: I should like to have that assurance that the industry has passed the experimental stage and within a small number of years we will get paper cheap. If we get that assurance we are for this Bill. As regards other matters, I should like to say a few words. As regards newsprint, it was pointed out that Government have accepted in principle that material for newspapers should be provided cheap and yet in the Bill provision has been made to alter the percentage of mechanical wood pulp from 65 per cent. to 70 per cent. in the printing papers to exclude them from the higher rate of duty. In the Select Committee it was suggested on behalf of Government that they did not intend to make any change but that it was only for administrative advantage in the collection of custom duty that a small change had been made. We should like to be assured in this House that really it will not affect further the newsprint which was liable to a lower scale of duty hitherto. That is all I have to say at this stage of the Bill.

Sir Edgar Wood (Madras: European): Sir, I rise not to try and give

Mr. Mitra the assurance that he asks for, because personally
1 P.M. I am not sufficiently acquainted with the paper mill industry to give any assurance of any sort. What I wished to speak about mostly was this question of Indianisation which my Honourable friend Diwan Bahadur Rangachariar and others have spoken about. Personally I think there is a good deal of unnecessary agitation in people's minds about the question of Indianisation, because actually so far as my own observations go, Indianisation is proceeding very rapidly indeed. One has only to instance the Imperial Bank of India

Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural): What is the percentage there?

Sir Edgar Wood: I have not got the percentages here but I am quite sure that figures shewing the percentages of the Indianisation in the Imperial Bank when presented to my Honourable friend would cause him very considerable astonishment. My own policy has always been to Indianise, as far as possible, not only from sentimental reasons, though naturally those must count, but in the general interests of industrial concerns. Those, who have gone in for a policy of Indianisation, have undoubtedly succeeded beyond those who have remained more conservative.

There is that link between the East and the West which is invaluable in commerce and industry, and there is continuity and many other valuable assets which one acquires by bringing Indians into closer contact with the management. I say that Indianisation must come automatically in all departments of commerce and industry and that it is not necessary to force it; and that attempts to force rapid Indianisation are I think likely to do harm. I do not think it is a matter in which you can use force, as is proposed by some Honourable Members who have dissented in the matter of this Bill. My own experience for more than 30 years in India has shown that there are very great difficulties attendant on Indianisation. For instance, as the Diwan Bahadur mentioned, this question of apprenticeship. One has to go very wide afield to find the right people. They are not always at hand, and then there is the attitude of the fathers of those young boys. Some of them are extraordinarily astonished when they find that the openings in commerce and industry are not nearly so attractive as they had imagined, and when one recounts to them the training which the average European has to go through, that he is not usually considered to be suited for a responsible billet until he has had about ten years' experience, during a long part of which time he has to be supported by his parents; and when they find that at the end of ten years their sons will probably not be quite at the top of affairs and that a European does not expect to get to the top in less than 25 years, and then possibly only one in a hundred goes to the top, it is sometimes rather difficult to persuade people to throw in their lot with the commercial man. It is a very long road to riches, and in reality I think the money in industry, as the Diwan Bahadur said yesterday, goes rather to the country than to the individual. The Fiscal Commission stressed that point when they said that the objects to be followed should be to ensure that the benefits accrue primarily to the country, and I think my Honourable friends are a little inclined to think that the individual is the person who is to be benefited and that unless all the individuals are Indians, the country is not being benefited, whereas exactly the opposite may be the case. In my opinion it is not the individual that we should look after, it is the size of the industry which we are aiming to introduce.

Then on this question of protective tariffs, I only want to speak about the existing concerns, because the question of new concerns does not arise today. And what I wish to do is to express a certain amount of surprise at the ethics of the Tariff Board, as disclosed in their recommendations and of those Honourable Members who signed the dissenting minute. It seems to me that really the Tariff Board and those Honourable Members have a quite immoral outlook. And I think Diwan Bahadur Rangachariar showed that he too must be joined to that band since I have a note here that he said that you must enforce Indianisation. The recommendation, as I see it, is that by the operation of a protective duty, the Legislature should have the right to take away rights already existing, because that is undoubtedly what it amounts to. It is not possible to grant protection by tariffs to one concern and not to another, though that would mean in effect expropriation; but what must happen in practice I think is that the Government would say, "Unless you comply with certain stipulations that we make, your licence will be taken away".

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Do they have to take out a licence?

Sir Edgar Wood: They will have to take out a licence, I take it, to trade under a protective Act. Then they will not be entitled to carry on their business unless they comply with the regulations. Government cannot withhold protection and therefore they will withhold the licence.

Sir Cawasji Jehangir: Is that the Honourable Member's suggestion?

Sir Edgar Wood: That is my reading of what must happen. And I ask, in that case what about the fundamental rights of the individual? I am talking of concerns in existence. It would simply be expropriation pure and simple. It does not affect only the individual, it affects all his dependants; and it seems to me a most immoral policy to follow; and the worst of it in this case is that it would be aimed so far as one can see at a community carrying on its hitherto quite lawful occupations. I think Honourable Members who hold that view should be perfectly honest with themselves and say instead "There is a community whose interests we wish to share; let us expropriate them if we cannot share". And they should bring in "an Act to expropriate attractive commercial undertakings"! I think that is what this suggestion amounts to. I cannot think that when it is examined carefully in that light, the policy will be such as really to commend itself to anybody in this House, because I am perfectly convinced that our friends are very fair-minded people.

I am all for Indianisation, but I am not for Indianisation by force, which is what this suggestion is . . .

Mr. B. Das: You are for protection by force, I hope?

Sir Edgar Wood: Mr. Das enlarged on this question of Indian directors. That must come; it is coming very fast; we want Indian directors; we want the right type of Indian directors to help us; we must have them, in my opinion; but what can be the moral sanction for forcing an existing board to reconstruct just because a tariff is imposed? That is what the suggestion is; there is no suggestion that Indian directors are required to acquire a large share-holding; they should just be put in part possession. It seems to me rather like going to a race meeting with a wad of notes and being told that you ought to hand over part of it so that some other man may back his own fancy on your behalf; it does not seem to me to be extraordinarily attractive! But at the same time as I say Indianisation has to come, but we have to remember that care must be exercised. The case of the Andhra Paper Mills does not give us a great deal of anxiety to utilize Indian directors who are not acquainted with the particular work which is entrusted to them. What I would like to ask my friends is this, whether they consider that the Legislature should have a right to legislate for the alteration of directorships and should have the right to control companies—which is what it really comes to—merely because they elect to put on a protective duty. It is a general principle; should a Legislature be able to dictate to a company merely because it puts on a protective duty? India requires a great deal of money. There is a great deal of money in India requiring to be mobilised; but I do think that India needs our presence here in industries to help to mobilise this money. We ourselves need to Indianise for our own self-protection, and India needs us if capital, both Indian and European, is required in Indian industry. I do not wish to take the further time of the House on other aspects of the Bill.

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

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. President in the Chair.

Lala Hari Raj Swarup (United Provinces : Landholders) : Sir, the last speech from the Honourable Member from the European Group has made my task much easier. He said that he sympathised with our claim for Indianisation, but he added that the Tariff Board wants it to be done by force. I will just invite the attention of this House to the first few lines of para. 107. This is what they say :

“On a review of the facts stated in the foregoing paragraphs, we find that of all the three companies in Bengal, the least satisfactory record in that respect is that of the Bengal Paper Mill Company. This company has been in existence now for over 40 years and during this long period they appear to have made no progress whatsoever in associating Indians with the Directorate and superior establishment.”

It was based on this indifference for the last 40 or 50 years that this Company took no steps to advance in the direction of the superior management and directorate; they came to the deliberate conclusion that when the Government grants them any concessions in matters of leasing of forests or purchase of paper from these companies, they should expect these companies to carry out the recommendations of the Tariff Board in this regard. This side of the House never wants to expropriate any rights from the existing companies, but when you are going to get a benefit of over 2 crores during the period of protection, it is but fair and just that this side of the House should expect from the Government, as also from those companies, an assurance that they will train Indian apprentices and also Indianise the superior services and also put a larger number of directors on the directorate. My friend Diwan Bahadur Rangachariar said that we did not make any constructive proposal to secure this end. We did not think it necessary to do so, because in the Report of the Select Committee in para. 2, we have invited the attention of the Government to the recommendations of the Tariff Board contained in para. 108, where they say that in case of purchase of paper and grant of concessions the Government should enforce these conditions. It is speeches such as those made by my friend, Sir Edgar Wood, and the refusal on the part of Government to incorporate our desire in the statute, that has compelled us to append this minute of dissent. The further consideration that led us to append our minute of dissent was that when these companies get so much advantage from protection, it is up to them to use Indian material in large quantities. From facts it appears that things have happened quite the other way. As my friend, Mr. Mitra, said, the total quantity of Indian material used has been reduced from 25,000 to 17,000 tons and the use of imported wood pulp has also considerably increased. Even in the case of the India Pulp and Paper Company, which was the original protagonist of this idea at the time of the last Report, the turn out of hand-made paper has gone down from 1,943 to 1,876 tons. If the Government accept the recommendations of the Tariff Board, as embodied in paragraph 108 of the Report, and the European Members also have no objection to its being incorporated in the Bill, I do not think we need press for the reduction of the period. The Legislature can only have power when they give a smaller period in order to review the whole position and see how far the various companies engaged in paper making have behaved and carried out the instructions of the Legislature. So, Sir, unless some definite assurance is forthcoming from the Government as also from the European Members, we should press for the reduction of the number of years.

