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THE
LEGISLATIVE ASSEMBLY DEBATES

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(9th April to 23rd April 1936)

THIRD SESSION

OF THE

FIFTH LEGISLATIVE ASSEMBLY,
1936



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Legislative Assembly.

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CONTENTS.

VOLUME V.—9th April to 23rd April, 1936.

| | PAGE. | | PAGE. |
|---|-----------|---|-----------|
| THURSDAY, 9TH APRIL, 1936— | | THURSDAY, 10TH APRIL, 1936— | |
| Questions and Answers | 3737—75 | Member Sworn | 3969 |
| Short Notice Question and Answer | 3775 | Questions and Answers | 3969—4008 |
| Statements laid on the Table | 3775—78 | Statements laid on the Table | 4009—14 |
| The Representative Laws Repealing and Amending Bill—Discussion on the motion to refer to Select Committee not concluded | 3776—3831 | The Andhra Mines (Amendment) Bill—Presentation of the Report of the Select Committee | 4014 |
| Statement of Business | 3831—32 | Resolution re Import duty on unboiled rice and paddy—Adopted | 4014—21 |
| | | Resolution re Appointment of a Committee on small and cottage industries—Adopted as amended | 4021—63 |
| TUESDAY, 14TH APRIL, 1936— | | FRIDAY, 17TH APRIL, 1936— | |
| Member Sworn | 3833 | Member Sworn | 4065 |
| Questions and Answers | 3833—76 | Questions and Answers | 4065—4121 |
| Statements laid on the Table | 3876—80 | Unstarred Questions and Answers | 4121—27 |
| The Italian Loans and Credits Prohibition Bill—Passed | 3880—3902 | Death of Mr. Siddaswar Prasad Shriha | 4127 |
| The Salt Additional Import Duty (Extending) Bill—Passed | 3902—25 | Election of the Standing Finance Committee | 4127—28 |
| The Indian Tariff (Second Amendment) Bill—Discussion on the motion to consider not concluded | 3925—34 | Election of the Standing Finance Committee for Railways | 4128 |
| | | Election of the Central Advisory Council for Railways | 4128 |
| WEDNESDAY, 15TH APRIL, 1936— | | The Representative Laws Repealing and Amending Bill—Debate adjourned | 4129—49 |
| Election of the Standing Advisory Committee for the Indian Posts and Telegraphs Department | 3935 | The Parsi Marriage and Divorce Bill—Passed | 4149—53 |
| The Decrees and Orders Validating Bill—Postponed | 3935 | The Hindu Women's Right to Property Bill—Circulated | 4153—54 |
| The Indian Companies (Amendment) Bill—Discussion on the motion to refer to Select Committee not concluded | 3935—68 | The Child Marriage Restraint (Amendment) Bill—Circulated | 4154 |
| | | The Hindu Marriage Validity Bill—Circulated | 4154—56 |

| PAGE. | PAGE. |
|--|--|
| FRIDAY, 17TH APRIL, 1936—contd. | SATURDAY, 18TH APRIL, 1936— |
| The Arya Marriage Validation Bill—Referred to Select Committee | Questions and Answers |
| 4156—57 | Election of the Central Advisory Council for Railways |
| The Moslem Personal Law (Shariat) Application Bill—Circulated | 4167—83 |
| 4157—58 | The Indian Companies (Amendment) Bill—Referred to Select Committee |
| The Removal of Civic Disabilities Bill—Circulated | 4183 |
| 4158—60 | The Indian Tariff (Amendment) Bill—Referred to Select Committee |
| The Hindu Widowers' Remarriage Bill—Withdrawn | 4184—96 |
| 4160—61 | The Indian Tariff (Second Amendment) Bill—Discussion on the motion to consider not concluded |
| The Buddha Gaya Temple Bill—Introduced | 4196—4209 |
| 4161 | The Payment of Wages Bill—Amendments made by the Council of State agreed to |
| The Hindu Gains of Learning (Amendment) Bill—Introduced | 4209—20 |
| 4161—62 | The Indian Tariff (Second Amendment) Bill—Discussion on the motion to consider not concluded |
| The Code of Criminal Procedure (Amendment) Bill—Introduced | 4220—25 |
| 4162 | Statement of Business |
| The Muslim Dissolution of Marriage Bill—Introduced | 4226 |
| 4162 | MONDAY, 20TH APRIL, 1936— |
| The Indian Subscriptions Bill—Introduced | Member Sworn |
| 4162—63 | 4227 |
| The Child Marriage Restraint (Amendment) Bill—Introduced | Questions and Answers |
| 4163 | 4227—44 |
| The legal Practitioners (Amendment) Bill—Introduced | 4250—57 |
| 4163 | Statements laid on the Table |
| The Child Marriage Restraint (Amendment) Bill—Introduced | 4244—45 |
| 4163—64 | Statement regarding net earnings of certain newly constructed railway lines |
| The Indian Medical Council (Amendment) Bill—Introduced | 4245—49 |
| 4164 | The Decrees and Orders Validating Bill—Passed |
| The Muslim Intestate Succession Bill—Introduced | 4257—96 |
| 4164 | The Indian Tariff (Second Amendment) Bill—Discussion on the consideration of clauses not concluded |
| The Hindu Disposal of Property Bill—Introduced | 4296—4319 |
| 4164—65 | TUESDAY, 21ST APRIL, 1936— |
| The Control of Coastal Traffic of India Bill—Introduced | Questions and Answers |
| 4165 | 4331—39 |
| The Indian Arms (Amendment) Bill—Introduced | Motions for Adjournment re— |
| 4165 | Famine, small-pox and cholera in Berhampur in Bengal—Postponed |
| The Hindu Widows' Maintenance Bill—Introduced | 4339—41 |
| 4165 | Suicide committed by Nani Gopal Chakravarti, a Bengal Detenu—Disallowed by the President |
| The Hindu Widows' Right of Inheritance Bill—Introduced | 4341—44 |
| 4166 | Message from the Council of State |
| Statement of Business | 4344 |

| | PAGE. | | PAGE. |
|---|-----------|---|-----------|
| TUESDAY, 21ST APRIL, 1936—contd. | | WEDNESDAY, 22ND APRIL, 1936— | |
| The Indian Tariff (Amendment) Bill—Presentation of the Report of the Select Committee . . . | 4344—47 | Short Notice Question and Answer . . . | 4407—09 |
| The Indian Tariff (Second Amendment) Bill—Passed as amended . . . | 4347—51 | Statements laid on the Table . . . | 4410—13 |
| The Cochin Port Bill—Passed; . . . | 4352—54 | Motion for Adjournment <i>re</i> Famine, small-pox and cholera in Berhampur in Bengal—Not moved . . . | 4413—17 |
| The Factories (Amendment) Bill—Passed . . . | 4354—63 | The Indian Tariff (Amendment) Bill—Discussion on the consideration of clauses not concluded . . . | 4417—75 |
| The Indian Aircraft (Amendment) Bill—Passed . . . | 4363—64 | THURSDAY, 23RD APRIL, 1936— | |
| The Indian Mines (Amendment) Bill—Passed as amended . . . | 4364—73 | Short Notice Question and Answer . . . | 4477 |
| The Indian Lac Cess (Amendment) Bill—Passed . . . | 4373—99 | Statements laid on the Table . . . | 4477—79 |
| Resolution <i>re</i> Draft Convention concerning the reduction of hours of work in glass-bottle works—Adopted . . . | 4399—4400 | Famine situation in Berhampur in Bengal . . . | 4479 |
| Resolution <i>re</i> Draft Convention limiting hours of work in coal mines—Adopted . . . | 4400—05 | The Indian Tariff (Amendment) Bill—Passed as amended . . . | 4479—4514 |
| Statement of Business . . . | 4406 | | |

LEGISLATIVE ASSEMBLY.

Thursday, 16th April, 1936.

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

MEMBER SWORN.

Mr. Muhammad Saleh Akbar Hydari, C.I.E., M.L.A. (Government of India: Nominated Official).

QUESTIONS AND ANSWERS.

INCREASE OF A CERTAIN NUMBER OF POSTS IN THE OLD EAST INDIAN RAILWAY COMPANY SCALE OF PAY BY A CORRESPONDING REDUCTION OF OLD OUDH AND ROHILKUND RAILWAY POSTS ON STATE RAILWAY SCALES OF PAY.

1626. *Dr. N. B. Khare: Has the attention of Government been invited to the fact that the Agent, East Indian Railway, has increased a certain number of posts in the old East Indian Railway Company scale of pay by a corresponding reduction of old Oudh and Rohilkund Railway posts on Indian State Railway scales of pay? If so, will Government please state:

- (a) the authority under which a State Railway scale of pay is convertible into defunct Company scale of pay;
- (b) the authority under which a State Railway post is reducible by an increase in a defunct Company post; and
- (c) the scales of pay and posts of these two defunct Railways (Company and State-managed)?

The Honourable Sir Muhammad Zafrullah Khan: It is not a fact that the Agent, East Indian Railway, has increased the number of posts on the old East Indian Railway Company's scales of pay by a corresponding reduction of posts on the old Oudh and Rohilkund Railway scales of pay. Since the amalgamation of the East Indian and Oudh and Rohilkund Railways, employees concerned have exercised the option either to remain on the old East Indian Railway scales of pay or the old Oudh and Rohilkund Railway scales of pay, as the case may be, or to come on the co-ordinated scales of pay which were introduced in 1928. The latter parts of the question do not arise.

LEAFLET PUBLISHED BY ONE MR. KESRIMAL BHANDAWAT CONTAINING THE
SUB-HEADING "POLICE, AJMER-MERWARA."

1627. *Mr. Mohan Lal Saksena: (a) Has the attention of Government been drawn to the leaflet containing the sub-heading, "Police Ajmer-Merwara", published by Mr. Kesrimal Bhandawat on the 5th February, 1936, at Ajmer?

(b) If the reply to part (a) above be in the affirmative, will Government please state whether they have inquired into the following allegations made in the said leaflet:

- (i) *Choriyan rat ko din ko pragat wa gupt ho rahi hain barh rahi hain aur iske liye raiyat moonh bhi nahin kholti hai;*
- (ii) *Chori ka tax Durgah tak par ja gira hai;*
- (iii) *San 1932 men 12 danke pare aur ek mer. saza police dilwa saki;*
- (iv) *Police ka kharch barh raha hai aur choriyan bel ke saman phal phool rahi hain;*
- (v) *Satta (gambling) sarote ke saman tarash raha hai.*

(c) If the reply to the question in part (b) above be in the affirmative, will Government please state the results of their enquiry?

(d) Do Government propose to take any steps in the matter? If so, what? If not, why not?

Sir Aubrey Metcalfe: (a) No.

(b), (c) and (d). Do not arise.

NEWS PUBLISHED IN THE *ARJUN*, DELHI, RE AJMER.

1628. *Mr. Mohan Lal Saksena: (a) Has the attention of Government been drawn to the news published in the *dak* edition of the *Arjun*, Delhi, dated the 21st February, 1936, at page 7, in column 4, regarding Ajmer?

(b) If the reply to part (a) above be in the affirmative, will Government please state whether they have enquired into the following allegations made in the said news?

"Kuchh dinon se nagar men satta bare zoron se khule am ho raha hai, Aisa prateet hota hai ki juyc par kai niyantran hi nahin raha hai."

(c) If the reply to part (b) above be in the affirmative, will Government please state the results of their enquiry?

(d) Do Government propose to take any steps in the matter? If so, what? If not, why not?

Sir Aubrey Metcalfe: (a) No.

(b) and (c). Do not arise.

(d) No.

Mr. President (The Honourable Sir Abdur Rahim): Question No. 1629. (The Honourable Sir James Grigg, who was to have answered the question, being absent.)

The Chair will pass it over.

LEVY OF INCOME-TAX ON THE SIMLA HOUSE RENT ALLOWANCE.

1629. ***Mr. T. S. Avinashilingam Othttiar** (on behalf of Maulvi Badi-uz-Zaman): (a) Is it a fact that Government have decided to levy income-tax on the house rent allowance paid to their staff in Simla?

(b) If the answer to part (a) be in the affirmative, will Government state the basis on which income-tax will be levied from those who are in occupation of free Government quarters in Simla? If nothing will be levied from them, will Government state the reasons for this discrimination?

(c) Will Government please state whether the Simla House rent allowance is a compensatory allowance specifically granted to meet expenses wholly and necessarily incurred in the performance of their duties as ministerial servants in the Government of India Secretariat?

(d) If the answer to part (c) be in the affirmative, are Government aware that such allowances are exempt from income-tax under the provisions of section 4 (3) (vi) of the Indian Income-tax Act?

(e) If the answer to part (c) be in the negative, will Government state whether this allowance will be taken into consideration in calculating the leave salary of the staff availing themselves of leave on average pay? If not, why not?

(f) Are Government aware that:

- (i) the whole amount paid as house rent is utilised by the persons concerned in engaging a suitable house at Simla;
- (ii) a certificate is taken from these persons to the effect that the house rent allowance received from Government does not exceed the rent paid;
- (iii) if the amount of the house rent exceeds the rent paid, the excess is to be refunded to Government;
- (iv) this is not a source of profit to the staff and is wholly and necessarily incurred in engaging a suitable house; and
- (v) it will be a great hardship if these persons are asked to pay income-tax on the amount which simply passes through them to house-owners and which they get in lieu of free accommodation to which they are entitled in Simla?

(g) Are Government prepared to consider the desirability of reviewing their order with a view to cancel the levy of income-tax on the Simla house rent allowance? If not, why not?

The Honourable Sir Henry Craik: (a) Yes.

(b) On the basis of ten per cent. of the occupant's emoluments.

(c) No.

(d) Does not arise.

(e) No. House rent allowance does not come within the definition of pay.

(f) (i). Generally, yes.

(ii) A certificate is taken from those eligible for the allowance under the 1924 rules. Those under the old (1907) rules are not required to give a certificate.

(iii) Yes, in the case of those under the 1924 rules.

(iv) Generally, yes.

(v) Since income-tax is to be assessed on the perquisite of free quarters, no hardship is involved if it is also assessed on the allowance given in lieu of free quarters. I may add that persons subject to the Revised Rates of Pay Rules are not entitled to free quarters in Simla.

(g) Government see no reason for reconsidering the decision.

Mr. T. S. Avinashilingam Chettiar: May I know, for income-tax purposes, whether, as regards the pay received in Delhi they are taxed also for the house rent that they have to pay here?

The Honourable Sir Henry Craik: I understand that there are no house rent allowance in Delhi.

Mr. T. S. Avinashilingam Chettiar: What I mean is, those people who are occupying Government houses, have to pay ten per cent. of their pay as house rent. Is that ten per cent. also taxed in Delhi?

The Honourable Sir James Grigg: Of course.

FINDINGS OF SIR OTTO NEIMEYER REGARDING FEDERAL AND PROVINCIAL FINANCE.

1630. ***Mr. S. Satyamurti:** Will Government be pleased to state:

(a) whether they have communicated to the Secretary of State for India the opinion of the House, as they undertook to do, that an opportunity should be given to this House to express its opinion on the findings of Sir Otto Neimeyer regarding Federal and Provincial Finance under the Government of India Act, 1935, before they pass final orders thereon;

(b) whether they will place on the table of the House a copy of the cable;

(c) whether they have heard in reply from the Secretary of State; if so, what is the reply;

(d) whether they have any information as to the exact date when the draft orders in Council will be placed by His Majesty's Government before the Parliament;

(e) whether they have any information when the final orders will be passed; and

(f) whether they will undertake to represent continuously to the Secretary of State the strong feeling of the House in this matter?

The Honourable Sir James Grigg: I am sorry I was absent when I was called. I was carrying out my duties in another place.

(a) Yes.

(f) to (f). No.

Mr. S. Satyamurti: Have Government got any information from the Secretary of State, as to whether this communication has reached him?

The Honourable Sir James Grigg: No. But I can tell my Honourable friend that, as soon as I get definite information, I will communicate it to the House.

Mr. S. Satyamurti: Has Sir Otto Niemeyer reached England?

The Honourable Sir James Grigg: Yes, I think, about two days ago.

Mr. S. Satyamurti: Has his report been submitted to the Secretary of State?

The Honourable Sir James Grigg: I have no information, but if he has reached England, it should have been.

Mr. S. Satyamurti: May I know whether the report will be submitted only to the Secretary of State, or whether a copy of that will be sent simultaneously to the Government of India, or if they have to depend only on the Secretary of State's pleasure in sending a copy of the report to the Government of India?

The Honourable Sir James Grigg: The report is to be made to the Secretary of State. But I have not the slightest doubt that every effort will be made to publish simultaneously in England and India, but beyond that I cannot say.

Mr. S. Satyamurti: With regard to the answer to part (b) of the question, may I know the reasons why Government will not place on the table of the House a copy of the communication they have sent to the Secretary of State?

The Honourable Sir James Grigg: That is the old, old story. My Honourable friend is always desiring to get behind the *arena impreti* and the Government are always resisting his desire.

Mr. S. Satyamurti: May I know whether it is open to the Government, without assigning any reasons whatsoever, to say that all communications between them and the Secretary of State are exempt from the scrutiny of this House?

Mr. President (The Honourable Sir Abdur Rahim): That question does not arise.

Mr. S. Satyamurti: With reference to the answer to part (d) of the question, have Government any information at all? What is the meaning of the negative answer "No"? Does it mean that they have no information, or that they will not tell us the information?

The Honourable Sir James Grigg: There are two general facts in connection with that, first, I have not the slightest doubt that, in the interests

of everybody concerned, His Majesty's Government will come to a conclusion as to the date of introduction of Provincial Autonomy at the earliest possible moment and secondly, that this means that they will have to deal with the question of Sir Otto Niemeyer's report and the Orders in Council to be made on that, as quickly as possible. Beyond that, I do not think I can say anything at the moment. But I do repeat my promise that, as soon as I have any specific information on the subject, I will give it to the House.

Mr. S. Satyamurti: May I know if the Government of India expect to be consulted on the matter before His Majesty's Government make their decisions tentatively, subject to the Parliament changing the Draft Orders in Council? Before the Draft Orders in Council are decided upon, do the Government of India expect to be consulted.

The Honourable Sir James Grigg: Certainly.

Mr. S. Satyamurti: With reference to the answer to clause (f) of the question, may I know the reasons why Government will not undertake to represent continuously to the Secretary of State the strong feeling of the House on this matter?

The Honourable Sir James Grigg: In this case one swallow does make a summer.

Mr. S. Satyamurti: That is to say?

The Honourable Sir James Grigg: In this question one swallow does make the summer, that is, having done it once, that is enough.

Mr. S. Satyamurti: Are Government satisfied that opportunity will be given to this House to make up its mind and make its recommendation on the report of Sir Otto Niemeyer before final orders are passed?

The Honourable Sir James Grigg: That does not arise out of this.

Mr. S. Satyamurti: Will Government represent to the new Governor General the strong feeling in this matter, and ask him for a special Session of the House, if necessary?

The Honourable Sir James Grigg: Speaking for myself, No.

Mr. T. S. Avinashilingam Chettiar: May I know if Government do not know when His Majesty's Government will pass orders in this matter?

The Honourable Sir James Grigg: That is what I have said

Mr. T. S. Avinashilingam Chettiar: May I know if Government do not know when the Orders in Council in regard to these matters will be passed?

The Honourable Sir James Grigg: The passing of the Orders in Council rests with Parliament and not with this Legislature.

Mr. T. S. Avinashilingam Chettiar: Is it not a fact that the Finance Member, in answer to a previous question about this matter, said that the Orders in Council will have to be passed at a time when the House will not be in Session?

The Honourable Sir James Grigg: I thought it was extremely likely that they would be passed at a time when this Assembly was not in Session.

Mr. T. S. Avinashilingam Chettiar: Will Government then take steps to see that the matter is placed before this House before the Orders in Council are passed?

The Honourable Sir James Grigg: This is a matter for His Majesty's Government, and His Majesty's Government will do whatever seems fit to them. It is no good addressing questions to me as if I were a dictator in this matter.

Mr. S. Satyamurti: May I ask the Finance Member, not as dictator, but as Finance Member, as to why he thinks, speaking for himself, he will not even represent to the new Governor General the desirability of summoning a special Session? Will he consult his colleagues and will Government consider this matter? Does the Honourable the Finance Member realise that the House feels strongly on this matter? We have got to pay the piper, not His Majesty's Government. May I ask whether the matter is not important enough for a special Session being called, in order that we may consider the matter and make our recommendations, subject of course, to Parliament deciding as it chooses?

The Honourable Sir James Grigg: I consider it of great importance that Members of the Government should have a little opportunity of doing some work.

Mr. S. Satyamurti: I object to this answer of the Honourable the Finance Member. He says "We want to do some work". I think it is an insult to this House. I ask for your ruling, Mr. President.

Mr. President (The Honourable Sir Abdur Rahim): The Chair does not think it is an insult to the House.

Mr. S. Satyamurti: I heard the Finance Member say clearly "We want to do some work". What does he mean? I would request you to ask him to repeat those words.

Mr. President (The Honourable Sir Abdur Rahim): The Chair has given its ruling.

Mr. S. Satyamurti: What is the ruling? That there is nothing objectionable? (*Cries of "Order, order."*)

Mr. President (The Honourable Sir Abdur Rahim): Next question.

LEVY OF INCOME-TAX ON THE SIMLA HOUSE RENT ALLOWANCE.

1631. ***Mr. T. S. Avinashlingam Chettiar** (on behalf of Maulvi Badi-uz-Zaman): (a) Will Government please state whether persons with an income of less than Rs. 2,000 a year will also be required to pay income-tax on the Simla house rent allowance?

(b) Will Government be pleased to state whether the whole income of those whose annual income is less than Rs. 2,000 without this allowance, but with this allowance is over Rs. 2,000 will be liable to taxation?

(c) If the answer to part (b) be in the affirmative, will Government please state whether such persons will be required to pay over Rs. 65 yearly as income-tax simply because they are in receipt of this allowance?

(d) Is it a fact that persons with income of less than Rs. 2,000 are getting only Rs. 260 or in a few cases Rs. 300 as Simla house rent allowance and that they will undergo yearly a recurring loss of about Rs. 65 on account of income-tax?

(e) Are Government prepared to consider the desirability of not adding the house rent to the annual income of those whose income is less than Rs. 2,000 for the purpose of charging income-tax? If not, why not?

The Honourable Sir Henry Craik: (a) Not unless the total income, including this allowance, exceeds Rs. 2,000.

(b) Yes.

(c) and (d). It is not possible to calculate the amount of income-tax as it will vary according to the total income of each individual. The answer to the first part of (d) is in the affirmative.

(e) Government see no reason to do so.

Mr. Lalchand Navalrai: May I know from the Honourable Member if these allowances are being given for the purpose of bringing their salary to the level of 16 annas? In other words, are they paying rent direct to the landlord or are they making any benefit out of it?

The Honourable Sir Henry Craik: The allowance is paid to them to enable them to rent houses in Simla.

Mr. Lalchand Navalrai: Does the Honourable Member know that houses in Simla are dearer than in Delhi and that these allowances are passed on to the landlords? Will the Honourable Member see that they do not suffer?

The Honourable Sir Henry Craik: That seems to be an argument, but anyhow that point has been considered.

LEVY OF INCOME-TAX ON THE SIMLA HOUSE RENT ALLOWANCE.

1632. ***Maulvi Badi-uz-Zaman:** (a) Is it a fact that income-tax was levied on the Simla house rent allowance in 1918?

(b) Is it a fact that Sir Alexander Muddiman, the then Secretary in the Legislative Department, ordered his office not to recover income-tax from the Simla house rent allowance?

(c) Is it a fact that all the other Departments of the Government of India recovered the income-tax except the Legislative Department?

(d) Are Government aware that the Secretary, Legislative Department, submitted a very strong note to the Finance Department and the Government had to introduce fresh legislation for the exemption of income-tax from the Simla house rent allowance?

(e) Is it a fact that it was then decided that the Simla house rent allowance is not a source of income and should be exempted from income-tax?

The Honourable Sir Henry Craik: (a) Yes.

(b) No.

(c) The information is not now available.

(d) No.

(e) The order passed in 1918 to levy income-tax on the Simla house rent allowance was cancelled in the same year for the reason explained in the reply given on April 7th to parts (a), (c), (d) and (f) of Sardar Sant Singh's question No. 1454.

Mr. T. S. Avinashilingam Chettiar: What is the answer to clause (e)?

The Honourable Sir Henry Craik: The information is not available.

Mr. T. S. Avinashilingam Chettiar: I do not understand why the information is not available.

An Honourable Member: It is 17 years ago.

Prof. N. G. Ranga: Will the information be collected?

The Honourable Sir Henry Craik: Attempts were made to collect it, but it is not available.

ADDITIONAL PRIVATE WORK UNDERTAKEN BY GOVERNMENT SERVANTS AS INSURANCE AGENTS.

1633. ***Khan Sahib Nawab Siddique Ali Khan:** (a) Will Government please state whether according to the Government Servants' Conduct Rules, Government servants are prohibited from undertaking any additional work of a lucrative nature?

(b) If so, what is the penalty for infringing this rule, and does this restriction include work as an insurance agent?

(c) Are Government aware that certain clerks in the office of the Divisional Engineer, Telegraphs, New Delhi, and Sub-Divisional Office, Telegraphs, Ambala are working as insurance agents and bringing pressure to bear on the subordinate staff employed in or under those offices as are unwilling to insure through them?

(d) What action do Government propose to take against them?

The Honourable Sir Frank Noyce: (a) According to the Government Servants' Conduct Rules a Government servant may not, without the previous sanction of the competent authority, engage in any trade or undertake any employment other than his public duties.

(b) As regards the first part of the question, no specific penalty has been prescribed, but each case is dealt with on its merits. As regards the second part, the reply is in the affirmative, as the Honourable Member will see from the reply given to part (a).

(c) and (d). Government have no information. The matter is within the competence of the Postmaster-General, Punjab and North-West Frontier Circle, to whom a copy of the question and this reply is being sent for such action as he may consider suitable.

Mr. T. S. Avinashilingam Chettiar: Are Government aware that certain Government servants have got insurance agencies in the name of their wives and do business as insurance agents?

The Honourable Sir Frank Noyce: No, Sir. If my Honourable friend will bring any instances to my notice, I shall be glad to see what steps should be taken.

Mr. T. S. Avinashilingam Chettiar: What steps do Government propose to take in the matter?

Mr. President (The Honourable Sir Abdur Rahim): It is a hypothetical question.

Mr. M. Ananthasayanam Ayyangar: Is it a fact that certain Government servants in New Delhi are practising as Homœopathic doctors?

The Honourable Sir Frank Noyce: If the Honourable Member is referring to anybody in the Departments under my control who is doing so, I have already said that, if such instances are brought to my notice, I shall be glad to see what steps should be taken.

Dr. Ziauddin Ahmad: Can an officer in the Government of India Press run a private press of his own?

The Honourable Sir Frank Noyce: Not that I am aware of.

STENOGRAPHERS EMPLOYED IN CERTAIN DIVISIONAL OFFICES OF THE NORTH WESTERN RAILWAY.

1634. ***Sardar Sant Singh:** (a) Is it a fact that the stenographers employed in certain Divisional Offices of the North Western Railway, recruited direct in grade III (Rs. 100—5—140) for their special technical qualifications, have only one post of grade IV (Rs. 160—10—200) to look forward for promotion and nothing beyond that, while a clerk recruited in grade I (Rs. 30—3—60) in the same office, with no special technical qualifications, has got chances to rise upto the post of Office Superintendent (Rs. 400—20—500)?

(b) Is it a fact that the stenographers employed in the Headquarters Office of the North Western Railway have much better chances to rise, as provision has been made in that office for a sufficient number of higher grade posts?

(c) Is it a fact that there is practically no difference in the qualifications and nature of work of the stenographers employed in the Headquarters Office and those employed in the Divisional Offices of the North Western Railway, whereas the chances for promotion are different?

(d) Is it a fact that junior clerks in other sections have superseded the stenographers employed in the Divisional Offices simply because provision has been made in those sections for higher grade posts?

(e) Is it a fact that technical staff on the North Western Railway, viz., Sanitary Inspectors and Draftsmen, etc., are already borne on one general seniority list controlled by Headquarters Office, because their cadre is a small one, and that they had no equal and fair chances of promotion on divisions?

(f) Is it a fact that divisional stenographers have requested for a similar treatment by means of memorials submitted from time to time, but have been denied this privilege?

(g) Is it a fact that in September, 1931, the Agent's office addressed all Divisional Superintendents of the North Western Railway that as a result of a representation from stenographers, it has been suggested that there should be a combined seniority list of grade V stenographers for the whole line to be controlled by the Headquarters Office, and further asked for their views?

(h) Is it a fact that the divisions supported the view expressed in part (f) above, but nothing further was done in the matter?

(i) Is it a fact that certain Divisional Superintendents addressed the Headquarters Office that there was great discontentment among the divisional stenographers due to junior men in the Head Office, North Western Railway, being given promotion to higher grades, and that the subject of their future prospects and chances of promotion be allowed to be discussed at the Divisional Superintendents' Conference (proposed twice in 1934 and 1935), but the same was not allowed by the Headquarters Office?

(j) Is it a fact that with a view to better their prospects stenographers have applied for training in other jobs, viz., course T-5, etc., but they have been refused this?

(k) Is it a fact that they cannot be transferred to other sections, although they may be quite efficient to undertake those duties and also senior to the men in those sections?

(l) Will Government be pleased to state what channel of promotion and future prospects the stenographers employed in the Divisional Offices of the North Western Railway have?

The Honourable Sir Muhammad Zafrullah Khan: Government have no information and do not consider the labour and expense involved in collecting it will be commensurate with the results likely to be obtained. These are matters of detailed administration entirely within the competence of the Agent to decide to whom a copy of the question has been sent for information and such action as he may consider necessary.

ADMISSION OF INDOOR PATIENTS INTO THE LADY HARDINGE MEDICAL COLLEGE HOSPITAL FOR WOMEN AND CHILDREN AT NEW DELHI.

1635. ***Mr. Muhammad Azhar Ali:** (a) Will Government please state how and under what conditions and circumstances indoor patients are admitted into the Lady Hardinge Medical College Hospital for women and children at New Delhi, when relating to:

- (i) Government servants;
- (ii) dependants and families of Government servants; and
- (iii) others?

(b) Do the same terms obtain in all cases specified in part (a), above? If not, how do they differ?

(c) Is it true that when compared with the Hindu Rao Hospital, Delhi, charges imposed by the Lady Hardinge Hospital are fully 50 per cent. in excess in all respects? Is it true that whilst the former permits of the free use of a fan, the latter charge, exclusively, annas twelve per fan per day per patient?

(d) How and by what means are hospital charges regulated in the case of Government servants in both hospitals aforementioned? Do considerations of income or salary weigh primarily in the levy of hospital dues?