Dr. F. X. DeSouza (Nominated: Non-Official): Sir, before this House decides to vote for this measure, I think we ought to be satisfied first that the use of indigenous material for the manufacture of paper on a more extensive scale than has been done in the past is assured, and secondly, that Indian participation in the management of the superior branches of the industry is also equally assured. I regret to say, after a careful study of the Tariff Board's Report as well as of the voluminous literature that has been supplied to me from the press as well as through the post office, that on neither of these points is the assurance quite satisfactory. Turning to the first point, it appears, Sir, that while during the last 6½ years during which the protection has been in force, the total amount of duty that has been collected is something in the neighbourhood of 2 crores of rupees, the amount spent by the several mills in additions and improvements comes to something like 47 lakhs, and out of this amount, the actual sum spent in connection with the installation of bamboo pulp machinery for crushing bamboo is only 13 lakhs during the last 6½ years, and the Tariff Board states that there is an intention to spend 3½ lakhs more on bamboo pulp crushing installation in the near future. So that, Sir, while the duty of about 2 crores has been levied from the public, the various companies have spent 13 lakhs in all and they intend to spend another 3½ lakhs in the near future, on installations connected with crushing bamboo. So that what it comes to is this, that so far as the employment of indigenous materials is concerned, it has been a case of great cry and little wool.

Turning next to the production side, it appears from the figures given in the Tariff Board's Report that between the year 1924 and the year 1930, while the amount of bamboo pulp used in 1924 was 2,000 tons and in the year 1930 was 3,700 tons, the amounts of wood pulp used during those years were correspondingly 7,976 tons and 17,529 tons. So that it looks as if the paper mills have been taking advantage of this protection, not for the purpose of extending the use of indigenous material, but for filling up the pockets of their shareholders. I venture to think that, instead of calling the Act of 1925 the Bamboo Pulp Protection Act, it should be called the "Shareholders' Pockets Protection Act". What are the probabilities of the more extended use of bamboo pulp in view of the recommendations made by the Tariff Board? As an incentive to the use of bamboo pulp, the Tariff Board recommends that a protective duty of Rs. 45 per ton should be levied on wood pulp, and the Tariff Board says that with this extra duty on the wood pulp, considering that already the bamboo pulp crushing industry is put on a sound basis, a far more extensive use of bamboo pulp is indicated. I venture to say when they make this prophecy, they seem to me to put their telescope to the blind eye. What do we find from the figures as stated in the Report of the Tariff Board? It appears that the works cost of bamboo pulp in the factory is Rs. 186 per ton, while wood pulp delivered at the mill at present costs Rs. 140 per ton. So that there is just a difference of Rs. 46 per ton between the price of wood pulp and the price of bamboo pulp. The Tariff Board thinks that if this difference is equalised and Rs. 46 is levied as duty on wood pulp, wood pulp would not be used and bamboo pulp would be exclusively employed. I venture to submit that this calculation does not seem to me to be correct. In the first place, it does not take account of the 25 per cent. surcharge on paper which has been

imposed by the Emergency Finance Act; and secondly, it does not take account of this fact that, while the price of wood pulp with the duty amounts to Rs. 186, yet the experiment of installing fresh bamboo pulp crushing machinery is so great and the risks attendant upon it so considerable that any business man would prefer to use wood pulp in spite of this duty rather than use bamboo pulp at the same price. That I think is what an ordinary business man who has a keen eye on business, on £ s. d. and not on patriotic or other considerations, would do, and nobody would blame him for doing so. I therefore think that the proposal of the Tariff Board to levy an extra duty of Rs. 45 alone on wood pulp would not be sufficient to discourage the use of wood pulp and encourage the use of bamboo pulp. I would feel inclined to suggest that the duty on wood pulp should be raised, were it not for the fact that such a rise in the duty would greatly add to the price of paper. And I feel that this is not the time for adding to the price of paper, or printed matter, or any literature of any kind. Sir, we are now on the eve of great democratic changes. The Prime Minister has held out the hope of adult suffrage for India. The Lothian Committee are working for a ten per cent. franchise and we are all aware that the electorate in India is grossly illiterate. (Mr. B. Das: "Question.") I maintain that the electorate in India is more or less illiterate and it is necessary that we make a beginning to educate our future masters. Can we honestly say that we are on the right way to educate our future masters, by raising the price of paper, printed matter, or newspaper literature? I think not. But with all these inconveniences, owing to the weighty words that have fallen from my Honourable friend, Diwan Bahadur T. Rangachariar, I am prepared to vote for a measure extending protection to paper provided the second desideratum which I have indicated is strictly satisfied, that is to say, Indian participation in the management of the superior branches of the industry is secured. My Honourable friend, Sir Edgar Wood, in a very weighty speech said that this was not the time to bring pressure to bear upon the companies, that the Legislature has no right to indicate to the companies what directorates they will have, how they will

Sir Edgar Wood: On a point of personal explanation, Sir, I did not say that the Legislature had no right to indicate. I said they had no right to demand. That is rather different I think.

Dr. F. X. DeSouza: Very well. He said that the Legislature had no right to demand from the companies what directorates they will employ and how they train their apprentices and so on. But I do say this, that the Legislature grants protection, and when the Legislature does so, it has a right to demand on what terms it will grant protection. Therefore, if the Legislature so wishes it, the Legislature has a right to demand Indianisation. Here there is no question of principle. The Leader of the House in his private capacity, though not, I regret to say, as Commerce Member, as well as Sir Edgar Wood expressed that it is morally indefensible in the present circumstances to exclude Indians from the management of the superior branches of the industry

The Honourable Sir George Rainy: I think the Honourable Member might be a little more careful in the phrases that he attributes to other speakers. I do not agree that he is entitled to paraphrase my speech.

Dr. F. X. DeSouza: I regret I have forgotten the exact words which he used. I shall be thankful to him for any correction that he wishes to make, but that was the general impression left in my mind. It seems to me that both the official authorities and the commercial magnates agree in thinking that it is morally indefensible to exclude Indians from the management of the superior branches of the industry—not merely morally indefensible but commercially inadvisable. The question is not one of principle. The question is rather one of pace and of method. As regards pace, we have only to read the Report of the Tariff Board to find out how slow has been the pace with regard to Indianisation during the last six years during which protection has been in force. I do not wish to name any company in particular but Honourable Members who have got the Tariff Board's Report with them will be able to identify the companies for themselves and they will find that there has been a retrograde movement with regard to Indianisation in several companies. After all in this matter there should be no difference between subsidy and protection. We are all thankful to these old companies who were pioneers in this industry, and it is by their enterprise that they have established for themselves a premier position in the paper industry. But by this measure of protection certain benefits have been extended to them to which they were not entitled. This protection has come to them like a boon and a blessing, a godsend. Now, it seems to me that in these circumstances we should apply to them the same principle as lawyers apply in similar circumstances in a court of justice:

“ Qui sentit commodum, debet sentire et onus.”

Which means that when one derives a certain advantage it is only fair that he should also bear the attendant disadvantages. The directors of some of these concerns apparently think that the inclusion of Indians among the directorate, the training as apprentices of Indians and their employment in the superior staff is a disadvantage. (*Some Honourable Members:* “No.”) Then if that is not a disadvantage, why don't they employ them at once? If they do not employ them, is it because of the same old excuse which we have heard often, *viz.*, they think that **Indians** are not fit for management? But the Tariff Board do not believe this excuse. They bluntly say the companies do not employ Indians because they have no mind to. They give instances of recalcitrancy on the part of some of the companies. Hence the necessity of a moral sanction. When, therefore the Assembly sanctions, as it is doing now, protection for a certain number of years it should take steps to enforce the conditions on which alone protection of this kind should be given in this country. The most important of them is the Indianisation of the superior branches of the industry. A discrimination is sought to be made between companies already in existence and those that may arise in future. What is the position? The companies already in existence obtain certain advantages by this protection to which they were not entitled and the Government have every right to insist that they should get a *quid pro quo* for the enjoyment of those rights. It is not as my Honourable friend said an expropriation of vested rights. Has a company any vested right to get orders from the Government for so many tons of paper? Have they got any right to say that they shall exploit a particular forest belonging to Government? Have they got any other right of this kind? It is no question of expropriation. It is only a question of granting rights to these companies subject to their good behaviour. This Assembly has every

right to insist on the good behaviour of the companies which are going to get protection out of its hands. My Honourable friend, Mr. Arthur Moore, when speaking of the privilege which the Honourable the Finance Member offered to him to exempt him from the payment of income-tax on foreign investments, said he repudiated that privilege because it was unfair discrimination as between an Indian capitalist and an European capitalist. A very noble sentiment and a very generous gesture, but I think he could afford to give expression to that noble sentiment, he could afford to make that generous gesture, because then it was only by an unholy alliance with the Indian capitalist that he was able to wreck the Government measure. Today it is not open to him to make a generous gesture, and therefore I will ask him to discard any privileged position for himself, and thus provide himself with a lever upon which to work so as to press against unfair discrimination against himself before the Round Table Conference. Here is an opportunity for him. It is for him and his group to say "We shall discard this privilege which the Government seek to foist on us. We are an old established company. We have a long established privilege, but in the interests of the country we are prepared to discard that privilege and Indianise like every other company which enjoys protection". That is all I have to say.