(e) Is the Lady Hardinge Medical College Hospital, New Delhi, in receipt of a recurring grant-in-aid? If so, how much?

(f) Do Government impose any condition upon such aided hospitals that they do, necessarily, admit indoor patients serving the State by extending them the courtesy of being at least charged such dues as are commensurate with their means? If not, why not?

(g) What do 'Executive Committees' exist for?

(h) Do Government propose to withdraw all grants-in-aid where hospitals fail to consider the needs of poorly paid Government servants in keeping with their respective incomes? If not, why not?

Sir Girja Shankar Bajpai: (a) and (b). The conditions of admission of indoor patients in the paying wards are set out in the rules of the Hospital. A copy of the rules has been placed in the Library of the House. They are applicable to all patients, including Government servants and their dependents.

(c) and (d). A copy of the scales of charges for paying patients at the Lady Hardinge Medical College Hospital and the Hindu Rao Hospital has been placed in the Library of the House. In the Hindu Rao Hospital the charge for the use of an electric fan is included in the daily charge, while in the Lady Hardinge Medical College Hospital such charge is levied separately except in the case of class I rooms where it is included in the daily charge.

(e) Yes. The Lady Hardinge Medical College and Hospital are paid an annual recurring grant of about Rs. 3 2/5 lakhs a year.

(f) No such condition has been imposed in the case of the Lady Hardinge Medical College Hospital but the scale of dues charged will be examined.

(g) The Executive Committee of the Lady Hardinge Medical College and Hospital is responsible for the management of the affairs of the Institution subject to the control of the Governing Body.

(h) Government do not consider that there is justification for the drastic action proposed by the Honourable Member.

REVENUE RESERVE FUND.

1636. *Dr. Thein Maung: Will Government please state whether the Revenue Reserve Fund, referred to in the Honourable the Finance Member's speech on the 28th February, 1936, will be reckoned as one of the assets of the Government of India, of which Burma will be entitled to a 7½ per cent. share on separation, under the terms of the Indo-Burma Financial Settlement?

The Honourable Sir James Grigg: This is a matter which will be considered by the Application Committee.

Mr. F. B. Leach: May I know how the Honourable the Finance Member considers that Burma is not entitled to a share in this, in view of what he said in speaking on the Demand for Supplementary Grants on the 24th March, namely:

Mr. Satyamurti said "Let this lapse to debt avoidance and get over the deficit in the following year by raiding the sinking fund". In actual financial fact, that is absolutely the same thing as we are now proposing.

If Burma is entitled to a share in the sinking fund, how can it be contended that she is not entitled to a share in the revenue reserve fund?

The Honourable Sir James Grigg: The Honourable Member has entirely misunderstood what I said. I said that this matter will be considered by the Application Committee. I have expressed no opinion whatever about it.

Mr. T. S. Avinashilingam Chettiar: When does the Honourable Member propose to appoint this Committee?

The Honourable Sir James Grigg: It has already been appointed.

Mr. F. B. Leach: Does not the Application Committee merely decide the actual amount, not the principle? This is a question affecting the principle which has already been decided by the Tribunal.

The Honourable Sir James Grigg: I do not think that is so; I think they are appointed to apply in practice the principles laid down by the Amery Committee.

TENDERS FOR THE RECONSTRUCTION OF QUETTA CANTONMENT.

1637. *Sardar Sant Singh: (a) Is it a fact that tenders for the reconstruction of Quetta Cantonment have been invited? If so, when?

(b) How many firms or individuals have submitted tenders?

(c) How many of the tenderers are Indians and how many non-Indians?

(d) Are there any tenderers who have suffered during Quetta earthquake? If so, how many?

(e) Do Government propose to show some special consideration to those tenderers who have suffered in the earthquake, irrespective of the fact that their tenders are lowest or not?

(f) Do Government propose to give such tenderers the right of first refusal, if their tenders are not lowest?

Sir Aubrey Metcalfe: (a) Yes. On the 17th March, 1936.

(b) Twelve.

(c) A list of the firms which have tendered is laid on the table. The Honourable Member can perhaps discover by examination of this list which of the firms are Indian and which are non-Indian.

(d) Not so far as is known.

(e) and (f). No.

List of firms from whom tenders have been received.

(i) Malak Ram Doulatram.

(ii) Lt. R. S. Kirpa Ram & Sons.

(iii) T. N. Swami & Co., Delhi.

(iv) Krishan Lall Malhotra Bros., Lahore.

(v) The Braithwaite, Burn & Jessop Construction Coy., Ltd., Calcutta.

(vi) Messrs. Martin & Co., Calcutta.

(vii) B. S. Uttam Singh Jaswant Duggal and Co., Rawalpindi.

(viii) Messrs. Bird & Co., Calcutta.

(ix) Messrs. J. C. Gammon & Co., Bombay.

(x) The All India Construction Coy., Ltd.

(xi) The Hindustan Construction Coy., Bombay.

(xii) B. R. Hermann & Mohatta Ltd., Karachi.

ROAD DEVELOPMENT SCHEME SUBMITTED BY THE GOVERNMENT OF MADRAS.

1638. ***Mr. K. Nageswara Rao:** Will Government be pleased to state:

(a) whether the Government of Madras submitted a road development scheme for their approval and financial help;

(b) whether the construction of a bridge over the Godavary river via Alampur, as recommended by the special officer, the District Board engineer and the Government of Madras, is taken into consideration; and

(c) whether the construction of a bridge over the Krishna river is taken into consideration?

The Honourable Sir Frank Noyce: (a) The Government of Madras have submitted certain schemes which they propose to finance from their share in the Central Road Fund and by an advance from the Provincial Loans Fund. The proposals are still under the consideration of the Government of India.

(b) Yes.

(c) The proposal is to combine a road bridge with the existing railway bridge.

Mr. T. S. Avinashilingam Chettiar: May I know whether the amounts in this Road Fund are being spent on real rural roads, or on the ordinary first-class trunk roads?

The Honourable Sir Frank Noyce: The amounts are spent on schemes which are submitted by the Local Governments and approved by the Standing Roads Committee of this House. Those schemes include all classes of roads for which a definite authority is responsible.

Prof. N. G. Ranga: What is the decision taken by the Government of India over this proposal of the Madras Government to construct a bridge over the Godavari river?

The Honourable Sir Frank Noyce: I have already said that the proposal is still under the consideration of the Government of India.

Mr. M. Ananthasayanam Ayyangar: Will the scheme prepared by the Government of Madras be placed before the Standing Committee for Roads for consideration?

The Honourable Sir Frank Noyce: If it gets to a stage in which it can be placed before the Standing Committee on Roads; I am unable to say at the moment whether that will be so; the whole of the Madras scheme is still under the consideration of the Government of India, and the question of financing it has yet to be settled.

Mr. M. Ananthasayanam Ayyangar: Before final orders are passed, will Government consider the desirability of placing it before the Standing Committee on Roads?

The Honourable Sir Frank Noyce: The question of finance has still to be settled, and until that has been settled, I am unable to say what action will be taken. All I can assure the House is that the scheme will certainly not be approved unless it is placed before the Standing Roads Committee.

Prof. N. G. Ranga: At which stage of consideration does the question of constructing a bridge over the Krishna river stand, *vide* part (c) of this question?

The Honourable Sir Frank Noyce: The whole question is still under correspondence with the Government of Madras.

CONSTRUCTION OF AN OVERBRIDGE AT THE LEVEL CROSSING AT BEZWADA STATION.

1639. ***Mr. K. Nageswara Rao:** Will Government be pleased to state whether they received representations from the Municipal Council and the public of Bezwada, regarding the urgent need of constructing an overbridge at the level-crossing at Bezwada station, where the Railway line divides the town and the district into two halves?

The Honourable Sir Muhammad Zafrullah Khan: No, Sir.

Mr. S. Satyamurti: What does "no" mean? They have received no representations at all?

The Honourable Sir Muhammad Zafrullah Khan: No, Sir.

BROADCASTING STATION AT BEZWADA.

1640. ***Mr. K. Nageswara Rao:** Will Government be pleased to state whether they received from the Bezwada Municipality any proposals for constructing a broadcasting station at Bezwada, and if so, do they propose to see that the station will be powerful to serve the needs of the rural population?

The Honourable Sir Frank Noyce: No. The latter part of the question does not arise.

TUNGABHADRA PROJECT.

1641. ***Mr. K. Nageswara Rao:** Will Government be pleased to state whether any further progress is effected in their consultations with different Governments regarding the Tungabhadra Project?

The Honourable Sir Frank Noyce: No. The replies of the different Governments are still under examination.

Prof. N. G. Ranga: Is it not a fact that these replies have been under the consideration of the Government of India for the last one year and more?

The Honourable Sir Frank Noyce: The replies will be under their consideration for some time to come. In reply to the question my Honourable friend, Mr. Satyamurti, is about to ask, I would explain to the House that a difficult and complex matter of this kind, in which two Governments and two Indian States are concerned, cannot be decided in the course of a few weeks or even months.

Mr. M. Ananthasayanam Ayyangar: Is the Honourable Member aware that a correspondent from Hyderabad has published an article which has appeared in the Press that the Committee has already been appointed by the Madras Government with a nominee from Hyderabad as its chairman?

The Honourable Sir Frank Noyce: The report is absolutely and entirely without foundation.

Mr. S. Satyamurti: Are Government aware of the imperious need for expediting this project, and will Government expedite the matter? Surely difficulties cannot solve themselves by the efflux of time; they have got to be solved by tackling them.

The Honourable Sir Frank Noyce: I am very fully aware of that. I am doing my best to devise some method of procedure by which we can get a move on, but as I have explained to the Honourable Member, there are two Indian States and two Local Governments concerned and it is not an easy matter to deal with one of the most difficult legal questions, *viz* the distribution of water.

Mr. S. Satyamurti: At what stage, does the matter stand today? Is there any correspondence going on between the Government of India on the one hand and Local Governments and States on the other and is there any prospect of the matter reaching a further definite stage?

The Honourable Sir Frank Noyce: It is only recently that we have received a reply from the Government of Hyderabad. That reply is under consideration; and as soon as I get to Simla, I hope to be able to decide what the next step we should take should be.

Mr. S. Satyamurti: Will Government consider the desirability of summoning a conference of representatives of these four Administrations—the two Indian States and the two Local Governments—and sitting at a round table, and thus settling this matter as quickly as possible?

The Honourable Sir Frank Noyce: I am obliged to my Honourable friend for the suggestion. I may say I have anticipated it and that is already under my consideration. I agree with him that a conference is the most likely method of getting a move on, and I hope that it will be found feasible to summon such a conference.

Prof. N. G. Ranga: Did Government take advantage of the recent visit to Delhi of H. E. H. the Nizam and place this matter before him?

The Honourable Sir Frank Noyce: No, Sir. It is not customary to discuss such matters direct with Ruling Princes.

Mr. T. S. Avinashilingam Chettiar: When do they hope to take up this matter earnestly, Sir?

Mr. President (The Honourable Sir Abdur Rahim): Next question.

FIXATION OF MINIMUM PRICES PAYABLE FOR SUGAR-CANE BY SUGAR MANUFACTURERS.

1642. ***Prof. N. G. Ranga:** (a) What action has been taken, and in which provinces, to implement the section of the Sugar Protection Act of 1935, stipulating the fixation of minimum prices payable for sugar-cane by sugar manufacturers?

(b) Are Government aware of the failure of the Madras Government to fix the minimum price?

(c) Have Government been informed of the decision of the Madras Government not to fix the minimum price in accordance with the provisions of the 1935 Sugar Protection Act?

(d) Are Government aware of the consequent serious fall in the prices of sugar-cane?

(e) Have Government received any representations from the peasants, asking for a fresh enquiry into the necessity for implementing that Act?

(f) If so, will Government be pleased to state what action they propose to take to give the benefit of the Sugar Protection duty to the peasants?

Sir Girja Shankar Bajpai: (a) The information was supplied to the Honourable Member on the 20th February, 1936, in reply to his question No. 705.

(b) The Government of Madras have not considered it necessary to fix the minimum price of sugar-cane.

(c) Yes.

(d) Government have no information.

(e) Government have received no representations, barring those forwarded by the Honourable Member himself with his letter dated the 20th March, 1936.

(f) The question concerns the Government of Madras who have been asked for a report.

Mr. M. Ananthasayanam Ayyangar: Is it a fact that the Government of Madras first passed a preliminary order fixing a particular minimum price and thereafter cancelled that order fixing that particular minimum price?

Sir Girja Shankar Bajpai: They did publish a notification stating the prices which they would like to fix and asking for observations and then finally they decided not to proceed with the matter.

Prof. N. G. Ranga: Are Government aware of the fact that, as a result of that final order of the Madras Government not to fix minimum prices for sugar-cane, the prices of sugar-cane have tumbled down?

Sir Girja Shankar Bajpai: I have already answered that question that we have no information to that effect.

Prof. N. G. Ranga: Will Government try and ascertain that information?

Sir Girja Shankar Bajpai: But seeing that I have referred the whole question of fixing prices for a report by the Government of Madras, it does not seem to be necessary to make this inquiry.

WITHDRAWAL OF SALT CONCESSIONS FROM THE PEASANTS AND WORKERS OF VULLAPALEM AND THE NEIGHBOURHOOD IN KAUDKUR TALUK OF NELLORE DISTRICT.

1643. *Prof. N. G. Ranga: (a) Are Government aware of the fact:

- (i) that till July 1935, the peasants and workers of Vullapalem and its neighbourhood in Kaudkur Taluk of Nellore District, were permitted to manufacture salt;

- (ii) that Mr. N. Ramadass Pantulu and myself had made representations to the Collector of Salt at Madras that the date fixed before which all the salt accreted on the peasants salt-beds should be gathered ought to be extended; and
- (iii) that Nellore District was included in their recent list of places from which salt concessions were withdrawn?

(b) Will Government be pleased to state when the salt concessions of Nellore District were withdrawn and why?

(c) Were the peasants and workers warned about the probable withdrawal of the concession?

(d) Before the concessions were withdrawn, were they given an opportunity to conform to the usual regulations before any specified date?

(e) Are Government prepared to reconsider their decision?

The Honourable Sir James Grigg: (a), (i). The concession was not finally withdrawn from the Kandukur Taluk until September, 1935; but in April, 1935, a notice was issued to the villagers of Woollapaliyam explaining that it was calculated that they had already produced all the salt that could legitimately be described as falling within the amount required for local consumption, and warning them that if manufacture was continued steps would be taken for the withdrawal of the concession altogether. A copy of this notice was communicated to the Honourable Member personally by the Deputy Commissioner of Salt Revenue, Madras, on the 4th of May, 1935. If desired, I will lay a copy on the table of the House. The warning was at first effective, but it was reported in June that manufacture had been resumed, and this is one of the circumstances that led to the withdrawal of the concession entirely in September.

(a), (ii). The Government are aware that a representation was made by the Honourable Member himself to the Collector of Salt Revenue. The reason why this representation could not be favourably received has been given in my reply to part (a), (i) of this question.

(a), (iii). Yes.

(b) The concession was withdrawn from the Gudur and Sulurpet Taluks in September, 1931, from the Darsi Taluk in November, 1934, and from the remaining Taluks of the Nellore District in September, 1935. In all cases the reason for the withdrawal was serious abuse of the concession.

(c) and (d). Ample warning was given.

(e) No.

Prof. N. G. Ranga: In view of the fact that I have taken special interest in the matter and made special representation to the Customs Collector, is it not fact that no warning that was supposed to have been given to the peasants was communicated to me and no opportunity was given to me who is in touch with the peasants there to see that they conform themselves to the usual orders of the Department?