Sir Cowasji Jehangir: Mr. President, the Honourable the Leader of the House characterised the Select Committee as rather peculiar. I quite agree with him. It is peculiar not only from the point of view he placed before the House, namely, that out of 14 members two alone have resisted the temptation of writing a few lines in addition to the Select Committee's Report. Two alone have resisted that temptation, and those two deserve to be named. They are my friends Mr. Chetty and Mr. Jadhav. The second peculiar point about the Select Committee's Report is that, notwithstanding all these minutes of dissent, no amendment has been tabled which will carry the proposals into practice, and therefore the discussion becomes academical so far as this Honourable House is concerned. I am not at all displeased to have an opportunity of taking part in this academical discussion, although the only amendment that has been tabled is certainly not going to have the effect of carrying out the intentions of those Honourable Members who have written minutes of dissent. There appears to be only one bone of contention. It is where Government are pledged to or have the right to impose conditions upon existing companies when the Legislature and Government are agreed upon having a protective tariff wall.

The Leader of the House has clearly given us the Government's views on the matter in his minute of dissent. He draws a distinction, and rightly perhaps, between existing companies and companies that are to come into existence in the future. Well, Sir, I am prepared to admit there are practical difficulties in imposing conditions upon existing companies, when there is no bounty but tariff protection, and, of course, I agree with the Honourable the Leader of the House in the difficulties he has pointed out. But the main principle still holds good, the principle that was laid down before this House by the predecessor of my Honourable friend, the Leader of the House, Mr. Chatterjee. He clearly stated that Government fully intended to impose conditions upon companies, and he has specifically mentioned the conditions that Government would impose when the Legislature is prepared to have a protective tariff wall. One of those conditions

[Sir Cowasji Jehangir.]

has been called Indianisation in this House. I do not know whether that is exactly the right term.

Indianisation is demanded by Indians, but, speaking for myself and a large number of others, I always couple Indianisation with efficiency. What we demand is not Indianisation in the technical sense of the term, but opportunities for training Indians to make them efficient so that it will pay companies to employ Indians. (Hear, hear.) Now, that is a long-standing demand made by public opinion in this country. Indians themselves, when they run great industrial concerns, have had to employ Europeans. Their only objection to employing Europeans has been that it costs more than to employ Indians, and if they could find Indians capable of doing the work required, Indians would certainly employ Indians in preference to Europeans,—not because one is brown and the other is white, but because brown is cheaper in this country than white. But we are unable to do that because we are unable always to get suitable Indians to fill some of the posts which require technical knowledge, and therefore we demand that every industrial concern should make it a practice of training Indians to take the place of Englishmen, if not now and immediately, at any rate in the near future; and if every company would conscientiously and ungrudgingly carry out that principle, I feel sure that in a very short time the English companies themselves would benefit through lower costs by Indianising their staff. (Hear, hear.) Sir, if this House desires to enforce that principle when it is prepared to give assistance and material assistance to an industry, I do not think that there is anybody in this Honourable House who can complain.

Then again, Sir, with regard to the directorate. It is not a question of having 4 or 5 Indians out of 10 or 12 on the directorate; it is a question of how much Indian capital here is in the company; that is what we mean by directorate. You may not have a single Indian director, but if you have 75 per cent. Indian capital, we get what we want. And why is it that Indians want it? The answer is a simple one, well-known to every Member of the European Group; it is that, if out of the taxpayer's money protection is given to an industry, then the taxpayer in this country wants to see that the profits of that industry remain in this country; and, however long my Honourable friends of the European Group may remain in this country, probably for the better part of their lives, I think they will have to admit that the greater portion of the profits that they make in this country are taken away. (*An Honourable Member*: "What about losses?") Yes, there are losses and profits; you have to leave your losses here. Your aim and your object is to make a profit; if you make a loss, that is an accident. (Laughter.) One tries and works for profit, not for loss, but it must be admitted that a certain proportion at least of those profits will leave the country. Now, then, if these profits are made through the assistance of monies paid by the taxpayer of this country, surely this side of the House has a right to claim that a certain proportion of the capital at least should be Indian, and that it should be ensured that a certain proportion of the profits should remain in this country.

Well, Sir, these are principles which have been enunciated by yourself many years ago and which Government have accepted. It is no question of discrimination, and I would ask the Honourable House not to mix up the question of discrimination with the question of imposing certain conditions when the House desires and is anxious to protect industries. This is not

a question of discrimination; all companies will have to abide by these conditions whether they be managed by Indians or by Europeans, and when these conditions are applicable to all, it cannot be called discrimination. My Honourable friend, Sir Edgar Wood, must be fully aware of the many discussions that have already taken place over this vexed question of discrimination; and, therefore, since it is still under consideration, I would be the last person to touch upon it in this House, but speaking for myself and for a large number of Indians, and also I make bold to say for a large majority of my Honourable friends in this House, that there is no desire on the part of Indians to discriminate against Englishmen because they happen to be Englishmen. If conditions are to be laid down, they should be laid down for all, Englishmen and Indians alike. I am strongly of opinion, Mr. President, that when this Honourable House is prepared to assist an industry as handsomely and as liberally as this House is prepared to assist the paper industry today, it has every justification and every right to lay down conditions applicable to all Indians and Englishmen who may have the future of this industry in their hands.

I fully realise that it may not be practicable to move an amendment to this Bill, and it may even with some justification be resented as interfering with existing concerns. But let it not be forgotten that in a few years' time there will be a very different House to the one we have to-day and that House will refuse to give protection unless these conditions are accepted. These conditions will be applicable to both Indians and Europeans, and I do not consider them to be onerous or inequitable. I am confident that when it comes to either losing protection or getting it, the whole of the European Group will be prepared to accept those conditions because they are conditions which have been imposed by other countries on more than one occasion, and sometimes those countries form part of the British Empire. At first, when the Dominions imposed such conditions, they were resented and opposed, as these conditions were, when you, Mr. President, first suggested them years ago. We are now getting more accustomed to them, and as time goes on and we are in the same position as every other Dominion is, they will not only be not opposed but willingly accepted. Therefore, this discussion is an academic one to-day but it is as well that there should be a free ventilation of ideas, and it also relieves us to a great extent of the responsibility that we all owe to our country to see that the taxpayer's money that is now going to be used for the benefit of an industry that may happen to be in the hands of a few will in time be of the greatest advantage to the country as a whole. If we discharge that responsibility faithfully, we can conscientiously use the taxpayer's money. But in order conscientiously to discharge that duty, it is also the duty of the House to see that certain well-considered conditions are imposed.

Mr. President, I have nothing further to say except to repeat that there are very few Indians who deliberately desire to do any harm to Englishmen who have used their energy, their brains and their capital to initiate industries, commerce and trade in this country. What I personally desire is that they should long continue to remain in this country on the same conditions, on the same footing and use the same foundation, as Indians have, to build up their industries, and that they should in the future claim no privileges and no unnecessary assistance. If they will consider themselves Indians as long as they remain in India, I feel confident, whatever may be the atmosphere to-day, that they will be welcomed in the future as they have been welcomed in the long past.

Sir Hari Singh Gour, (Central Provinces Hindi Divisions: Non-Muhammadan): Sir, I did not intend to intervene in this debate but I have been compelled to do so by the provocative speech delivered by the Honourable Sir Edgar Wood. I was wondering whether, hearing him from this distance, I had not incorrectly understood him. Therefore, before rising to address you, Sir, I fortified myself by obtaining an uncorrected copy of the Honourable Member's speech to make sure that the sentences to which he has given expression were the sentences which the reporter had taken down as his. Now, Sir, there are utterances in that speech which I would like to recall for the benefit of Members of this House, not because they are utterances isolated and, therefore perhaps, of less account, but because there underlies a sentiment behind those sentences which must be conveying not only the views of the Honourable speaker but of the large community of Europeans whom he represents in this House. The Honourable speaker said: "I think Honourable Members who hold that view should be perfectly honest with themselves and say that there is a community whose interests we wish to share. Let us expropriate them if we cannot share. They should bring in an Act to expropriate the attractive commercial undertakings. I think that is what this suggestion amounts to". Now, Sir, what is the suggestion? The suggestion which has been made by Members on this side of the House is a perfectly plain and intelligible one. It does not matter whether those industries have been piloted by Europeans or Indians. But what does matter is that they are indigenous industries, nascent industries, which require to be reared up by protection. In order to protect these growing industries of the country, we want either to raise a tariff wall around them or to give them bounties. This Bill, if passed into law, would give them protection of the former kind.