The Honourable Sir James Grigg: My information is a little different from that conveyed to the House by the Honourable Member. I will read out a sentence or two from the answer which I gave to part (a) (i):

"A copy of this notice was communicated to the Honourable Member personally by the Deputy Commissioner of Salt Revenue, Madras on the 4th May 1935. If desired, I will lay a copy on the table of the House."

Prof. N. G. Ranga: In view of the fact that this concession came to be finally withdrawn in September, 1935, and in May, it was only a question of giving warning to the peasants that they should stop the manufacture of salt after a particular date and the final order came only thereafter, do Government realise the injustice of not giving proper warning either to the peasants or on their behalf to me in order that an opportunity might be given to the peasants to conform to the rules and orders formulated under the Delhi pact?

The Honourable Sir James Grigg: I think the Honourable Member is a little over-stating his case. He says no proper warning was given to the villagers. Warnings were given in May, 1935, and a copy of the warning was communicated to the Honourable Member at the beginning of May, 1935, a month later it appeared that the warning had been completely ineffective and it was not until three months after that again the concession was finally withdrawn.

Prof. N. G. Ranga: When the concession came to be finally withdrawn, it was withdrawn not only from the places that were reported to have abused this privilege, that is Vullapalem and Kandukur taluq, but also from other places. The notification of the Madras Collector of Customs makes it perfectly clear that the concession was withdrawn not only from Kandukur taluq but also from the remaining taluqs of the district, namely, Kovur, Nellore, Podile, Venkatagiri, Kanigiri, Udayagiri, Rapur and Atmakur. In view of the fact that the other taluqs of the Nellore district did not abuse this privilege, why was it withdrawn from those taluqs also?

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member is now asking regarding other taluqs also?

Prof. N. G. Ranga: In answer to this particular question, reference was made to the withdrawal of the concession from the remaining taluqs of Nellore district in September, 1935.

Mr. President (The Honourable Sir Abdur Rahim): But that is not in the original question.

Prof. N. G. Ranga: The notification issued by the Madras Collector of Customs refers to these taluqs also.

Mr. President (The Honourable Sir Abdur Rahim): But those taluqs were not mentioned in the original question and so he cannot put questions relating to them

Prof. N. G. Ranga: But these are parts of Nellore district in which no such alleged complaint has been made of abuse of salt concessions, and I should like to know why Government have thought it fit to withdraw the salt concession from these taluqs also?

The Honourable Sir James Grigg: The Honourable Member's original question related to Kandukur taluq only. If he wants to know about other taluqs, then he had better put down a question.

Prof. N. G. Ranga: Part (b) of my question makes it definitely clear that my intention is to raise the withdrawal of salt concessions from the whole of Nellore district?

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has been asked to put down a specific question, and he had better do it.

Prof. N. G. Ranga: In view of the fact that, under this notification of the Collector of Customs of Madras, Government have made it clear that the salt concession was withdrawn from the other taluqs without further notice, will the Government kindly consider the advisability of re-opening this question and of trying to extend this concession to those taluqs and give them another chance to avail of the concessions. I can give my personal assurance that the concessions will not be abused and if they were to be abused, I would persuade the peasant to conform to the rules and not abuse the concession.

The Honourable Sir James Grigg: The Honourable Member knows perfectly well from a previous question which he asked in this House what steps are necessary for the villagers to take in order to apply for the restoration of the concessions. It is always open to them to apply for restoration. I am bound to say that, in cases where concessions have been restored, the result has not been very happy up till now.

Mr. M. Ananthasayanam Ayyangar: In view of the fact that there are repeated complaints and that there are also interpellations on the floor of the House that concessions have been withdrawn improperly, will Government consider the advisability of appointing a committee of this House to consider such cases from time to time?

The Honourable Sir James Grigg: No, Sir.

Mr. M. Ananthasayanam Ayyangar: Why not, Sir? Why should they not appoint a committee to alleviate the hardships caused by the improper withdrawal of concessions by Government?

The Honourable Sir James Grigg: As I have already explained to the House over and over again, this is a matter which must very largely be left to the local authorities to deal with.

FREIGHT CHARGED ON THE TRANSPORT OF CUDDAPAH SLABS AND OTHER FLOORING SLABS EXPORTED FROM MACHERLA IN THE GUNTUR DISTRICT.

1644. *Prof. N. G. Ranga: Will Government be pleased to state:

- (a) if they are aware of the fact that the freight charged on the transport of Cuddapah slabs and other flooring slabs exported from Macherla are much higher than that charged on the slabs exported from Kurnool District, though they are all transported over the same distance and route; and
- (b) that this discrimination in favour of Kurnool exports does considerable harm to the development of the quarrying industry of Macherla in Guntur District?

The Honourable Sir Muhammad Zafrullah Khan: (a) No. The Madras and Southern Mahratta Railway's Goods Tariff does not show any such differentiation in freight rates.

(b) Does not arise.

ARTICLE APPEARING IN THE INDIAN NATION OF PATNA UNDER THE HEADING "APPOINTMENT IN TELEPHONE DEPARTMENT".

1645. ***Mr. Anugrah Narayan Sinha:** (a) Has the attention of Government been drawn to an article appearing in the *Indian Nation* of Patna, dated the 3rd February, 1936, under the heading "Appointment in Telephone Department"?

(b) Is it a fact that the allegations made in the above article are true?

(c) If so, what steps do Government propose to take to have the matter impartially enquired into?

(d) If the reply to part (b) be in the negative, what steps do Government propose to take to remove the misapprehension caused by the allegations made in the article in question?

The Honourable Sir Frank Noyce: (a) Government have seen the article.

(b) to (d). Government have no information and do not propose to take any action on an anonymous communications.

REPRESENTATIVE OF INDIA IN THE LEAGUE COUNCIL.

1646. ***Mr. M. Ananthasayanam Ayyangar:** (a) Is there a representative of India in the League Council? If not, why not?

(b) Are there any representatives of India in the standing committees of the League and in any of the auxiliary committees? If so, who are they and what are their qualifications? If not, why not?

(c) Do Government propose to consider the desirability of sending to the League Assembly, one representative from the Legislative Assembly and one from the Council of State, each time, chosen by the respective houses?

The Honourable Sir Nripendra Sircar: (a) No, because India is neither one of the principal allied and associated powers nor a non-permanent Member of the Council.

(b) Yes. Details will be found in the League of Nations Official Document No. C24, M16, 1936, dated the 20th January, 1936, a copy of which is in the Library.

(c) For the reason indicated in my reply to question No. 571, asked by Dr. Ziauddin Ahmad on the 14th August, 1934, the answer is in the negative.

Mr. M. Ananthasayanam Ayyangar: With reference to part (c), I heard the Honourable Member say that the answer was in the negative meaning thereby that the suggestion that a representative of the Legislative Assembly and another representative of the Council of State should be sent will not be accepted. Will the Honourable Member please state as to why out of these three delegates, two cannot be representatives of the Central Legislature?

The Honourable Sir Nripendra Sircar: The reasons were fully given by me in answer to question No. 571 asked by Dr. Ziauddin Ahmad on the 14th August, 1934. This is an identical question and my answers are there.

Mr. M. Ananthasayanam Ayyangar: What are the main objections?

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member had better look up the previous answer. The same question cannot be repeatedly asked.

Mr. M. Ananthasayanam Ayyangar: I was not then a Member of the Assembly.

Mr. President (The Honourable Sir Abdur Rahim): That does not matter. The Honourable Member had better look up that question.

Mr. T. S. Avinashilingam Chettiar: Was it not your ruling, Sir, last Session that when reference was made to answer in a previous Session, those answers had to be read out at the request of the Honourable Member who puts the question?

Mr. President (The Honourable Sir Abdur Rahim): That was not my ruling. The previous answer in this instance can be easily looked up.

Mr. T. S. Avinashilingam Chettiar: May we know that answer, Sir? Your ruling was that the answer should be read out.

Mr. President (The Honourable Sir Abdur Rahim): Order, order. That was a different matter. Next question.

AGENDA FOR THE LEAGUE ASSEMBLY AND THE INTERNATIONAL LABOUR CONVENTION.

1647. ***Mr. M. Ananthasayanam Ayyangar:** (a) Is it a fact that each year, the agenda for the League Assembly and the International labour convention are sent to the several Governments?

(b) Are Government prepared to place the agenda received each year for discussion by the Assembly and for such advice thereon as it may deem proper and necessary to give?

(c) Were any and if so, what, items or subjects included in the agenda of the League Assembly relating to India in particular or included at the instance of the Government of India during the last five years?

The Honourable Sir Nripendra Sircar: (a) Yes.

(b) If only for the reason that the agenda is not received until after the conclusion of the Delhi Session while instructions to the delegates have to be issued before the commencement of the Simla Session, the course proposed by the Honourable Member is impracticable.

(c) No.

Mr. M. Ananthasayanam Ayyangar: With reference to part (c), have no questions arisen during the past five years which could be referred to the League Assembly?

The Honourable Sir Nripendra Sircar: Part (c) of the question was:

"Were any, and if so, what items or subjects included in the agenda of the League Assembly relating to India in particular or included at the instance of the Government of India during the last five years"?

The answer is, no.

Mr. M. Ananthasayanam Ayyangar: I am asking a supplementary question whether, during the past five years, no questions arose relating to India which could be referred to the League Assembly? Why were not such matters placed before the League at all?

The Honourable Sir Nripendra Sircar: I think the answer, no, is equally an answer to the supplementary question.

Mr. S. Satyamurti: May I know whether, as a matter of fact, the Government of India have not sent any items to be included and whether the answer, no, means, they were not included or whether the Government of India sent no items at all to be included?

The Honourable Sir Nripendra Sircar: We sent no items.

Mr. M. Ananthasayanam Ayyangar: Is the Honourable Member aware that, in the last Session, the Home Member said that with respect to films which are objectionable the League would be addressed or similar steps would be taken to see that a convention is observed by all the Governments which are members of the League to observe certain rules and regulations to prevent improper films being published or put on show in the several countries? Is it not one of the matters which could properly be referred to the League Council?

The Honourable Sir Nripendra Sircar: That is the subject of another question which follows.

Prof. N. G. Ranga: Have the Government of India ever considered the advisability of referring any question concerning India for the consideration of the League of Nations?

The Honourable Sir Nripendra Sircar: Yes, Sir.

Prof. N. G. Ranga: What are the questions that have so far been referred to the League of Nations?

The Honourable Sir Nripendra Sircar: I shall require notice of that question.

RATE OF SUBSCRIPTION PER YEAR BY THE INDIVIDUAL MEMBERS TO THE LEAGUE.

1648. ***Mr. M. Ananthasayanam Ayyangar:** (a) Is it not a fact that the rate of subscription per year by the individual members to the League, has been under the consideration of the League for revision or reduction?

(b) Are Government aware that many of the League members are in arrears of subscription for years and that India is one of the few countries that have been paying subscriptions promptly and regularly?

(c) Have Government made any representations to the League for reduction of subscription and if so, to what amount and with what result?

(d) What is the total amount spent each year by Government, on subscription, for sending of delegates to the League Assembly and the International Labour Conference meetings and for other connected purposes?

The Honourable Sir Nripendra Sircar: (a) Yes.

(b) The countries not in default, of whom India is one, are in a substantial majority.

(c) A Memorandum stating India's case for a reduction has been submitted to the Committee on Allocation, whose report will be presented to the League Assembly at its next Session. I am not prepared to disclose the contents of the Memorandum at this stage.

(d) Information is being collected and will be laid on the table in due course.

Mr. M. Ananthasayanam Ayyangar: Is the matter concerning the rate of subscription likely to come up for consideration during the meeting of the League of Nations? Are any steps being taken by the Government of India?

The Honourable Sir Nripendra Sircar: That is our expectation.

Mr. S. Satyamurti: Have Government simply asked for a reduction or an increase of subscription or *status quo*?

The Honourable Sir Nripendra Sircar: I do not understand the sarcasm, because my answer was that a memorandum stating India's case for reduction has been submitted.

Mr. S. Satyamurti: I did not hear that; thank you.

INTERESTS OF INDIANS SETTLED IN IRAQ.

1649. ***Mr. M. Ananthasayanam Ayyangar:** Is it not a fact that the new legislation in Iraq adversely affects the interests of Indians settled there?

Sir Aubrey Metcalfe: The Honourable Member's attention is invited to my answer given to Mr. Satyamurti's short notice question on the 23rd March last, on the subject.

FILMS, BOOKS AND OTHER PUBLICATIONS IN FOREIGN COUNTRIES CALCULATED TO LOWER INDIA IN THE EYES OF THE WORLD.

1650. ***Mr. M. Ananthasayanam Ayyangar:** Have Government moved the League Council or Assembly to take steps to induce foreign countries to ban films, books and other publications in their countries which are calculated to lower India in the eyes of the world? If so, with what result? If not, why not?

The Honourable Sir Henry Craik: I would refer the Honourable Member to the reply given by me on the 20th February last to part (c) of Mr. Satyamurti's question No. 725. The Secretary of State for India has since been addressed in this matter, and I will inform the Honourable Member of the result in due course.

Mr. M. Ananthasayanam Ayyangar: My question was, what steps have been taken by the Government of India to place this matter before the League Council through their representatives?

The Honourable Sir Henry Craik: I have answered the question. I have said that the Secretary of State has since been addressed in this matter and I will inform the Honourable Member of the result in due course.

Prof. N. G. Ranga: Is it not a fact that the Secretary of State is not one of the representatives of India at the League of Nations?

The Honourable Sir Henry Craik: I have said I have addressed the Secretary of State. I do not know if he has forwarded the representation.

Mr. S. Satyamurti: May I know if the Secretary of State has been asked by the Government of India to bring this matter to the notice of the League of Nations?

The Honourable Sir Henry Craik: Yes, that is what we have said.

Mr. S. Satyamurti: May I know why the Government of India did not address their own representatives on the League of Nations, to bring up the matter there on behalf of the Government of India directly?

The Honourable Sir Henry Craik: I do not think we have got any permanent representative there.

Prof. N. G. Ranga: Is not His Highness the Aga Khan the chief representative of India at the League of Nations?

The Honourable Sir Henry Craik: Not permanently.

Mr. M. Ananthasayanam Ayyangar: Is there any representative at all this year on the League of Nations?

Mr. G. H. Spence: There will be representatives on the Assembly of the League of Nations this year, but not before the Assembly takes place, and you cannot write to a man who will not be there until the Assembly meets.

Prof. N. G. Ranga: In view of the fact that there is a permanent Secretariat in the League of Nations, is it not possible for the Government of India to directly address the permanent Secretariat there over this particular question?

Mr. G. H. Spence: The channel of communication is through the Secretary of State.

Mr. S. Satyamurti: Will the Government of India address the Secretary of State to move the proper authorities to include this subject in the agenda of the next meeting of the Assembly of the League of Nations.

The Honourable Sir Henry Craik: We have asked the Secretary of State to consider whether he could not address the League of Nations in the matter and whether it is likely to be of sufficient importance for the League to take up.

Mr. S. Satyamurti: Will the Government of India ask the Secretary of State to include this in the agenda of the Assembly?

The Honourable Sir Henry Craik: They may be able to take action before the Assembly meets.

Mr. N. M. Joshi: Are the Government of India aware that there are very few people in this country who believe in suppression of literature on the ground that it does not suit their taste?

The Honourable Sir Henry Craik: I do not understand the question.

Dr. Ziauddin Ahmad: Are the Government of India in a position to correspond directly with the Secretary of the League of Nations or must the correspondence pass through the Secretary of State?

The Honourable Sir Henry Craik: All correspondence passes through the Secretary of State.

Mr. S. Satyamurti: Under what rule or law? Has the League of Nations laid down any rule prohibiting the Government of India, an original member of the League of Nations, from corresponding with the Secretary to the League?

Mr. G. H. Spence: No.

Mr. S. Satyamurti: Then, why do they not correspond directly?

Mr. President (The Honourable Sir Abdur Rahim): That is a matter of argument.

FLOATING OF A TEN STERLING LOAN IN ENGLAND.

1651. ***Mr. M. Ananthasayanam Ayyangar:** (a) Why was a ten million sterling loan floated in England in 1935-36, contrary to the budget provision in that year for floating a rupee loan in India?

(b) Was the rupee loan tried in India for the required amount, and if so, with what result?

(c) Was any portion of the rupee loan raised in England? What is the amount of the loan subscribed by Indians in relation to the whole amount raised?

(d) What is the rate of interest on the sterling loan raised in 1935-36, and what was the discount allowed at the time of floating the loan?

(e) Was any attempt made to raise the loan in America or in any other foreign country at a cheaper rate of interest, or more favourable terms before the sterling loan was raised in England in 1935-36? If not, why not?

The Honourable Sir James Grigg: (a) and (b). I would invite the attention of the Honourable Member to the last sentence of paragraph 27 of my speech introducing the budget for 1935-36 in which I clearly stated that "the amount, time and manner of our borrowing would depend entirely on market conditions during the year". Whether a loan should be raised wholly in India or in England or partly in India and partly in England depends upon the sterling and rupee requirements of Government, upon market conditions and upon remittance prospects. After taking all these considerations into account the requirements of Government during the year 1935-36 were met partly by a loan in India and partly by a loan in England.

(c) The applications received from England to the rupee loan, floated in August last, amounted to Rs. 1,700 only. No information is available as to the amount subscribed in India by Indians.

(d) The nominal rate of interest on the sterling loan issued in 1935-36 was three per cent. It was issued at 98 per cent., i.e., at a discount of two per cent.

(e) No. I don't think there is the slightest chance of India being able to borrow at a cheaper rate of interest in America or any other foreign country.

Mr. M. Ananthasayanam Ayyangar: Is the Honourable Member aware that in America a loan of 500 million dollars was raised at 1.7/8 per cent. interest?

The Honourable Sir James Grigg: Yes, but the credit of the American Government in America is different from the credit of India in America.

Mr. M. Ananthasayanam Ayyangar: Did not the Honourable Member say in his last budget speech that the credit of India is very high in the world market?

The Honourable Sir James Grigg: Yes, but the world market for this purpose is mainly London, as that is about the only free market in the world.

Mr. M. Ananthasayanam Ayyangar: Has any attempt been made till now in America or in any other foreign country to raise a loan?

The Honourable Sir James Grigg: Not to the best of my knowledge, and certainly, I have no intention of trying.

Mr. M. Ananthasaynam Ayyangar: Then how did the Honourable Member come to the conclusion that it is not likely that that loan will be subscribed?

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has given his opinion.

Dr. Ziauddin Ahmad: Is it not a fact that Government deduct income-tax on the interest on rupee loan but not on the sterling loan?

The Honourable Sir James Grigg: Yes, that is so.

Dr. Ziauddin Ahmad: In that case, is it not advantageous to have a loan in rupee and then afterwards if Government want, transfer the rupee into sterling?

The Honourable Sir James Grigg: Of course, there is not the slightest doubt that, if Government could raise the whole of its requirements in India without borrowing in London, that would be an advantage; and as the Honourable Member knows, the Government of India propose to pay off this year without fresh borrowing in London a loan of about 16 millions.

Mr. S. Satyamurti: What is the market price at which the sterling loan is sold today?

The Honourable Sir James Grigg: I think it is something over par, as far as I remember.

ICE AND AERATED WATER CONTRACTS ON THE NORTH WESTERN RAILWAY.

1652. ***Rai Bahadur Seth Bhagchand Soni:** (a) Is it a fact that the North Western Railway administration originally decided to give the ice and aerated water contracts to contractors for the next three summer seasons (*i.e.*, 1936, 1937 and 1938) and asked them to make the necessary arrangements accordingly?

(b) Is it a fact that about two months after their original decision, the North Western Railway authorities changed their previous decision and have decided to give the said contracts for one year? If so, will Government be pleased to state reasons for such sudden change of decision?

(c) Are Government prepared to consider the desirability of sticking to the original decision of the North Western Railway giving these contracts for a period of three years at a time?

The Honourable Sir Muhammad Zafrullah Khan: (a) and (b). I would refer the Honourable Member to the reply I gave to parts (e) and (i) of Mr. Ghiasuddin's question No. 1009, on the 9th March, 1936. The change was made as, on re-consideration, it did not appear that there was sufficient justification for departing from the practice of previous years.

(c) Government are not aware that the arrangement of having a contract for each year prevents efficient service being rendered, and do not consider therefore, that any further action is called for.

ICE AND AERATED WATER CONTRACTS ON THE NORTH WESTERN RAILWAY.

1653. ***Rai Bahadur Seth Bhagchand Soni:** (a) Is it a fact that the North Western Railway administration has since October, 1935, exempted all other vending contractors excepting ice and aerated water contractors from payment of charges for the storage rooms where they keep their aerated water bottles, boxes and crates, etc.? If so, will Government be pleased to state the reasons for such differential treatment?

(b) Are Government prepared to consider the advisability of exempting ice and aerated water contractors from paying of rents?

The Honourable Sir Muhammad Zafrullah Khan: (a) No. The position is that with regard to vendors' shops no charge is made for the service portion of a shop, and as these shops are rented for vending purposes only the question of storage does not arise. With regard to ice and aerated water contracts accommodation for storage purposes only is charged for and this accommodation is not used for vending purposes. The policy underlying these orders is to charge rent for accommodation for storage but not for vending purposes.

(b) No. The rent charged by the railway is small and if the ice and aerated water contractors had to rent storage accommodation elsewhere they would probably have to pay a higher charge for rent.

EXAMINATIONS HELD FOR RECRUITMENT OF CANDIDATES IN THE CADRE OF POSTMEN AND INFERIOR SERVANTS IN THE POONA POST OFFICE.

1654. ***Mr. K. M. Jedhe:** Will Government be pleased to state:

- (a) the number of examinations held in the years 1933, 1934 and 1935 for recruitment of candidates in the cadre of postmen and inferior servants in the Poona Post Office and the number of departmental and outside candidates passed in those examinations;
- (b) whether the examinations held were in conformity with the Director General's Circulars Nos. 2 and 13, dated the 16th April, 1931 and 28th August, 1935, respectively; and
- (c) if the reply to part (b) above be in the negative, what action do Government intend to take in the matter?

The Honourable Sir Frank Noyce: (a) to (c). Government have no information but they have no reason to believe that the orders on the subject have not been duly observed. The matter is within the competence of the Postmaster-General, Bombay Circle, to whom a copy of the question and this reply is being sent for such action, if any, as he may consider necessary.

CONFIRMATIONS OF OFFICIALS AND INFERIOR SERVANTS IN THE BOMBAY POSTAL CIRCLE.

1655. ***Mr. K. M. Jedhe:** (a) Are Government aware that in the Bombay Postal Circle, officials of the department as well as outsiders, who have been officiating in the appointments of postmen and inferior

servants in clear vacancies since 1930, have not been confirmed? Is it a fact that the Director General of Posts and Telegraphs removed the ban on confirmation and issued orders to heads of Circles to confirm with effect from 1st April, 1935, the staff that had been officiating till then?

(b) If so, has the confirmation of such officials been held back under orders of competent authorities?

(c) If the answer to part (b) be in the affirmative, what are the reasons for the issue of such orders?

(d) If the answer to part (a) be in the affirmative, do Government propose to expedite the issue of confirmation orders in the case of those men?

The Honourable Sir Frank Noyce: (a) to (d). Information has been called for and a reply will be placed on the table of the House in due course.

FRAMING OF A SUITABLE STANDARD IN RESPECT OF THE WORK DONE BY THE CLERKS IN THE CIRCLE OFFICES AND THE DIVISIONAL OFFICES OF THE INDIAN POSTAL DEPARTMENT.

1656. ***Mr. K. M. Jedhe:** Are Government aware that the question of framing a suitable standard, in respect of the work done by the clerks in the Circle Offices and the Divisional Offices of the Indian Postal Department, was under investigation of the Postal Enquiry Committee of 1934. *vide* reply to part (c) of starred question No. 258 by Sardar G. N. Mujumdar, but the Committee did not suggest any standard in their Report? Will Government be pleased to state what steps they now intend to take to frame the standard?

The Honourable Sir Frank Noyce: The reply to the first part of the question is in affirmative.

As regards the second part, Government have accepted the recommendation of the Committee that it is not possible to lay down a formula for determining the clerical staff for Circle Offices and for Divisional Offices and do not therefore propose to take any steps to prescribe such a formula.

REFUSAL OF HOUSE RENT TO THE MAIL GUARDS OF THE RAILWAY MAIL SERVICE STATIONED AT HUBLI.

1657. ***Mr. K. M. Jedhe:** Will Government be pleased to state whether a house rent allowance of Rs. 2 per month is paid to the postmen and other inferior servants of the Post Office at Hubli but the same is refused to the mail guards of the Railway Mail Service stationed there? If so, why?

The Honourable Sir Frank Noyce: The answer to the first part is in the affirmative. As regards the latter part the mail guards of the Railway Mail Service stationed at Hubli are not at present in receipt of house rent allowances and Government do not propose to make any additions to the list of postal officials drawing such allowances, pending the results

of a review of the question of house rent allowances to Posts and Telegraphs officials in the Bombay Presidency which has been undertaken in consequence of the decision of the Government of Bombay to withdraw all such allowances in the Bombay Presidency except those given in lieu of free quarters.

LOTTERY TICKETS SOLD BY THE "TOURIST AGENCY" IN CONNAUGHT CIRCUS, NEW DELHI.

1658. *Mr. Lalchand Navalrai: (a) Will Government be pleased to state if the 'Tourist Agency' in Connaught Circus, New Delhi, does business in selling lottery tickets?

(b) If so, has it been permitted by Government to do so?

(c) If so, will Government be pleased to state how far and for which lotteries has it been permitted?

(d) Is it a fact that this agency sells Irish Free State Sweepstake tickets, and that according to the Sweepstakes authorities the tickets are not to be issued in a commercial sense?

(e) Do Government propose to enquire into this matter?

The Honourable Sir Henry Craik: (a) Yes.

(b) No.

(c) Does not arise.

(d) Yes; Government have no information regarding the latter part of the question.

(e) Government have made necessary enquiries and the question of taking legal action is now under consideration.

Mr. Lalchand Navalrai: I do not follow the last answer.

The Honourable Sir Henry Craik: I said that the question of taking legal action is now under consideration.

PROMOTION OF A NON-GAZETTED EMPLOYEE TO GAZETTED POST ON THE NORTH WESTERN RAILWAY.

1659. *Mr. Lalchand Navalrai: (a) Will Government please state whether it is a fact that the Railway Board only is empowered, under North Western Railway Organization Manual, to promote a non-gazetted employee to gazetted post, whether officiating or permanent?

(b) Is it a fact that in the years 1934-35 and 1935-36, some Office Superintendents on North Western Railway were promoted to gazetted posts? If so, will Government please state the authority which promoted them, whether the Agent or the Railway Board?

(c) What is the criterion, whether seniority or selection, for promotion from non-gazetted railway service to gazetted posts on the railways, either as officiating or as permanent?

(d) If the criterion is selection, was any selection held of the Office Superintendents on the North Western Railway? If so, when and by whom?

(e) Is it a fact that confidential reports of all Office Superintendents on North Western Railway are sent regularly? Is it also a fact that when a bad confidential report is received against any official, the same is communicated to the person concerned?

(f) Was any of the superseded Office Superintendents of North Western Railway apprised of the fact, whether previously or afterwards, that he was unfit for promotion to gazetted posts, and that he would be superseded? If not, why not?

(g) Are Government aware that almost all senior Office Superintendents on North Western Railway have nothing against them, and that there is a general complaint that in making promotions to gazetted posts, Anglo-Indians and Europeans are given undue and unmerited promotion over Indians, whether in officiating or permanent posts, solely on the score of racial discrimination? If not, are Government prepared to make enquiries in the matter?

(h) If the reply be that there is no racial discrimination in the matter of promotion of Office Superintendents on North Western Railway to gazetted posts, will Government please state the names and community of each of the Office Superintendent on the North Western Railway in order of seniority, and justify supersession if any on other than racial grounds?

(i) What steps do Government propose to take to assure employees on the North Western Railway that there is no racial discrimination in the matter of promotion to gazetted ranks? If none, why not?

The Honourable Sir Muhammad Zafrullah Khan: (a) The Agent is empowered to permit a subordinate to officiate in the Lower Gazetted Service, but permanent appointments to the service are made by the Railway Board.

(b) No Office Superintendents were permanently promoted to gazetted posts during the years 1934-35 and 1935-36, but certain officiating promotions were made under the authority of the Agent.

(c) Selection.

(d) No Selection Boards are held for selection of Office Superintendents to gazetted rank; the selection is made on recommendations submitted by Divisional Superintendents and Principal Officers.

(e) Yes.

(f) No, it was unnecessary to apprise Office Superintendents in this direction as promotion to gazetted rank is purely by selection and is not in the ordinary line of advancement.

(g) No racial discrimination is made in making promotions to gazetted posts.

(h) I lay on the table of the House a statement giving the required information.

(i) No action is called for as the allegation of racial discrimination is unfounded.

List of permanent Office Superintendents on the North Western Railway, in order of seniority.

| Name. | Community. |
|----------------------------|---------------|
| Grade VIII—Rs. 500—20—600. | |
| 1. Mr. J. E. O'Reilly | Anglo-Indian. |
| Grade VII—Rs. 400—20—500. | |
| 2. Mr. W. C. Knight | European. |
| 3. Mr. Atma Ram | Hindu. |
| 4. Mr. Gian Chand | Hindu. |
| 5. Mr. R. N. Christien | Anglo-Indian. |
| 6. Mr. Atma Ram | Hindu. |
| 7. Mr. Chuni Lal | Hindu. |
| 8. Mr. Malawa Singh | Sikh. |
| 9. Mr. Krishna Swamy | Hindu. |
| 10. Mr. Mohd. Ali | Mohammedan. |
| 11. Mr. Mohd. Ibrahim | Mohammedan. |
| 12. Mr. Ramji Das | Hindu. |
| 13. Mr. J. D. J. Growhurst | European. |
| 14. Rai Sahib Guranditta | Hindu. |
| 15. Mr. H. C. S. Bennett | Anglo-Indian. |
| 16. Mr. Amir Chand | Hindu. |

Mr. Lalchand Navalrai: May I know from the Honourable Member if the order that officiating persons can be promoted by the Agents was contained in the original orders of the Board or were any subsequent orders issued to the effect that only officiating persons can be promoted?

The Honourable Sir Muhammad Zafrullah Khan: There are no orders that officiating persons can be promoted by the Agents.

Mr. Lalchand Navalrai: May I know that the reply, as I understood the Honourable Member, was that they can be promoted in an officiating post by an authority other than the Board?

The Honourable Sir Muhammad Zafrullah Khan: I said that the Agent has authority to appoint to officiating posts, but the Honourable Member wanted to know in the last question with regard to promotions of officiating officers.

Mr. Lalchand Navalrai: Then, may I understand that the Agent can appoint officiating persons, but not promote them afterwards? I do not follow the Honourable Member.