But, while this House is almost unanimously of opinion that we should protect this growing industry in the country—and I am referring to the paper manufacturing industry at the present moment—we are also anxious that these indigenous industries must give scope for the display of indigenous talents. Now, is there anybody on this side of the House or on the other side of the House that can dispute this elementary fact, that if you really wish to develop indigenous industries, it is equally necessary that you must train up indigenous youths of this country, so that they may be able to man and equip these industries in the near future? The Honourable Sir Edgar Wood says in another part of his speech, and it seems to me to be astounding, so let me give you his exact words:

"Then on this question of protective tariffs, I only want to speak about the existing concerns, because the question of new concerns does not arise today. And what I wish to do is to express a certain amount of surprise at the ethics of the Tariff Board, as disclosed in their recommendations and of those Honourable Members who signed the dissenting minute. It seems to me that really the Tariff Board and those Honourable Members have a quite immoral outlook."

Mr. B. Das: I want to repudiate that suggestion because I signed the minute of dissent.

Mr. K. Ahmed (Rajshahi Division: Muhammadan Rural): Impotent outlook, he meant probably.

Sir Hari Singh Gour: I wish to ask the Honourable Member what really he meant by giving expression to this violent language. Does he

wish to say that the Tariff Board in asking the Government of India to extend the protection which they have advocated to the rising industries of this country by giving facilities to the youths of this country to be trained up in the technical departments of those industries made an immoral demand? Or does he mean, as he later on seems to have meant, that the Europeans who come and go in this country have got some fundamental rights to stay here and make money, and then depart? I have heard this stated not only in this House but also outside, and as the question about fundamental rights is at the present moment engaging the attention of another body in another place, let me once for all prick the bubble of "fundamental rights". Sir, I have before me a reprint of the constitutions of all countries of the civilised world, and the latest constitution of the Irish Free State gives you what is meant by fundamental rights. In Article III of the Irish Free State constitution this is what the British Parliament described as the fundamental rights of a self-governing nation. It says:

"Every person without distinction of sex domiciled in the area of the jurisdiction of the Irish Free State (Saorstá t Eireann) at the time of the coming into operation of this constitution, who was born in Ireland or either of whose parents was born in Ireland or who has been ordinarily resident in the area of the jurisdiction of the Irish Free State for not less than seven years is a citizen of the Irish Free State and shall within the limits of the jurisdiction of the Irish Free State enjoy the privileges and be subject to the obligations of such citizenship, provided that any such person, being a citizen of another state may elect not to accept the citizenship hereby conferred and the conditions governing the future acquisition and termination of citizenship to the Irish Free State shall be determined by law."

In other words, the Irish Free State constitution lays down that fundamental rights go with the acquisition of citizenship, and citizenship goes either with the right of naturalisation or the right of natural citizenship arising from birth. Do the Englishmen in this country demand fundamental rights upon a wider basis? They do. They say, "We do not wish to be citizens of this country. We do not wish to be naturalised in this country, we wish only to reside in this country and acquire the fundamental rights of a citizen, of its nationals, and when we go, we carry away from this country what we have made here". That is what the Honourable Sir Edgar Wood would call fundamental rights. Now, Sir, in the freest of free States, the United States of America, when it established its independence, in its one Article, enacted in 1791, described this as the fundamental rights of the citizen of the United States of America. It says:

"The Congress shall make no laws respecting an establishment of religion or prohibiting the free exercise thereof or abridging the freedom of speech or of the Press or the right of the people peaceably to assemble and to petition the Government for a redress of grievances."

The bundle of rights to which any citizen is entitled

Mr. Arthur Moore (Bengal: European): Does the Honourable Member suggest that Englishmen resident in this country and enjoying the franchise are not citizens?

Sir Hari Singh Gour: I think the Honourable Member was not listening to what I was reading from the constitution of the Irish Free State. The Irish Free State defines a citizen to mean either a person whose parent or who himself was born in the Irish Free State, or who by his residence for seven years became naturalised as a citizen of that State, and the constitution of the United States of America gives to the citizen

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of the Union of America only four rights which are called the fundamental rights, the right of free speech, the freedom of the Press, the right of free association, and the right of free exercise of religion. They have nothing, known to the constitutional lawyer in the civilised countries of the world, approximating to what the Honourable Sir Edgar Wood demands on the floor of this House in all seriousness, and evidently with the approval of Mr. Arthur Moore and his colleagues, as fundamental rights.

Mr. Arthur Moore: I am only anxious to discover from the Honourable Member—I am not concerned with the Irish Free State or with the United States of America—whether the Honourable Member suggests that those who have the right of vote in this country and the right of sitting in the Legislature are not citizens.

Mr. K. Ahmed: That is another issue. That is not the subject matter of discussion.

Sir Hari Singh Gour: The Honourable Member, Mr. Arthur Moore, who is a journalist of experience, knows as well as I do, and I have no doubt that he must have studied at least the elements of constitutional history, and if he has done so, he will realise for himself that the rights of citizenship and the fundamental rights go together, and unless a man is a citizen of a State, he has got no permanent fundamental rights, though he has the right of protection so long as he has his allegiance by domicile in any particular country. I do not wish to stray into a constitutional discussion, but the few words I have spoken, I have done so because there is a widespread feeling amongst the European community, which has been voiced both in this country and in England, that because they came here and resided here as traders, they have acquired in some degree the same fundamental rights as the natural born and domiciled subjects of His Majesty in this country. And it is for that reason that I would like Sir Edgar Wood to revise his notions of what he considers to be the fundamental rights of himself and of his community.

Sir, the Tariff Board and the Fiscal Commission are both agreed upon the question we have before this House, namely, that if you wish to grant protection to any industry, that protection must be made conditional upon the right of the Indians to go and learn the technical side of that industry. In paragraph 104 of the Indian Tariff Board's Report under discussion they point out as the third condition, quoting the Indian Fiscal Commission's recommendation, that:

“Reasonable facilities should be offered for the training of Indian apprentices.”

and then they added,—a question which Sir Edgar Wood very pointedly raised:

“Apart from practical considerations of administration there can in reality be no distinction in this regard between industries receiving assistance in the shape of bounties or subsidies and those which are protected by means of import duties.”

It is, therefore, important from the national point of view that in the case of every industry which claims protection, this aspect of the case should be fully examined. Therefore, when we are levying protective duties, we ask Government to treat it as a condition precedent to the enactment of this measure that the concurrence of this House to the

legislative measure which it has sponsored must be understood as dependant upon the companies profiting by the protective duties freely admitting Indian apprentices for training in the skilled and technical departments of their concerns. That, Sir, is the main question, and my friend Sir Edgar Wood says that this would amount to expropriation of the companies by force. Now, Sir, I pause for breath when I see here Sir Edgar Wood giving vent to such feelings. In one breath

Sir Edgar Wood: Sir, perhaps the Honourable Member would explain in his speech what would happen if a company refused to comply with those regulations? Would it be expropriated or would it be allowed to continue?

Sir Hari Singh Gour: I think the answer is a very simple one. What we are asking the Treasury Benches to make note of, is to make it a practice that companies, that do not receive Indian apprentices, shall not obtain Government patronage. Sir, this was settled some ten years ago when they established the Stores Department and brought it under the control of the Legislative Assembly. Here I have the Report for 1929-30, the Report of the Indian Stores Department in London, and one of their functions is to see that Indian apprentices in England receive training from firms from which the Indian Stores Department there makes purchases for the Government of India.

Sir Edgar Wood: My point was entirely different. If a company already existing refused to comply with conditions laid down, will it be subjected to expropriation or confiscation?

Sir Hari Singh Gour: My friend completely misunderstands himself and misunderstands my question. If my friend wishes to retract his statement, the proper course for him is to get up and say that he is sorry for the statement and that he never intended to make the statement to which he has inadvertently been committed. But gradually to retrace steps by interjections of this character makes his case worse, and I feel that the Honourable Member has really given vent to his real thoughts, and now when he finds himself cornered he is gradually moving out of the situation which he has created for himself.

Sir Edgar Wood: The Honourable Member does not answer my question.

Sir Hari Singh Gour: Now, Sir, let me now explain to the Honourable Members the policy of the Government of India during the last ten years, and I feel constrained to do so because the Honourable the Leader of the House has attempted to strike a discordant note in regard to the policy which I venture to submit has unquestionably been followed ever since the inauguration of the Indian Stores and English Stores Department. When the Indian and the English Stores Department was inaugurated, if the Honourable the Leader of the House will turn to the debate, he will find that from the non-official Benches there was an insistent demand that this Stores Department must be charged with the duty of training up Indians, and that whenever any purchases were made the condition should be imposed that the manufacturers should receive a certain number of Indian apprentices for training. And it is

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for that reason that you have in the Indian Stores Department a report upon the training of Indians by English manufacturers under the ægis of the London Stores Department. Every year they have to give an account of what assistance they have been able to render to the Indian students and apprentices in training them in the technological departments of the various firms from whom they make purchases. Honourable Members will find, if they turn to paragraph 14 of this Report, pages 6 and 7, that in that Report it is stated that:

“Manufacturers often regard such applications as being made on behalf of a possible competitor and refuse to grant the desired permission.”