The Honourable Sir Muhammad Zafrullah Khan: My reply was that the Agent is empowered to permit a subordinate to officiate in the Lower Gazetted Service, but permanent appointments to the Service are made by the Railway Board.

Mr. Lalchand Navalrai: Do I understand the Honourable Member to say that, if he makes an officiating appointment, it is no promotion?

The Honourable Sir Muhammad Zafrullah Khan: No. The Honourable Member went on to ask me "who promotes the officiating officer?" I said that the Agent has no power to promote an officiating officer.

COMMUNAL COMPOSITION OF THE INFERIOR AND LABOUR SERVICES ON STATE RAILWAYS.

1660. ***Mr. Lalchand Navalrai:** (a) With reference to my starred question No. 289 and Government's answer given in February last, will they please state what is the existing percentage of minority communities—Muslims separately—in the inferior and labour services on (1) North Western, (2) Eastern Bengal, (3) East Indian, and (4) Great Indian Peninsula Railways?

(b) If the present percentage is more than prescribed for subordinate and superior railway services in the Government of India *Communiqué* of July 1934, why do Government give minority communities benefit both ways namely increased percentage in the subordinate and superior railway service and existing high percentage in inferior and labour services on the Indian Railways?

(c) Are Government prepared to extend the percentage prescribed for minorities in the Government *communiqué* of July 1934, to inferior and labour services also? If not, why not?

The Honourable Sir Muhammad Zafrullah Khan: (a) The information is not readily available and Government do not consider the expense and labour involved in collecting it will be commensurate with the results likely to be obtained.

(b) and (c). I would invite the Honourable Member's attention to my reply to part (b) of his question No. 289 asked on the floor of this House on the 11th February, 1936. Government do not consider any further action is necessary.

GRANT OF HOLIDAYS TO GOODS AND PARCEL CLERKS ON IMPORTANT INDIAN FESTIVAL DAYS.

1661. ***Mr. Lalchand Navalrai:** (a) Will Government please state if it is a fact that Goods and Parcel Offices on the railways are closed on Good Friday, Christmas and New Year's days?

(b) Is it a fact that a large majority of the employees on the railways are Hindus, Muslims and Sikhs? If so, why are the Goods and Parcel Offices not closed on their religious festival days?

(c) Is it a fact that the Posts and Telegraphs Department, who, too, have much connection with the public, give their employees holidays on some Indian festivals, such as *Id*, *Diwali* and Gurus birthday? If so, why should railway employees in Goods and Parcel Offices get different treatment?

(d) Are Government aware that generally the merchants neither book nor take delivery of consignments on the Indian festival days and therefore there is practically insignificant work at the parcel and goods offices on such days?

(e) Do Government propose to direct grant of holidays to goods and parcel office clerks on some Indian festival days? If not, why not?

The Honourable Sir Muhammad Zafrullah Khan: I am collecting information and shall lay a reply on the table of the House in due course.

DISCHARGES OF RAILWAY EMPLOYEES.

1662. ***Mr. Lalchand Navalrai:** (a) Will Government please state if it is a fact that under orders from the Railway Board, dated the 7th July, 1931, and in view of the findings of the Court of Enquiry, all discharges of Railway employees were to be stopped, excepting those specifically ordered by the Board?

(b) Is it a fact that the Railway Board further ordered that all persons declared surplus in their own posts were to be utilized in other capacities but could not be discharged?

(c) Are these orders strictly carried out on the North Western Railway? If so, why has the Divisional Superintendent, North Western Railway, Multan, in his letter No. 255/E/O., dated 2nd January, 1934, discharged certain Brick Munshies and has refused to provide them elsewhere?

(d) Does an appeal lie to the Railway Board from the staff so discharged, who are alleged to have been discharged in contravention of the orders of the Railway Board? If not, why not?

(e) Do Government propose to make enquiries and state for the information of this House why the Railway Board's orders were not carried out by the North Western Railway administration?

(f) What action do Government propose to take to ensure that the Board's orders are strictly carried out by Railway Agencies and its officers? If none, why not?

The Honourable Sir Muhammad Zafrullah Khan: (a) No. The facts are that on the 8th July, 1931, orders were issued to the Agents of State-managed Railways, asking them to suspend discharges of employees, with immediate effect, and with certain minor exceptions until October, 1931, when the position was to be reviewed in consultation with Agents. The Agents of Company-managed Railways were invited to adopt a similar course.

(b) No. The orders issued by the Railway Board in the matter will be found in the last sub-paragraph of the Memorandum which formed an enclosure to Railway Board's letter No. 861-L, of 20th July, 1932, a copy of which is in the Library of the House.

(c) Government have no reason to believe that the orders issued by the Board referred to in the reply to part (b) of the question have not been followed on the North Western Railway. As regards the latter part of the question, Government have no information.

(d) No. I would refer the Honourable Member to paragraph 17 of the Government of India communiqué of 6th June, 1932, a copy of which is in the Library of the House.

(e) and (f). Do not arise.

Mr. Lalchand Navalrai: With reference to the answer to part (c) of the question, if the Honourable Member has got no information, will he kindly make enquiries as the rule has actually been broken with regard to those Brick *Munshies* having been discharged?

The Honourable Sir Muhammad Zafrullah Khan: I do not follow the Honourable Member.

Mr. Lalchand Navalrai: I am asking whether the Honourable Member will enquire from the Agent whether this has actually happened—the discharge of these Brick *Munshies*?

The Honourable Sir Muhammad Zafrullah Khan: Not so long as the question refers only to certain Brick *Munshies*. If the Honourable Member will supply me with particulars, I shall certainly do it.

Mr. Lalchand Navalrai: What will be the particulars the Honourable Member wants?

The Honourable Sir Muhammad Zafrullah Khan: I cannot ask the Agent whether certain Brick *Munshies* in the whole of his Administration were or were not discharged.

Mr. Lalchand Navalrai: But the Brick *Munshies* are a class by themselves.

The Honourable Sir Muhammad Zafrullah Khan: That is an argument. I have given my reply.

Mr. Lalchand Navalrai: I am asking the Honourable Member to enquire from the Agent.

The Honourable Sir Muhammad Zafrullah Khan: I have given my reply.

Mr. Lalchand Navalrai: The reply is not given to the question whether an enquiry will be made from the Agent or not.

The Honourable Sir Muhammad Zafrullah Khan: I have said that it will be made if specific particulars are given.

Mr. President (The Honourable Sir Abdur Rahim): Next question.

SUGAR IMPORTS INTO KATHIAWAR.

1663.***Mr. J. Ramsay Scott:** (a) Will Government please state if it is a fact that sugar imports into Kathiawar for the nine months of the last three years were as follows:

| | 1933. | 1934. | 1935. |
|------|--------|--------|--------|
| Tons | 48,389 | 65,671 | 73,489 |

- (b) Can Government give any later particulars for 1935?
 (c) Can Government give any reasons for the increase of imports?

The Honourable Sir James Grigg: (a) Yes.

(b) The amount of sugar imported at the Kathiawar ports during January and February, 1936, was 11,580 and 2,248 tons, respectively.

(c) There is reason to believe that the Kathiawar merchants have accumulated stocks in Kathiawar in anticipation of the withdrawal of certain facilities which they previously enjoyed.

TRADE ACROSS THE VIRAMGAM-DHANKHUKA LAND CUSTOMS LINE FOR SUGAR.

1664. *Mr. J. Ramsay Scott: (a) Will Government please state if it is a fact that the trade across the Viramgam-Dhankhuka Land customs line for sugar for the nine months of the last three years was as follows:

| | 1933. | 1934. | 1935. |
|------|--------|--------|--------|
| Tons | 22,427 | 21,930 | 24,081 |

(b) Can Government give any later particulars for 1935?

(c) Can Government give any reasons for the very slight increase in the last two years against the very large increase from 1933 to 1935 in the imports of sugar into Kathiawar?

The Honourable Sir James Grigg: (a) Yes.

(b) The amount of sugar imported into British India across the land Customs Line during January and February, 1936, was 1,193 and 602 tons, respectively.

(c) I would refer the Honourable Member to the reply given to part (c) of his immediately preceding question.

SUGAR IMPORTS INTO CERTAIN INDIAN STATES.

1665. *Mr. J. Ramsay Scott: (a) Will Government please state if it is a fact that sugar imports in the nine months of the last three years were as follows:

| | 1933. | 1934. | 1935. |
|-----------|--------|--------|--------|
| Baroda | 5,458 | 3,532 | 5,459 |
| Bhavnagar | 23,915 | 29,329 | 33,712 |
| Jafarabad | 614 | 1,598 | .. |
| Jamnagar | 3,250 | 3,528 | 4,522 |
| Morvi | 2,900 | 8,911 | 4,004 |
| Nawanagar | 8,199 | 12,139 | 24,133 |
| Porbandar | 4,053 | 6,624 | 1,659 |
| Tons | 48,389 | 65,671 | 73,489 |

(b) Can Government give any later particulars for 1935?

The Honourable Sir James Grigg: (a) Yes, except that the figures given for Jamnagar relate to Junagadh.

(b) A statement is laid on the table.

Imports of sugar at the Kathiawar ports during the months of January and February, 1936.

| | January. | February. |
|---------------------|----------|-----------|
| | tons. | tons. |
| Baroda | 510 | 5 |
| Bhavnagar | 1,769 | 953 |
| Nawanagar | 8,038 | 936 |
| Porbandar | 493 | .. |
| Jafarabad | .. | .. |
| Junagadh | 770 | 354 |
| Morvi | | |

TRADE IN SUGAR OVER THE VIRAMGAM LINE.

1666. ***Mr. J. Ramsay Scott:** (a) Will Government please state if they have any particulars of trade in sugar over the Viramgam line for 1933 and 1934?

(b) Is it a fact that the trade in sugar over the Viramgam line from Baroda was during the nine months of 1935, 9,507 tons, Bhavnagar 19,194 tons and Navanagar 2,281 tons?

(c) Is it a fact that the balance of imports of sugar retained in Kathiawar would seem to be in 1933, 25,962 tons, in 1934 89,732 tons and 1935 48,508 tons?

(d) Can Government give any further information on the progress of negotiations with the Kathiawar States on the subject of customs?

The Honourable Sir James Grigg: (a) 1933-34 27,125 tons.
1934-35 27,311 tons.

(b) Yes.

(c) The figures quoted ignore the coast-wise imports from Kathiawar into British India, which in the nine months ending December, 1933, and December, 1934, amounted to 4,945 tons and 7,791 tons, respectively. Similar figures for the current year are not available.

(d) I would refer the Honourable Member to the reply given to question No. 42 and supplementary questions asked by Mr. Satyamurti on the 4th of February, 1936.

Mr. G. Morgan: Are Government aware that about 70 per cent of the total imports of merchandise goes over the Viramgam line for Kathiawar and that, in the case of sugar, only about 30 per cent goes over the Viramgam line?

The Honourable Sir James Grigg: I have not examined those figures recently, but on the last occasion I did—I am speaking from recollection and should not be considered as tying myself down to any figure—I thought it was about 50 per cent in both cases.

Mr. G. Morgan: As there are no re-exports of sugar to speak of from Kathiawar ports, have Government any information as to how the quantities retained in Kathiawar are disposed off?

The Honourable Sir James Grigg: I think there has been a large accumulation of stocks in Kathiawar in anticipation of negotiations with the Kathiawar States resulting in the abolition of the rebate system.

Dr. Ziauddin Ahmad: Have Government ever made any calculation as regards the total amount of consumption of sugar in Kathiawar itself and the total quantity imported into Kathiawar from outside and not officially re-exported?

The Honourable Sir James Grigg: It is a rough calculation of that sort which led to the conclusion that they have accumulated in Kathiawar very large stocks.

ABOLITION OF THE 13-UP AND 14-DOWN DELHI-SEALDAH EXPRESS.

1667. ***Mr. Sri Prakasa:** (a) Is it a fact that the East Indian Railway is intending to abolish the 13-Up and 14-Down Delhi-Sealdah Expresses *via* Benares from the 1st April next?

(b) If so, do Government propose to recommend to the Railway to continue these trains?

(c) If that is not possible, are Government prepared to recommend that the fast Allahabad-Delhi Passenger trains that are intended to be substituted for these trains, may be extended up to Moghal Sarai either way, *via* Benares?

The Honourable Sir Muhammad Zafrullah Khan: (a) Yes. Government have observed from the time table which is in force from 1st April that these trains are not now running.

(b) and (c). Changes contemplated in the train services are discussed by the Administration with their Local Advisory Committees. I am, however, communicating the Honourable Member's suggestion to the Agent of the East Indian Railway for consideration.

STATEMENTS LAID ON THE TABLE.

Information promised in reply to starred question No. 786, asked by Mr. Amarendra Nath Chattopadhyaya on the 25th February, 1936.

WORK EXECUTED AND MATERIALS SUPPLIED TO THE CALCUTTA PORT TRUST BY MESSRS. BIRD AND COMPANY.

(a) The total amounts paid to Messrs. Bird and Company under the terms of the labour contract with them during the last 15 years were as follows:—

| | Rs. |
|-------------------|-----------|
| 1920-21 | 23,11,057 |
| 1921-22 | 19,69,809 |
| 1922-23 | 18,39,247 |
| 1923-24 | 20,65,172 |
| 1924-25 | 22,06,916 |
| 1925-26 | 20,36,827 |
| 1926-27 | 22,67,117 |
| 1927-28 | 26,69,709 |
| 1928-29 | 29,28,475 |
| 1929-30 | 29,53,155 |
| 1930-31 | 21,63,906 |
| 1931-32 | 18,83,215 |
| 1932-33 | 15,73,377 |
| 1933-34 | 16,90,189 |
| 1934-35 | 21,20,790 |

(b) Yes; sixteen Commissioners were present at the meeting and thirteen were in favour of adoption of the Chairman's recommendations

(c), (d) and (e). A copy of the Chairman's note is laid on the table. Government have not in their possession a copy of the contract with Messrs. Bird and Company.

(f) The stevedores work on board ships and the nature of their work differs too much from that of shore labour to render a comparison useful.

(g) and (h). The labour supplied by Messrs. Bird and Company has shown no signs of discontent for many years, and was unaffected by the recent strike of stevedores' labour.

(i) This suggestion was made by the Accountant General, Bengal.

(j) The Accountant General merely made a suggestion, but did not raise an audit objection. The reasons for not accepting the Accountant General's suggestions are given in the Chairman's note, a copy of which is being laid on the table in reply to parts (c), (d) and (e) of the question.

(k) No. Government have no power to interfere in the matter.

Extract from the Proceedings of the Port Commissioner's 2115th Meeting, held on the 7th May 1934.

1. Cost of Labour—Contract with Messrs. Bird & Co., Read the following:—

Note dated the 26th April 1934 by the Chairman.

The Commissioners employ their own labour at the Calcutta Jetties, at the mechanical coal-loading plant in the Kidderpore Docks, and at the Tea Warehouses, but elsewhere all the labour required by them is supplied by Messrs. Bird & Co. The possibility of reducing the expenditure on labour was considered by the Economy Committee towards the end of 1931, and the advisability of terminating the contract

with Messrs. Bird & Co., and either employing more departmental labour or calling for tenders for the supply of labour was then investigated. It was however unanimously agreed that the contract with Messrs. Bird & Co., should be continued but that an attempt should be made to obtain from them reduced rates. The firm agreed to give a $2\frac{1}{2}$ per cent. reduction on all charges for handling general cargo in the Docks including the Garden Reach Jetties.