The position in England is that the English manufacturers have become increasingly alarmed at the fact that the increasing number of Indians who go to England for scientific and technical training may in the near future be serious competitors of English manufacturers, and therefore there is a reluctance to take Indian students into apprenticeship in that country. That fact is noted in the Report of the London Stores Department. If Indians are not welcomed in the English manufacturing houses and if my friend over there makes the same condition and says that he will not allow Indian apprentices except when he wishes to, what would become of the underlying policy that India must be industrialised and that her nationals must be given suitable training, so that within the shortest time possible they may be able to maintain and own their own industries? If that is the policy of the Government of India, how is to be enforced at all? We find that in England there is a growing reluctance against the admission of Indian apprentices, and if the same reluctance is voiced by the Indian manufacturer, I submit, the position of Indian apprentices would be a forlorn hope, and it is for that reason that we on this side of the House feel a growing anxiety as to what would be the future of our boys if this hostile attitude is taken up by the European manufacturers in this country and the manufacturers in the United Kingdom.

That brings me to another point; and that point is that I find in the Honourable Sir George Rainy's note a statement in which he seems, speaking for the Government of India, to go back upon what I have always understood to be the acknowledged and undoubted policy of his Government. He says:

“In that paragraph (*para. 108 of the Tariff Board's Report*) the Board has not accurately stated the settled policy of the Government of India as regards the conditions which ought to be enforced when a company receives direct financial assistance from the State. The view taken by the Government is that while conditions as to incorporation and registration in India with rupee capital, the appointment of a proportion of Indian Directors, and the provision of facilities for the training of Indian apprentices can reasonably be imposed on new companies, it is not right to impose such conditions on companies already engaged in the industry at the time the scheme of assistance is approved.”

Now, the Honourable the Finance Member would join issue not only with the Indian Tariff Board but also with the Indian Fiscal Commission's Report, which is summarised in paragraph 104, to which the Honourable the Commerce Member does not refer. If the recommendation of the Indian Fiscal Commission contained in paragraph 104 is the policy of the Government of India, I fail to understand how it is reconcilable with

the dissenting note which the Honourable Sir George Rainy has penned, presumably for his Government. But, whether it is a change of policy or reiteration of the old policy, we on this side of the House wish emphatically to protest against any discrimination made in favour of the old companies; and for the following reasons; Honourable Members will realise that when a new company is started, it has not got the same facilities for the training of Indian apprentices as an old company. A new company might well say, "We have made no profit; we have been working only for a very few years and we cannot afford to make experiments and consequently we must apply the best trained and experienced hands so long as we have not got above water". New companies, therefore, have a very justifiable reason for saying that they must pause before they employ Indian apprentices for training. But the same thing does not apply to old established companies. We are giving you protection because we want you to get on, but we do not want that you should get on and we should not get on. Honourable Members on that side of the House have often given vent to sentimentalism and said, "Let there be partnership between Britain and India". It is all right in post-prandial speeches; but brought down to the practical realities, are you going to accept the principle of partnership between Britain and India? And if you do, what facilities are you going to give to the people of India in training them up in the various businesses in which, for want of scientific and technical knowledge, they are not able to compete with foreigners from overseas? I submit that is the short question; and put in that light, the Honourable Sir Edgar Wood would say, "Oh! We never for one moment denied that Indians have got a moral claim upon us and we are quite prepared to accept apprentices. But what we object to is that apprentices, metaphorically speaking, should be forced down our throats". Well, Sir, the history of the Indian companies during the last six years has been a history of promises made and promises broken. They are recorded in the luminous pages of the Report of the Indian Tariff Board, from which my friend, Mr. Hari Raj Swarup, has given a quotation and from which my friend, Sir Cowasji Jehangir, also has told you that there is a difficulty felt in taking apprentices in the old companies. But whatever may be the fact, the fact remains that during the last six years you have not, by your voluntary act, admitted Indians to apprenticeships and there is at any rate one company

Mr. E. Studd. (Bengal: European): May I ask my Honourable friend whether he is under the impression that there are no apprentices in the paper mills at the present moment? Because if he is, he is under an erroneous impression.

Mr. B. Das: But they were taken after this House insisted.

Sir Hari Singh Gour: The Honourable Mr. Studd would do well to read paragraph 107 for an answer; it says:

"On a review of the facts stated in the foregoing paragraph we find that of the three companies in Bengal the least satisfactory record in this respect is that of the Bengal Paper Mill Company. This company has been in existence now for over forty years and during this long period appear to have made no progress whatever in associating Indians with the direction and superior management of the business."

Mr. E. Studd: My Honourable friend has still not answered my question.

Sir Hari Singh Gour: My friend had a complete answer not from me but from the Report of the Tariff Board; and if my friend suggests that he and the companies associated with him and the other European managing agents in this country have received Indian apprentices, I would answer and say, "One swallow does not make a summer". You may have received one or two to comply with the rule; but what we want is that it should be made the practice to receive as many as possible and that is what we are complaining of

Mr. E. Studd: Perhaps it may be of interest to the Honourable Member to know that the total number is actually fifteen.

Mr. B. Das: Since when? After you received protection.

Mr. E. Studd: No.

Mr. B. Das: Does my Honourable friend say that of the Bengal Paper Mill?

Mr. E. Studd: No; in the three mills.

Sir Hari Singh Gour: That is another story. (Opposition laughter and cheers.) We are now bringing before the public pillory companies that have habitually and steadfastly refused, during their long career of forty years, to receive Indian apprentices

The Honourable Sir George Rainy: I am sorry to interrupt my Honourable friend; but if he will turn to paragraph 106 of the Tariff Board's Report as regards the Bengal Paper Mills, he will find the information that was asked for:

"In the Bengal Paper Mill Company the European Chemist has been displaced by an Indian; but apart from this there are no Indians in the superior management of the Mill. The Company have at present 23 men working as apprentices, 7 in the Electrical Department, 6 in the paper-making department, 10 in the engineering shops, some of whom have served for over eighteen months and are regarded by the Company as the best Indian young men they have recruited."

Sir Hari Singh Gour: Honourable Members have heard that. Let them also hear this, (Laughter.) Paragraph 107.

"We desire to emphasise that unless further progress is made in the near future they cannot be regarded as fulfilling substantially the conditions which underlie the kind of protection. . . . It will be seen,—(that is what the Honourable the Commerce Member read).—"that it is in the most" important sections of the mills, namely the paper-making department that no progress has so far been made."

(Applause.)

I make a present of that statement to the Honourable the Commerce Member. There is no use of mincing matters. Let us be plain. There is naturally a reluctance on the part of English manufacturers, a reluctance which they are not afraid to express, that they would not and do not wish to receive Indian apprentices, because Indian apprentices would be dangerous competitors, and I fear that what is sauce for the English goose is

equally sauce for the Titaghur and Bengal Paper Mill gander. (Laughter.) You are afraid that you who have come to make money in this country, to shake the proverbial pagoda tree, do not want that somebody else should stand underneath it and do likewise. That is the position; but I ask you to take a statesmanlike view of the near future, not of the distant future, that looms large in the horizon. As my friend Sir Cowasji Jehangir has pointed out, within a few years if not within a few months, you will be faced with a situation in which there would be no compromise. Is it not right, then, for members of your community to take time by the forelock, and, while making promises of friendliness and partnership, give earnest of their earnestness by saying, "We will welcome as many apprentices as the Government of India are able to place in our factories because we feel that you Indians have as much claim upon us as we have on the people of India". Try to do that, and you will immediately find a complete change of atmosphere. The Indian people are famous for their hospitality and gratefulness, and if you show a friendly spirit towards the people of India, believe me, that will be returned tenfold to you. But the spirit in which you have been acting, the niggardly spirit in which you have couched your phrases, when you speak of expropriation, of fundamental rights and of immoral demand, these are things that will go home to roost. The people of India will retaliate and say that your so-called demand of fundamental rights is an immoral demand unprecedented in the history of any civilized country; ("Hear, hear" from the Nationalist Benches.) the people of India will retort, you richly deserve to be expropriated looking to the policy that you have been pursuing during the last 150 years; the people of India will retort that you, who have come here as explorers and exploiters, can never be vested with citizen rights because you are inherently incapable of exercising those rights in that spirit in which a citizen should act as a member of the State. Think of that, and you will be able to see for yourself when you sit in secret conclave.

The Honourable Sir George Rainy: On a point of order, the Honourable Member should address the Chair.

Mr. President (The Honourable Sir Ibrahim Rahimtoola): Yes, the Honourable Member should address the Chair.

Sir Hari Singh Gour: When they sit in solemn conclave and reflect that mere words of wisdom are of passing interest; narrow-mindedness and selfishness may be worthy of a trader but are unworthy of a great nation. ("Hear, hear" and Applause from the Nationalist Benches.) Sir, it is on these grounds that we ask the occupants of the Treasury Benches to take note of the serious and united demand we make that Indian apprentices should be placed with all paper manufacturing companies, and that the Government of India should make their assistance by way of patronage conditional upon the acceptance by these companies of Indian apprentices for training. (Loud Applause from the Nationalist Benches.)