The contract with Messrs. Bird & Co., has again been considered recently because I thought that a further reduction in charges might be demanded in view of the recent increase in general exports, and the advisability of calling for tenders for the supply of labour has been strongly urged by the Accountant General, Bengal, as Auditor of the Port Trust accounts. I propose to refer to the latter point first.

I think if tenders were invited the Commissioners would be offered lower rates than they are now paying. Messrs. Bird & Co., have not recently made any reduction in the rates paid to their coolies and it is probable that sufficient labour could now be obtained at lower rates.

The disadvantages of cancelling Messrs. Bird & Co.'s contract and calling for tenders are the following:—

- (1) The Commissioners would have to pay to Messrs. Bird & Co., the cost price of the cooly lines erected by them less depreciation and the total amount payable on this account would be about Rs. 5 lakhs. This disadvantage is not one of great importance at the present time, as the capital could be found. In 1931 the finding of over Rs. 5 lakhs would have been difficult, and this fact strongly influenced the Economy Committee in their decision to continue the contract.
- (2) Messrs. Bird & Co., are thoroughly acquainted with the work and no supervision of their labour by the Commissioners' staff is necessary. If any new contractor were employed for the handling of general cargo, the Commissioners would undoubtedly have to employ extra staff and the cost of this staff would greatly reduce and might even extinguish any apparent saving on labour.
- (3) If there were keen competition for the contract quotations would be based on the payment of minimum rates to the labour. So long as present conditions continued, there might not be a shortage of labour but we should no longer have the benefit of a contented and a more or less permanent labour force. Also the contractors would almost certainly try to avoid the expense of employing special labour for special jobs and efficiency would suffer on this account. Any increase in the general demand for labour would inevitably lead to labour troubles. Efficiency would decrease and higher rates would have to be paid by the Commissioners to the contractors in order to secure sufficient labour of any kind.

Objection (1) is not, as I have indicated, now one of great importance although we should avoid increasing our present heavy capital debt unless an adequate profit is certain to be made. Objection (2) could be met by giving the contract to Messrs. Bird and Company, even if their rates were not the lowest, provided of course the difference was not too great, but their rates would be based on the payment of minimum rates to labour and objection (3) would remain. This objection is much stronger than it appears on paper, but it will, I think, be fully realised by anyone with personal experience of dock work. Reasonably efficient handling of traffic in a Port where a large force of labour is working in a small area is impossible without an efficient and contented labour force and it would therefore be false economy to cut expenditure on labour to the bone.

Although there are distinct advantages in retaining Messrs. Bird and Company, as our labour contractors and giving them reasonably favourable terms, I consider that in view of the increase in traffic we should enforce some reduction beyond the $2\frac{1}{2}$ per cent. rebate agreed to in 1931. A certain amount of their expenditure is constant regardless of the amount of traffic handled so their profits must increase more than proportionately to any increase in traffic. I have seen figures which show that the amount of fixed expenditure is less than I thought, but nevertheless there are sufficient grounds for demanding a percentage rebate on total payments exceeding a certain amount. The scale I recommend is as follows:—

Total annual payments on all labour contracts except

Port Trust Railway, Northern Section
and Petroleum Wharf.

Rebate on amount in
excess of Rs. 10 lakhs.

| | per cent. |
|-------------------------|-----------|
| Up to Rs. 12 lakhs | 2 |
| From Rs. 12 to 13 lakhs | 2½ |
| „ 13 to 14 „ | 3½ |
| „ 14 to 15 „ | 4½ |
| „ 15 to 16 „ | 5 |
| „ 16 to 17 „ | 5½ |
| „ 17 to 18 „ | 6½ |
| „ 18 to 19 „ | 7½ |
| „ 19 to 20 „ | 8 |
| „ 20 to 21 „ | 8½ |
| „ 21 to 22 „ | 9½ |
| „ 22 and over | 10½ |

In order to illustrate the possible effect of the above, I give below the amounts which would have been saved on the payments made to Messrs. Bird & Co., during recent years.

| | Rs. |
|---------------------|----------|
| 1929-30 | 1,92,285 |
| 1930-31 | 93,339 |
| 1931-32 | 51,917 |
| 1932-33 | 27,385 |
| 1933-34 (estimated) | 45,500 |

When I advised Messrs. Bird & Co., that a reduction of their rates would be expected, they repeated a request made in the past that the supply of labour required for the coal loading plant at Nos. 19 and 20 Berths should be entrusted to them. They have always contended that if they supplied this labour it would be easier for them to distribute the work amongst their coolies and that the difficulties now experienced owing to the big fluctuations in the amount of work at the coolie berths would be minimised. I advised them that the Commissioners would certainly not be prepared to discontinue using departmental labour at Nos. 19 and 20 Berths unless they were offered rates which would ensure a substantial saving, and that the rates for coolie berths and for mechanical plant loading would have to be adjusted so as to encourage the contractors to make adequate use of the plant. I informed Messrs. Bird & Co.'s representative that if the rate for shipping coal at the coolie berths were reduced from 6 annas 6 pies to 6 annas 4 pies per ton, the Commissioners might be prepared to pay them 3 annas per ton for shipping coal and 2 annas per ton for shipping manganese ore at the mechanical plant. The 3 annas per ton rate for coal would be inclusive of trimming which is now done by Messrs. Bird & Co., for 1 anna 6 pies per ton. Manganese ore costs more in labour to ship than coal, but any trimming which is necessary is done by the stevedores. I estimate that at these rates the Commissioners would have saved about Rs. 10,600 including the extra rebate during the year 1933-34, and in busier years the saving would be greater.

If Messrs. Bird & Co., are given the work at Nos. 19 and 20 Berths, they are prepared to give the percentage rebates mentioned above with effect from the 1st April 1934 without reducing the rates paid to their labour, provided the Commissioners agree to give them a five years contract. In the event of labour conditions changing during the period of five years and Messrs. Bird & Co., being forced to pay more than their present rates, the terms of the agreement would have to be reconsidered.

I regard the revisions proposed above as distinctly favourable to the Commissioners, and recommend their adoption. They mean a substantial saving on our expenditure on labour without any sacrifice of efficiency.

In my opinion the best alternative to continuing the contract with Messrs. Bird & Co., would not be to invite tenders and pay cut prices but to do the work departmentally. I do not however think that departmental labour would prove economical in the long run.

Resolution No. 353.—Resolved that the recommendations contained in the Chairman's note be adopted.

Mr. G. L. Mehta, Rai Bahadur B. R. Singh and Mr. A. V. Venables dissented from the above resolution.

Information promised in reply to starred question No. 802, asked by Mr. M. S. Aney, on the 25th February, 1936.

FIXATION OF THE NUMBER OF GAZETTED HOLIDAYS.

- (a) The head of the local Administration.
- (b) The lists of gazetted holidays of the neighbouring provinces and agencies are generally followed, with slight variations to suit local conditions, usage and customs.
- (c) No: but in some places religious authorities are consulted as to the exact dates on which festivals will fall.
- (d) The enquiries made show that there is no such discontent. It is not a fact that no day sacred to the Jain community has been gazetted as a holiday.
- (e) The fixation of holidays in the centrally administered areas does not rest with the Government of India. The request, if made to the local Governments, would no doubt be considered.

Information promised in reply to starred question No. 1296, asked by Mr. Muhammad Anwar-ul-Azim on the 17th March, 1936.

TREATMENT OF HINDUS AS A MINORITY COMMUNITY IN THE PUNJAB POSTAL CIRCLE.

- (a) Yes.
- (b) Yes.
- (c) As regards the first part of the question, the facts are that in 1933 in view of the inadequate representation of Hindus in the Peshawar Postal Division and the Rawalpindi Head Post Office two clerical appointments were filled by Hindu recruits by reservation in those two recruiting units out of a total number of 16 vacancies, of which the remaining 14 were filled, 11 by minority community candidates and 3 by Hindus by merit. As regards the second part, the matter was taken up by the Director-General with the Postmaster-General, but in view of the fact that a large proportion of the vacancies had already been filled by minority communities and that revised orders regarding communal adjustment were impending, no further action was taken by the Director-General.
- (d) As will be seen from the reply to part (c) of the question, no injustice was done to any minority community and the question of taking any action does not therefore arise.

Information promised in reply to starred question No. 1402, asked by Qazi Muhammad Ahmad Kazmi on the 23rd March, 1936.

CLEANING AND WASHING OF CARRIAGES ON THE NORTH WESTERN AND EAST INDIAN RAILWAYS.

- (a) No.
- (b) Yes.

(c) Train Examiners are responsible for the cleaning of the bath rooms and lavatories of carriages.

(d) The Railway Administrations are satisfied that the cleaning and washing is being efficiently carried out under the existing arrangements.

(e) No. Government consider it desirable that the staff engaged in cleaning and washing carriages should be under the Operating Department.

Information promised in reply to starred question No. 1411, asked by Bhai Parma Nand, on the 23rd March, 1936.

GRANT OF OVERSEAS PASSAGES TO ANGLO-INDIANS AND EUROPEANS EMPLOYED ON RAILWAYS.

(a), (b) and (e). Passage concessions under the Lee concession benefits were granted to the superior officers of non-Asiatic domicile on the State-managed Railways from 1st April, 1924. In this connection I would refer the Honourable Member to paragraphs 62 and 63 of the Report of the Royal Commission on Superior Civil Services in India, a copy of which will be found in the Library of the House.

Passage concessions were extended to non-superior officers of non-Asiatic domicile from 1st April 1930.

Anglo-Indians are not eligible for passage concessions.

(c) I would invite the Honourable Member's attention to my reply to Mr. Giri's question No. 39 asked on the 4th February, 1936, which contains the information readily available with Government. Government regret they are not prepared to compile any further information as its collection will involve an amount of labour and expense not likely to be justified by results.

(d) Yes.

Information promised in reply to starred question No. 1439, asked by Prof. N. G. Ranga on the 24th March, 1936.

FAILURE OF CROPS AND DISTRESS OF PEASANTS IN THE SOUTHERN PART OF THE GANJAM DISTRICT.

(a) (i) Seasonal conditions have been unfavourable in parts of the Ganjam district, but the area seriously affected is comparatively small.

(ii) No.

(iii) Yes.

(b) Government do not consider that it is necessary, at present, to extend salt concessions or to make provision for concessional rates of freight charges for the transport of paddy, etc.

Information promised in reply to unstarred question No. 454, asked by Mr V. V. Giri, on the 7th April, 1936.

RUNNING OF A RAIL PETROL MOTOR SERVICE ON THE METRE GAUGE SECTION OF THE MADRAS AND SOUTHERN MAHRATTA RAILWAY.

(a) Experiments are being undertaken to ascertain if rail-petrol motor services on the Metre Gauge Section of the Madras and Southern Mahratta Railway can compete with the road bus traffic. No definite proposals, however, have yet been made in this direction.

(b), (c) and (d). Do not arise.

(e) The Railway Saw-mills are not working to their maximum capacity. The extent of their output depends on the carriage building programme sanctioned in a particular year.

(f), (g) and (h). Yes.

(i) No decision has yet been arrived at.

(j) Does not arise.

(k) Yes.

(l) The shop is working short time but at the same time is giving greater out-turn with less staff than the old foundry.

(m) In 1935 an order for 12,000 pots out of 22,000 was given to the Perambur shops. The foundry was unable to accept any part of a subsequent order as it was occupied too far ahead to give satisfactory deliveries.

THE INDIAN MINES (AMENDMENT) BILL.

PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE.

The Honourable Sir Frank Noyce (Member for Industries and Labour): Sir, I present the Report of the Select Committee on the Bill further to amend the Indian Mines Act, 1923, for certain purposes.

RESOLUTION RE IMPORT DUTY ON UNBROKEN RICE AND PADDY.

Mr. President (The Honourable Sir Abdur Rahim): The House will now resume consideration of the following Resolution moved by Mr. Muhammad Nauman on the 7th April, 1936:

“That this Assembly recommends to the Governor General in Council that an import duty of rupee one per maund on unbroken rice and annas eight per maund on paddy be levied.”

Sir Girja Shankar Bajpai (Secretary, Department of Education, Health and Lands): Mr. President, the subject of rice has become a hardy annual in this House; and, not only is it a hardy annual, but a hardy annual that blossoms twice, first on a Resolution and then on a Bill. On the last occasion—I am referring to last year—when this question was discussed, I ventured to place before the House the considerations that had led Government to the conclusion that broken rice was the only commodity that was in competition, in uneconomic competition with Indian produce, and, therefore, liable to an import duty. However, listening to the arguments that were put forward by Honourable Members opposite the other day, it would appear that certain misapprehensions still persist, and I would, therefore, venture to crave your indulgence for a few minutes to attempt to dispel those misunderstandings and misapprehensions.

The first is that merely by the imposition of a protective duty on imports of rice from foreign countries into this country you are going to raise the price of rice. Last year, I tried to show how the fall in prices of rice in this country was part of a general phenomenon which affected all agricultural commodities and that such imports as came into this country

from foreign countries were not responsible for the fall in prices. I shall not go over that argument again, but I should mention one significant figure which ought, I think, to convince the House of the validity of my conclusions.

If you compare the imports of all kinds of rice broken rice, whole rice and paddy—during the first eleven months of 1935-36, with the total production of rice in this country in 1934-35, you will find that they come to less than one-third per cent. Now, it is not, I submit, an arguable case, by any impartial person that the import into this country of one-third of one per cent. of rice has affected or kept down the price of rice indefinitely, assuming that rice prices were lower during the period that we are considering than the figure at which they had been during the corresponding period of the preceding year. I submit that these imports really do not affect the price factor at all.

The second misapprehension which seems to be troubling certain Honourable Members of this House is that the Government of India have not done anything to improve the cultivation of rice. Now, those Honourable Members who have from time to time suggested to Government devices for the raising of the prices of rice and other agricultural commodities have referred to experiments elsewhere—in Australia, or more particularly in the United States of America and Canada. What are the steps they have taken there? The step they have taken, amongst others is the reduction of area under a particular crop. On the other hand we are told by my Honourable friend, Dr. DeSouza, and also by certain Honourable friends opposite that we are threatened with a deficiency of rice in this country, and, therefore, we ought to improve cultivation. The point I want to make is that there is a contradiction between the two positions: you cannot really say that the Government of India should take steps to improve the cultivation of rice, and, at the same time, say "follow in the wake of other countries and take steps which will have the effect of raising the price of rice, e.g., by reducing the area under rice". Now, I am not a subscriber to this accursed doctrine of organising scarcity, and, therefore, I do not shelter myself behind this particular contradiction which I have pointed out. I wish to state for the information of the House that actually the Government of India have, during the last three years, done a great deal to improve the cultivation of rice. For one thing, the area under improved strains of rice, that is to say, more heavy yielding strains of rice, has gone up by one million acres since 1932-33; and, secondly, as a result of the initiative of the Imperial Council of Agricultural Research there are no less than nineteen stations and sub-stations engaged on rice research in different parts of India at the present moment. So, I hope the House will agree that the charge that the Government of India are neglecting their duty by the cultivator of rice, so far as the ways and means of improving the cultivation of rice are concerned, that that charge falls to the ground.

Mr. Muhammad Nauman (Patna and Chota-Nagpur *cum* Orissa: Muhammadan): May I ask the Honourable Member what was the average production in India of rice in 1857 or round about that period and has any improvement been made since then and is there any proof of it?

Sir Girja Shankar Bajpai: I will not go so far back as 1857, but I shall draw the attention of my Honourable friend to the speech of Mr. Range-

[Sir Girja Shankar Bajpai.]

last year: he said that the average production in 1914-15 was something of the magnitude of 20 million tons, and, as my Honourable friend knows, it is now of the magnitude of 30 million tons. That by itself is a sufficient answer to the point which my Honourable friend has raised.