Mr. A. Das (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): Sir, I am grateful to the Chair for giving me an opportunity to speak on this important question in which the House has been taking a keen interest. I beg to oppose this Bill, and although I am generally in favour of protection, particularly in a country where infant industries have to be developed, yet so far as the paper industry is concerned, I am not in favour of protection. Before I proceed further, I wish to place before the House for the consideration of Honourable Members certain facts and

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figures which will show that, although there may be a temporary advantage in giving protection to paper industries, I think the results are very doubtful; the drawbacks by giving protection are far greater in number than the advantages that are expected to accrue from the protection. Now, the first point which I want to submit for the consideration of European non-official Members in a cool manner and not in an excited moment is to see how far the protection that has already been given within the last 5 years has helped the country as a whole. At present, paper is sold here at Rs. 0-3-4 per pound, while in Europe we can get better class of paper for Rs. 0-2-0 per pound, which means that the paper we get in India is about 70 per cent. dearer than the same paper, or perhaps a better quality of paper can be obtained in England. Then, Sir, look at the effect which the paper industry has produced upon the publication of books, upon printing presses, periodicals and vernacular books.

An Honourable Member: Then why don't you support the Bill?

Mr. A. Das: That is the result produced in spite of this protection to the paper industry. Before protection was given, the number of printing presses for publishing books was 1,553, but during the four years that this protection has been in force, their number has dwindled down to 1,010. Now look at the periodicals; their number was 736 before these four years, and during these four years when protection has been in force, it has dwindled down to 95; again as far as vernacular books are concerned, before the four years, their number was 4,640, and now during the period of protection it has come down to 1,031. Apart from that, Sir, the prices of the books which are purchased by the school-going population has gone so high that many parents feel that they are a considerable strain on their purses.

Then, Sir, you will also see that with this state of affairs, it is no wonder that many publishing firms prefer to get their books printed in England than to print them here. In one word, I would submit that the effect

4 P.M. of protection on paper has been, not that it has afforded protection to the particular industry but it has been a tax on knowledge. This is all the more important when you see how the population has grown in the last ten years. The Census Report would show that during the last ten years the population of the country has grown by about 10 per cent.; it can hold as many as 30 big cities like Calcutta and Bombay. With a growing population like that, you can well imagine what will be the effect on the retardation of the progress of general knowledge if paper is made dearer. That is one point from which I would like Honourable Members to judge whether the effect of protection has been good or bad.

Another point from which we may judge this matter is whether the bamboo pulp industry has been really benefited. Figures have been given by the previous speakers. As compared to 1919, in the year 1930 the quantity of indigenous pulp has gone down by 8,000 tons, and the quantity of foreign pulp has gone up by 17,000 tons. You will therefore see that the result of giving this protection has been that the indigenous pulp used by the Indian mills has gone down, whereas the foreign wood pulp has gone up considerably. Another result has been that it has cost the public 2 crores of rupees. As has been pointed out by my Honourable friend, Dr. DeSouza, out of these 2 crores, a crore has gone into the pockets of the shareholders in whose name this protection Bill should be called, and out of that one crore, only Rs. 14½ lakhs have been spent on

- developing this bamboo pulp industry. While they make a profit of one crore, they spend only Rs. 14½ lakhs, that is one-seventh of their income in improving the paper industry. Another thing is that the amount of bamboo pulp has been decreasing while the quantity of foreign wood pulp goes up, because we find that nearly 75 per cent. of the outturn of the various mills use foreign wood pulp, and therefore it is no wonder that the quantity of foreign wood pulp has gone up to about 5 or 6 times what it was before this protection was given.

The next point which I would submit is this. Who has benefited by this? Certainly not the population, because they have lost Rs. 2½ crores. The shareholders have, with the result that two mills have been paying a dividend of 40 and 20 per cent., and a third mill which is not yet a public company—we do not know what the profits of that mill are, but they have reduced their debt to the extent of about 7 or 10 lakhs of rupees. So that the real persons who have been benefited are those few people, while the country has lost Rs. 2½ crores.

What is the effect of this protection on Indianisation? As a number of speeches has already been delivered on this important subject, I would only refer to certain pages of the Tariff Board's Report. Three points are mentioned there, one, the rupee capital, second, the directorate, and the third is the taking of Indians. The first two are not so important as the third one, and I would content myself by asking Honourable Members to go through the learned speeches of my Honourable friends Sir Hari Singh Gour and Sir Cowasji Jehangir. The Honourable the Commerce Member has drawn a distinction between the old companies and the new companies. The question whether any new companies would come into being in the near future is a very doubtful one. It is extremely doubtful whether in the present stage of depression of trade in this country any new company would be formed. Therefore, so far as practical utility is concerned, in spite of the dissentient note of as many as 14 Members in the Select Committee, the Government are not prepared to give an assurance that there would be real Indianisation. A mere pious wish of the Honourable the Commerce Member cannot go far. As far as Indianisation is concerned, there has been very little Indianisation, and there is no guarantee that it will be more in the future. From that point of view also I submit that this protection is not desirable.

I do not think that my Honourable friend Mr. Shanmukham Chetty was right when he said that the duty of Rs. 45 per ton on imported wood pulp would help protection. I submit, if you take facts and figures, either give sufficient protection, which would encourage the manufacture of bamboo pulp, or give no protection at all. In giving sufficient protection, you must take into consideration what is the present cost of wood pulp with the proposed duty as compared with bamboo pulp. The present cost of wood pulp is about Rs. 140 per ton, and with a duty of Rs. 45 it comes to Rs. 185. The present cost of bamboo pulp is Rs. 183. Surely no company with any degree of sense would try to use bamboo pulp in those circumstances, as no business man would try to lose. It was with that view that I put down an amendment that, in order to give a real impetus to the bamboo pulp industry, you must make the duty on wood pulp so high that it should not be profitable to the Indian manufacturer to manufacture paper out of wood pulp, and that could not be done unless you increase the duty to nearly 75 per cent. There is no doubt on the

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other side, as pointed out by Dr. DeSouza, that it will make the paper more dear, but that is a thing which you have to do if you want really and effectively to protect the bamboo pulp industry. Otherwise, with the present cost of wood pulp and a duty of Rs. 45, it will not pay the Indian mills to use in any appreciable quantity bamboo pulp in paper manufacture in preference to wood pulp. That is quite apparent from the fact that during the last four or five years the amount of foreign wood pulp which they have been using is more than three-fourths of the amount of indigenous pulp that they could make.

Then, it was said that this is an experimental stage. I do not know how long the experimental stage is going to last. We have had it for about 4 years. They had been experimenting even before the last 4 years, and there is no guarantee that in another 4 or 5 years the experimental stage would come to an end.

Again, this fact has also to be borne in mind that, so far as the bamboo pulp industry is concerned, it will not help the Bombay side at all, because we do not have any bamboos which could be used as wood pulp on the Bombay side.

These are all the objections which I wished to raise. If you have this protection, it will tax education, it will tax publications, and the advantages compared with the disadvantages are not sufficient to give this protection to paper.

Now the next and the last point to which I desire to refer is the recommendation of the Select Committee to increase the percentage of wood fibre from 65 to 70. The Tariff Board's Report is silent on that point, and the members of the Select Committee have said in their note of dissent:

"During the course of our discussion we objected to the raising of percentage of mechanical wood pulp in printing paper from 65 to 75 per cent. of the fibre content, as we believed that it might handicap the newspaper industry. We were however, assured by the Government spokesmen that it was being done only for administrative convenience and that the newspaper industry will not be affected and there will be no extra tax on it. In view of this assurance we agreed."

I do not know where this assurance is, because those newspapers which have to deal with newspaper print say that if this is increased from 65 to 70, it would mean that a larger quantity of cheap newspaper will be liable to tax, more than what is at present. Then there is this fact also, that so far as Bengal is concerned great difficulty is felt by the Customs as to how far a certain paper contains a certain percentage of wood pulp. That is always a matter of difficulty. In this connection I wish to invite the attention of the House to the fact that there are certain expert firms who have devised methods for doing it. One method is known as the Spence and Krauss method. Then the other is known as Cross and Bevan and the third is the microscopic test. So far as all these methods are concerned, they leave a margin of 10 per cent. and therefore this matter should be settled either by executive authority, or by directions in the Act as to how this question is to be determined, whether a paper contains more or

less than 70 per cent. or 45 per cent. because otherwise the Customs authorities are very much inclined to include all that paper which does not contain even that quantity of wood pulp as liable to customs duty, and that is a legitimate grievance which the persons who publish newspapers are entitled to ask the Government to redress. Whether the Bill is passed into law or not it certainly should not have the effect of increasing the cost of newspaper print which is already so high. Otherwise it will materially affect the general education and national growth in this country. For these reasons I oppose the Bill.

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural): I am in general agreement with what has been said in this House by the previous speakers about the necessity of securing education in technology in industrial concerns for apprentices and therefore I need not go over the same ground again. What I would point out to this House is the attitude of Government all these years. Protection has been given to the paper industry by levying a tariff for about seven years, and we see what the results are. It was said that the bamboo paper pulp was going to be encouraged, and we find that, instead of giving encouragement to that industry, the outturn of bamboo pulp has actually decreased.

The Honourable Sir George Rainy: I must correct my Honourable friend. I think what he means is the total output of indigenous pulp, including not only bamboo pulp, but also grass.

Mr. B. V. Jadhav: But the supply of grass is not unlimited. As far as the material for paper making is concerned, India will have to depend upon bamboo pulp more or less and therefore it is necessary in the interest of the paper industry to encourage the manufacture of bamboo pulp. If Government really intended to give encouragement to that industry, then the best course would have been to give a bounty per ton of the bamboo pulp made; but Government never thought of it and they merely contented themselves with pious wishes that the industry would be encouraged. Government know very well that this side of the House is very sentimental on the subject of protection as this House is very eager to protect Indian industries by consenting to levying protective duties, and Government have been all along exploiting this sentiment. Whenever they want more money and wish to raise it by additional taxation, they come forward with a scheme for protecting some industry or other, and in this way they secure the consent of this side of the House and they raise the required amount of money. But whenever any proposal is made to give any bounty or to spend money on research and such thing they are always unwilling, and bring forward the excuse that the Finance Member will not support any such idea. The paper industry is a very important industry and this country has been bearing this heavy burden of taxation with the sole idea that the industry should be encouraged and India should not have to depend upon the products of other countries for the paper that she uses. I am afraid, Sir, that the hope of making India free in this respect is a very distant one, and we do not know how many crores we shall have to pay in taxation in order to see this goal in sight. At present it is not even in sight. I did not think it any good to write a dissenting minute, because I myself have been obsessed by the sentiment that this paper industry ought to be encouraged, and therefore I have not written a minute of dissent or asked for anything else because I knew that my friends were doing it and I was in general agreement with them.

[Mr. B. V. Jadhav.]

As regards the contention that has been brought forward in this House that the raising of the proportion of mechanical pulp from 65 to 70 will act injuriously on the newspapers, I have only to say that I do not subscribe to that view. It was fully explained by the Honourable the Commerce Member in the Select Committee that a margin of 5 per cent. was allowed and therefore the importers of newspaper paper were taking advantage of that concession and indenting for paper which contained less than 65 per cent. of mechanical pulp, and therefore with a larger proportion of chemical pulp; and in this way they imported free of duty superior kinds of paper which competed with the paper manufactured in this country. In order to take away this unfair advantage, the proportion of 65 has been raised to 70. So according to the previous plan, 5 per cent will be allowed by the Customs authorities and there will be no real hardship upon the newspapers that are using cheap paper. They will get their paper without any duty at all, and therefore in that respect I support the proposal that the proportion of 65 should be raised to 70. But I hope the Government will take a lesson from the debate that has been carried on up to this time and will see that proper steps are taken to meet the wishes of this country. Sir, India wants to be an industrial country, and not merely to be a producer of raw materials, and therefore we want to have our industries encouraged and developed. At the same time we insist that such industries should use indigenous materials as far as possible, and that our indigenous talent and indigenous capital should be employed for the development of these industries.

Mr. Nabakumar Sing Dudhoria (Calcutta Suburbs: Non-Muhamadan Urban): I am thankful to the Chair for giving me another opportunity to speak on this subject. Last time when I spoke on this very subject, I quoted a few facts and figures from the papers that were entirely opposed to the proposed protection. To-day I propose to place before the House some fresh facts which I have collected from the papers which the paper manufacturing companies have *themselves* placed in our hands, and will show therefrom that what I said on the last occasion is amply corroborated on their own showing. I do not dispute, Sir, for a moment the immense possibilities in this country of bamboo pulp in paper-making. But what I want to impress upon the House is that the Indian paper mills, to which the protection was conceded, have entirely misused the benefits of the protection afforded to them, by so far delaying matters and by not fulfilling all the conditions, such as Indianisation of the controlling and supervising staffs, expected from them when protection was first granted. In this connection I beg to point out that the External Capital Committee, embodying the main principles of protection as have been laid down by the Indian Fiscal Commission, said this:

"When Government grant particular concessions to the industry of which that undertaking forms part, they should exercise such control over the undertaking as will ensure that the benefits of the concessions accrue primarily to the Country."

Next, Sir, a close analysis of the Report furnished by the Indian Paper Mills further manifests that they have not the inclination yet to discharge fully their obligations in the matter. With your permission, Sir, I shall read from the booklet entitled "The Appeal for Protection by the Indian Paper Industry", supplied to us by the paper manufacturing companies

benefited by the protection, some extracts in corroboration of my points. Sir, on page 19 of the appendix to this pamphlet this is what the Andhra Paper Mills Company, Limited, Rajamundry, say :

"The Company manufactures writing and wrapping paper from Bamboo, Elephant grass, etc., having commenced regular and economical manufacture in 1930."

Then the Bengal Paper Mill Co., Ltd., Calcutta, say :

"During the last two years the Company has been experimenting in the manufacture of Bamboo pulp. Arrangements are being made to extend their Bamboo pulp plant considerably in the near future."

Then the Deccan Paper Mills, Co., Ltd., Poona and Bombay, say :

"Extensive alterations and additions are under contemplation, which, it is hoped, will add to the productive capacity of the Mills."

Then the Indian Paper Pulp Co., Ltd., Calcutta, say :

"It has always been the intention to make the Company a public one inviting participation from Indian Share-holders and Directors, but the financial difficulties it has encountered have hitherto made this impossible."

Then the Punalur Paper Mills, Ltd., Travancore, say :

"Plans are in contemplation for increasing the water power available or for supplementing it by an independent steam-driven unit."

Then the Titaghur Paper Mills Co., Ltd., Calcutta, say :

"Means for the renewal of plant were provided by an issue of Preference Shares in 1928 but the voting power belongs almost entirely to the Ordinary Share capital. Further digesting and preparing plant is now in course of being installed for the further utilisation of Bamboo."

Sir, I will now quote a few lines from a circular letter, dated 21st January last, sent by these mills :

"The mills are using as much Sabai grass as before the War but all new machinery and plant has to be designed to suit bamboo as well as grass."

They again say this :

"Until the mills are fully equipped with the new kinds of machinery required, they are obliged to use a substantial proportion of ready-made pulp which can only be obtained from abroad."

Sir, I also fail to understand why the Government have chosen to go back upon the recommendations of their own experts—The Tariff Board—in some very important points affecting this matter. I also beg to submit that the paper mills have entirely failed to come up to our expectations as a result of the protection granted to them during the last seven years. The House will not, therefore, be justified to continue for another seven years the protection to the paper industry at the expense of the Indian taxpayers and the vast body of consumers. The protection period should be limited in the present circumstances, and the indigenous paper industry should rather be left to itself to grow and develop by itself, as it cannot any longer be said to be either a nascent or a struggling industry. The industry has already received sufficient support and sustenance from the State to raise up its head.

[Mr. Nabakumar Sing Dudhoris.]

Again, Sir, there has been serious disagreement among the members of the Select Committee in important details with regard to the vital question of the period of protection, which fact should not be lost sight of at all.

Finally, I shall summarise the results achieved by the protection. They are:

- (1) The paper industry was protected to encourage the use of indigenous raw material, principally bamboo.
- (2) In six years only 2,000 tons additional bamboo pulp has been made.
- (3) The Indian public has been compelled to pay approximately two crores of rupees extra to produce these 2,000 tons.
- (4) The Indian Mills have received approximately one crore more than they would have realised without protection but have only spent about 14½ lakhs in plant for developing bamboo pulp.
- (5) India produces about 30,000 tons of protected paper per annum but only produces one quarter of the necessary pulp as over 22,500 tons or three-fourths of the entire quantity is imported.
- (6) In 1919/20 the Indian Mills produced approximately 25,500 tons of indigenous pulp and imported 5,500 tons of foreign pulp.
- (7) In 1930/31 the Indian Mills produced only 17,000 tons of indigenous pulp but imported 22,700 tons of foreign pulp.
- (8) And as a result a paper which sells at about two annas a pound or less in Europe costs three annas, four pias a pound in India.

In these circumstances, I would propose that, in the event of the House deciding to grant the protection, it should be for two to five years for the present, with a view to keep the paper mills on a sort of probation for the period. After that period, on a proper investigation of the whole situation, if they are either found to fulfil or show an inclination to fulfil all their obligations in the matter, we shall be justified in extending it for a further period of 5 years.

With these words, Sir, I oppose the Bill.

Some Honourable Members: I move that the question be now put.

Mr. President: The question is:

“That the question be now put.”

The motion was adopted.

The Honourable Sir George Rainy: Sir, I have listened with the greatest interest to the debate which we have had on this question, and in certain circumstances I might have felt disposed to reply at some length. But I have to bear in mind two facts. One is that the criticism of the view I take on a particular point comes from a quarter of the House which supports the Bill, and in these circumstances I do not feel under the same

obligation to attack my supporters as I might feel to attack my opponents. The other point, which is a much more serious point, is this. This question of the Indianisation of the paper industry impinges on a very large and important question which has been before the Round Table Conference, namely, the question of commercial discrimination. If I were to start to argue that question at length, I should be apprehensive of saying something which might prejudice more important discussions elsewhere. For that reason I have up till now—and I think I must adhere to that plan—confined myself to defining the attitude of Government without explaining at length all the reasons underlying it and also the reasons why Government had felt compelled to take up that line. All I can do is to touch on one or two points and to give certain information that I think may be helpful to the House.

At the beginning of the debate my Honourable friend Mr. Das referred darkly to some terrible mandate of the British Government which had driven me away from my natural inclination, and later on my Honourable friend Diwan Bahadur Rangachariar asked me why I drew a distinction between the Government Member and the individual? My reply is that in this case the Government Member and the individual agree. I do not withdraw anything that I said about the obligation which in my view rests on companies receiving protection in India to meet reasonable demands on the part of Indians. But on the question whether compulsory powers should be exercised by Government to bring about that Indianisation, my own personal reason for objecting to it is that I consider it unjust. I am anxious to clear up any misconception there may be on this point and I will ask the House to accept my statement. It is not a question of a mandate from anybody. As far as I am concerned, I have frankly stated my opinion.

Another point that my Honourable friend Mr. Das mentioned did surprise me a little. He said that he did not regard the employment of Indian workmen as any benefit to the country. If he had said that it was not the whole of the benefit that he thought industrial firms ought to bestow upon the country, I could have understood it. But surely it is going a little too far to say that it is no benefit. I do not see my friend Mr. Joshi in the House, but I have always understood that the employment of Indian labourers is a matter of very distinct importance to the country. Possibly my Honourable friend was merely led astray by slight impetuosity in debate. My Honourable friend Mr. Mitra asked whether bamboo pulp had yet passed beyond the experimental stage and he wanted an assurance, and apparently he was indifferent whether it came from me or whether it came from the Members of the European Group. I was greatly flattered by his willingness to accept any certificate that I might give as a sufficient justification for his vote. But an unworthy suspicion crossed my mind and that was whether my Honourable friend had really read the Tariff Board's Report on the point.

Mr. S. C. Mitra: I have read it.

The Honourable Sir George Rainy: I have no independent source of information other than the Tariff Board's Report. A perusal of that Report will show that the Board was satisfied that the remaining difficulties were minor difficulties which would certainly be overcome, and Government thought that they were justified in accepting that conclusion.

[Sir George Rainy.]

That really answers the point taken later on by another speaker in which he asked very much the same kind of question. He asked how long this experimental stage was to go on? In the opinion of the Tariff Board and in our opinion the experimental stage proper is already over; the main difficulties have been overcome and it is therefore possible to proceed on the basis that the claim to protection has been established. My Honourable friend, Dr. DeSouza, who is one of the Members of the House who are doubtful about the whole scheme, expressed the view that the duty on imported wood pulp would not bring about the effect which the Tariff Board and the Government thought it would produce. He said that unless a higher duty was imposed, the sensible business man would continue to buy imported pulp and would not use bamboo pulp. Evidently paper manufacturers do not think so, or they would not be so anxious to have the graduated scale of duty. Apart from that, it is a matter which is emphatically for the Tariff Board, and therefore its opinion is entitled to great respect. I may also point out that my Honourable friend's argument that no difference was made by the surcharge on paper seems to me fallacious. It does not matter at what price you sell your paper or whether you are going to get a high price or a low price, the business-like manufacturer will wish to produce his paper at the lowest cost. The whole question about the amount of the duty on bamboo pulp is this—is it sufficient to make bamboo pulp the cheaper alternative?

The next point that I wish to take up is the one raised by my Honourable friend, Mr. A. Das, and I think figures similar to those which he quoted were also quoted by other speakers. He said that the total amount which the Indian manufacturer had been able to collect out of the protective duty was two crores of rupees. I think on that point there must be some misunderstanding. If Honourable Members will turn to page 27 of the Tariff Board's Report, in paragraph 23, they will see that the output of the mills during the five years was 158,000 tons. The difference between the 15 per cent. revenue duty and the protective duty of Rs. 140 a ton is about Rs. 50 a ton. And if you multiply 50 by 158,000, the result will be about 80 lakhs. That is the highest you can put it. Of course, since 31st March last the difference between the revenue duty and the protective duty has been narrowed owing to the increase in the *ad valorem* rate.

My Honourable friend Mr. Jadhav suggested that there had been an absolute reduction in the quantity of bamboo pulp used. What is true is that the percentage of the paper made in India represented by imported pulp has gone up, and therefore the portion represented by indigenous material must have gone down. That I quite admit. But it is not the case that the total quantity of bamboo pulp used is less than it was 5 or 6 years ago. On the contrary, it is very nearly twice as great. The point rather is that while the quantity of Indian materials used has not increased in the same proportion as the quantity of paper manufactured, actually the total quantity of Indian materials used is greater.

What I should like to say in conclusion is this. I have been impressed by all that has been said by Honourable Members opposite on this question of Indianisation. I realise how deeply they feel about it, and I am not blind to the force of the arguments they bring forward. But, nevertheless the fact remains that Government do not see their way to accept the contention advanced by my Honourable friend Sir Cowasji Jehangir that

to apply the conditions suggested by the Fiscal Commission compulsorily to companies already engaged in the industry is not discrimination. I do not want to argue the point, but like my Honourable friends in the European Group we are not at present able to accept that contention. For that reason, I cannot go further than I have already gone on that particular point. I cannot, for instance, give any fresh assurances such as my Honourable friends opposite would desire to receive. I have given my own opinion that as a matter of business prudence and good feeling the mills should put on with Indianisation, but I cannot give any undertaking that Government will use compulsory methods to bring about the changes desired. I certainly hope and believe that this discussion will have a definite effect upon the attitude of the mills.

There is one other point I should just like to mention out of courtesy to my Honourable friend Mr. Rangachariar who raised it. When I said that I could not accept the conclusion that the placing of an order for Government stores with a particular firm necessarily involved any concession, what I had in my mind was this. Under the existing Store Rules, as Honourable Members are no doubt aware, Government, and certain authorities to whom Government may delegate powers, are entitled in suitable cases to give preference to manufacturers in India when the question of orders comes up; that is they do not necessarily give the order to the lowest tenderer. They may in certain circumstances give the order to a firm in India even though their price is not the lowest. In that case I admit that there is a definite concession. I quite see that. There would be nothing inconsistent with the general policy of Government if conditions as to Indianisation were insisted on before any price concession is allowed to a firm not already engaged in the industry. But when the order is given to the lowest tenderer, and when we remember that the whole basis of the Stores purchase policy is economy and obtaining the best value at the lowest cost, it seems to me very difficult to say that there is any definite concession to the firm which receives the order. At any rate, I wished to explain exactly what was in my mind on that question, because in the effort to keep my minute of dissent short, I may have failed to make my meaning clear.

In conclusion I should like to notice one point taken by my Honourable friend the Leader of the Nationalist Party. Early in the debate Mr. Raju thought he had found traces of a change in the policy of the Government between 1922 and 1924, and he based this theory on the assumption that Government had committed itself to an approval of every recommendation in the Report of the Fiscal Commission. Government have always attached the highest value to the recommendations of that body, but I do not know that Government have ever said anything which would warrant the assumption that they accepted and were committed to each and every one of the recommendations of the Commission. I believe I am right in saying that it was not until 1924, when the Steel Industry Protection Act came up for consideration, that Government found it necessary to define its attitude on that particular point. Therefore, I do not think there is any change of Government policy there

Sir Cowasji Jehangir: What about Sir Atul Chatterjee's statement in the House?

The Honourable Sir George Rainy: That was earlier than the Report of the Fiscal Commission.

Sir Cowasji Jehangir: Well, that stands.

The Honourable Sir George Rainy: The Fiscal Commission itself quoted his statement.

Sir Cowasji Jehangir: Is it different from the Government policy?

The Honourable Sir George Rainy: If my Honourable friend means that Sir Atul Chatterjee's speech does not contain the qualifications contained in the Steel Protection Act or in the External Capital Committee's Report, he is perfectly right. But I have never been able to trace that there was in fact any change in the attitude of Government. I am quite sure that my Honourable friend the Leader of the Nationalist Party was under some misapprehension when he suggested that there had been any change of Government's policy since then. He took part himself as a Member of this House in the discussion on the Steel Industry Protection Bill in 1924, and he must remember what the line taken by Sir Charles Innes and Sir Basil Blackett at that time was. Therefore, the line I have taken in my minute of dissent is not anything new, but is merely an adherence to what for some years past has been the settled policy of Government. And for the reason I gave in my opening speech in introducing this Bill, namely, quite apart from anything else, at a time when the constitutional discussions are going on, it is out of question for Government to reconsider their policy, and Government must adhere to that policy now. (Applause.)

Mr. President: The question is:

"That the Bill further to amend the law relating to the fostering and development of the bamboo paper industry in British India, as reported by the Select Committee be taken into consideration."

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 24th February, 1932.