Mr. Muhammad Nauman: That is not the answer to my question.

Sir Girja Shankar Bajpai: If my Honourable friend is not satisfied with the answer which is so clear from the facts, I am sorry I cannot help him.

I come now to the third misapprehension which, as I say, seems to be troubling certain Honourable Members of the House and that misapprehension is that the price fall in rice has led to a reduction of the area under rice. I have taken steps to have that point elucidated and I find that that is not the case at all. In the first place, you have got to remember what the average area under rice is in this country: it is of the magnitude of 80 million acres. If there is a fluctuation of two million acres or even 2½ million acres in a year, it is of the magnitude of 2½ per cent. or so of the total area: it is nothing more than that; and the explanation of that is not any attempt on the part of the cultivator to withdraw land from rice cultivation because the prices has fallen because as it happens the total area under food crops has steadily increased although the price reduction has been common to all agricultural commodities—the real.

Mr. Muhammad Nauman: Has the productive capacity of land been increased or not?

Sir Girja Shankar Bajpai: Will my Honourable friend let me continue with my argument? Has the productive capacity increased or not? Productive capacity of what? The productive capacity of the land presumably: well, so far as that is concerned, I can supply to my Honourable friend figures which will show that there is no such thing as a constant annual productive capacity. From year to year it depends on whether the rainfall has been good or whether the rainfall has been medium or whether the rainfall has been bad: but you cannot very well say that there is such a thing as a standard for every year in every part of this country because climatic conditions vary

Mr. Muhammad Nauman: What about the use of manures? What for are these Councils for Research, except for show?

Sir Girja Shankar Bajpai: So far as manures are concerned, that is a big question which I do not want to go into at this stage; but my Honourable friend will recognise the fact that the Indian cultivator is by no means ignorant of what is necessary for him for the purpose of improving the condition of the crops.

Mr. Muhammad Nauman: He is ignorant in this way, that he has not been able to make that improvement which Australia and Canada have done and Government are responsible for same.

Sir Girja Shankar Bajpai: My Honourable friend has quoted the analogy of Australia and Canada. If he will be so good as to compare the area of an average farm in Australia or Canada with a similar unit in this country, he will find that there is absolutely no analogy between the two at all. In Canada and Australia agricultural operations are possible on a large scale because of the very large areas are controlled and cultivated by one individual in those countries; while the average may be anything like an acre or even less in this country. Therefore, it is absolutely impossible to apply to the cultivation of agricultural commodities those mechanical means which do help to bring down the cost of production but which in the case of small areas are not really applicable.

I was stating that some of my Honourable friends seem to be under the impression that so far as the area under rice is concerned, it fluctuates or it has been reduced by reason of the fall in prices. I submit, Sir, that that is not the case. I had inquiries made as regards the fluctuations in 1935-36 according to the forecast, and from reports from Bengal we gather that there has been a fall of one million acres in the area in the hill tracts because of a weak monsoon. Similarly, there was a drop of something like six hundred thousand acres in Madras because the rains from the South-west monsoon were insufficient. That is the real factor to explain a phenomenon which is recurrent—I mean the perfectly natural factor of seasonal fluctuations.

Having got rid of the three main misapprehensions or misunderstandings that were apparent from my perusal, and, for that matter, consideration of the arguments put forward the other day, I pass on to apply to the proposal before the House, namely, the imposition of an import duty on whole rice and on paddy, three tests. The first test is as to whether during the period that we had under examination, namely, the first eleven months of 1935-36, the imports of whole rice and paddy have been greater than the imports of whole rice and paddy during the corresponding period of the previous year. As a matter of fact, that is not the case. There has been a fall in the imports both of whole rice and of paddy. For whole rice the figures were given the other day by the Honourable the Commerce Member, there has been a drop from 44,773 tons to 24,482 tons, or a drop of 20,291 tons. Take paddy. There again, there has been a fall from 111,628 tons to 98,796 tons.

Prof. N. G. Ranga (Guntur *cum* Nellore: Non-Muhammadan Rural): That is not much.

Sir Girja Shankar Bajpai: It may not be much to my friend, but, if I may refresh his memory, my Honourable friend and Dr. Rajan, who is not in his seat here today, both of them prophesied, when this matter was being discussed last year on the Bill to impose the duty on broken rice, that there would actually be a turn over of imports from broken rice to whole rice and paddy. I submit that if that prophecy of theirs had materialised, they would have been on stronger ground in urging the action that they are recommending to Government to take today. There has actually been a reduction, not merely in the imports of broken rice into this country, but also in the imports of whole rice and paddy. That is the first test.

[Sir Girja Shankar Bajpai.]

Then the second test you might apply is the test of prices. There again if the House wishes I can give a fairly detailed analysis of the position, but it does not seem to be necessary to give a detailed analysis; the broad statement would be sufficient that actually if you take the first three months of 1936-37, January, February and March, the price position is very much the same as it was in the first three months of 1935, whether you take the port of Madras or Calicut or Cochin. The price position in these three principal markets is substantially better than what it was in the year 1934 when imports of broken rice were coming in large quantities into the southern presidency.

Prof. N. G. Ranga: So there has been no improvement since last year.

Sir Girja Shankar Bajpai: There may not have been any improvement since last year, but the improvement secured is, I say, a substantial improvement as compared with the position as it stood in the year 1934, so that if you apply the second test, the price test, to the problem, that also fails.

Then, Sir, let us come to the supply position. The supply position is of importance, because, when Sir Joseph Bhore was justifying the action of the Government in limiting the import duty to broken rice, he said that rice is a commodity of food in this country; it is the food of the poor and we would not be justified in imposing a tax on imports of an article of commodity of food, especially if the agricultural situation in the country or the supply situation of that particular crop gives one an idea that the position is going to be worse rather than better. Now, Sir, what is the position as regards the supply of rice in this country for the year 1936-37? I have had the *Indian Trade Journal* examined on the subject, because that contains the forecast. Without going into detailed figures, the point I would like the House to consider is, that in Bengal they anticipate a deficiency of one million tons; in Bihar and Orissa they anticipate a deficiency of 1.2 million tons, for the whole of India, excluding Burma, they anticipate a deficiency of three million tons, which is roughly ten per cent. of the average output of rice in this country. And, as against this. . . .

Seth Haji Abdoola Haroon (Sind Mahammadan Rural): Which year?

Sir Girja Shankar Bajpai: The forecast for the year we are discussing now.

Seth Haji Abdoola Haroon: Do you mean 1935-36?

Sir Girja Shankar Bajpai: That is the crop that we have to consider. We anticipate a deficiency of three million tons. In Burma, there is an improvement in the output, and that is to the extent of half a million tons. But if you assume that the whole of that is coming in to make good the deficiency in this country, even so you are left with a deficiency of 2½ million tons. I ask the House. . . .

Prof. N. G. Ranga: What about Madras?

Sir Girja Shankar Bajpai: So far as Madras is concerned, there is a shortage of 77,000 tons as compared with the preceding year, and of 477,000 tons as compared with the year 1933-34, so that, even Madras is going to be a deficit province to a larger extent than it was last year, though not quite to the same extent as Bengal and Bihar and Orissa. . . .

Prof. N. G. Ranga: It is all based on wrong information.

Sir Girja Shankar Bajpai: If my friend says that all these statistics on which he relies and I rely are wrong, then it seems to me there is no basis on which we can argue. . . .

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can go on.

Sir Girja Shankar Bajpai: So, Sir, the point I was making was that, if you look at this problem from the standpoint of the consumer, you are faced with the very significant fact that there is going to be a deficiency of three million tons for India, excluding Burma. Again, I ask, is it really reasonable to ask Government, in these circumstances, to go and impose an import duty on whole rice and paddy? Now, there is another thing which I should like my friends opposite, specially those who come from Madras, to consider, and it is this. Hitherto the phenomenon that was noticed was that these imports of paddy and rice were going into the Madras Presidency, into the Southern Presidency; they were not moving northwards. The last information that we have on the subject is that the imports of paddy are now going to Calcutta. Why? The answer is clear. You have there a deficiency of something in the neighbourhood of a million tons, and there is a diversion of imports into the area where the need for the imports is greater. So, Sir, applying these three tests, the quantitative test of imports, the test of prices, the test of the outlook as regards rice supply, I submit that each one of these tests, as applied to the problem, justifies the decision of Government embodied in the Bill which has been submitted to Honourable Members, and which was being read a second time the other day. That is to say, at this stage there is no justification for extending the scope of the duty from broken rice to include whole rice and paddy. On the contrary, Sir, if I might hazard an expression of personal opinion, looking at the thing exclusively from the point of view of the consumer, one might even have argued that a deficiency of three million tons would justify the removal of the duty which has been imposed. However, Government have not done that, and there is one further word,—I hope it is a word of comfort to my friends, which I should like to state. We recognise that the fall in the imports of paddy have not been as marked as my friends opposite say now they anticipated—what reason they had to anticipate that I do not know; they were most confidently expecting that there would be a switch-over from broken rice to paddy. And we propose to continue to watch the position most carefully as regards the imports both of whole rice and of paddy, to say nothing of broken rice on which of course the duty is operating. And if the development, shall we

[Sir Girja Shankar Bajpai.]

say, of imports justifies or suggests a reconsideration of the position by Government, well. Government will undoubtedly reconsider the position. But in the light of the facts that I have placed before the House, I do not think that Government can reasonably be expected to accept the recommendation which has been placed before this House. (Applause.)

(At this stage, Pandit Nilakantha Das and Mr. T. S. Avinashilingam Chettiar rose in their places to speak.)

Mr. President (The Honourable Sir Abdur Rahim): The Chair looked round to see if there were any other Honourable Members who wanted to speak, and it was only then that the Chair called on the Honourable Member representing Government to speak subject to the Mover's reply.

Does Mr. Muhammad Nauman wish to reply?

(Mr. Nauman not being in his place.)

The question is:

"That this Assembly recommends to the Governor General in Council that an import duty of rupee one per maund on unbroken rice and annas eight per maund on paddy be levied."

The Assembly divided:

AYES—68.

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|-----------------------------------|-------------------------------------|
| Aaron, Mr. Samuel. | Maitra, Pandit Lakshmi Kanta |
| Abdul Matin Chaudhury, Mr. | Malaviya, Pandit Krishna Kant. |
| Abdullah, Mr. H. M. | Mangal Singh, Sardar. |
| Aney, Mr. M. S. | Mehr Shah, Nawab Sahibzada Sir |
| Asaf Ali, Mr. M. | Sayad Muhammad. |
| Ayyangar, Mr. M. Ananthasayanam. | Mudaliar, Mr. C. N. Muthuranga. |
| Azhar Ali, Mr. Muhammad. | Muhammad Ahmad Kazmi, Qazi. |
| Bajoria, Babu Baijnath. | Muhammad Ismail Khan, Haji |
| Bhagavan Das, Dr. | Chaudhury. |
| Bhagchand Soni, Rai Bahadur Seth. | Muhammad Nauman, Mr. |
| Chaliha, Srijiut Kuladhar. | Nageswara Rao, Mr. K. |
| Chattopadhyaya, Mr. Amarendra | Nadaliar, Pandit Sri Krishna Dutta. |
| Nath. | Pant, Pandit Govind Ballabh. |
| Chettiar, Mr. T. S. Avina- | Parma Nand, Bhai. |
| shilingam. | Raghubir Narayan Singh, Choudhri |
| Das, Mr. B. | Rajah, Raja Sir Vasudeva. |
| Das, Pandit Nilakantha. | Rajah, Rao Bahadur M. C. |
| Datta, Mr. Akhil Chandar. | Raju, Mr. P. S. Kumaraswami. |
| Desai, Mr. Bhulabhai J. | Ranga, Prof. N. G. |
| Deshmukh, Dr. G. V. | Saksena, Mr. Mohan Lal. |
| DeSouza, Dr. F. X. | Sant Singh, Sardar. |
| Fazl-i-Haq Piracha, Khan Bahadur | Satyamurti, Mr. S. |
| Shaikh. | Sham Lal, Mr. |
| Gadgil, Mr. N. V. | Shaukat Ali Maulana. |
| Gauba, Mr. K. L. | Sheodass Daga, Seth. |
| Ghiasuddin, Mr. M. | Siddique Ali Khan, Khan Sahib |
| Ghuznavi, Sir Abdul Halim. | Nawab. |
| Giri, Mr. V. V. | Singh, Mr. Ram Narayan. |
| Gupta, Mr. Ghansham Singh. | Sinha, Mr. Anugrah Narayan. |
| Hans Raj, Raizada. | Sinha, Mr. Satya Narayan. |
| Hosmani, Mr. S. K. | Sinha, Mr. Shri Krishna. |
| Jedhe, Mr. K. M. | Soni, Mr. Suryya Kumar. |
| Jogendra Singh, Sardar. | Sri Prakasa, Mr. |
| Kailash Behari Lal, Babu. | Thein Maung, Dr. |
| Khan Sahib, Dr. | Umar Aly Shah, Mr. |
| Khare, Mr. P. B. | Varma, Mr. B. B. |
| Lalchand Navarai, Mr. | Viesanji, Mr. Mathuradas. |

NOES—45.

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|---|--|
| Abdoola Haroon, Seth Haji. | Khurshaid Muhammad, Khan Bahadur Shaikh. |
| Acott, Mr. A. S. V. | Lal Chand, Captain Rao Bahadur Chaudhri. |
| Ahmad Nawaz Khan, Major Nawab. | Leach, Mr. F. B. |
| Allah Bakhsh Khan Tiwana, Khan Bahadur Nawab Malik. | Lindsay, Sir Darcy. |
| Aminuddin, Mr. Suiyid. | Lloyd, Mr. A. H. |
| Ayyar, Diwan Bahadur R. V. Krishna. | MacDougall, Mr. R. M. |
| Ayyar, Rao Bahadur A. A. Venkatarama. | Metcalfe, Sir Aubrey. |
| Bajpai, Sir Girja Shankar. | Morgan, Mr. G. |
| Bewoor, Mr. G. V. | Mukherjee, Rai Bahadur Sir Satya Charan. |
| Buss, Mr. L. C. | Noyce, The Honourable Sir Frank. |
| Craik, The Honourable Sir Henry. | Rau, Mr. P. R. |
| Dalal, Dr. R. D. | Roughton, Mr. N. J. |
| Dash, Mr. A. J. | Sarma, Mr. R. S. |
| Dow, Mr. H. | Scott, Mr. J. Ramsay. |
| Gidney, Lieut.-Colonel Sir Henry. | Sher Muhammad Khan, Captain Sardar. |
| Grigg, The Honourable Sir James. | Singh, Rai Bahadur Shyam Narayan. |
| Hands, Mr. A. S. | Sircar, The Honourable Sir Nripendra. |
| Hudson, Sir Leslie. | Spence, Mr. G. H. |
| Hutton, Dr. J. H. | Tottenham, Mr. G. B. F. |
| Hydari, Mr. M. S. A. | Witherington, Mr. C. H. |
| James, Mr. F. E. | Yakub, Sir Muhammad. |
| Jawahar Singh, Sardar Bahadur Sardar Sir. | Zafrullah Khan, The Honourable Sir Muhammad. |
| Jenkins, Mr. E. M. | |

The motion was adopted.

RESOLUTION *RE* APPOINTMENT OF A COMMITTEE ON SMALL AND COTTAGE INDUSTRIES.

Sardar Mangal Singh (East Punjab: Sikh): Sir, I beg to move:

"That this Assembly recommends to the Governor General in Council that he be pleased (a) to take definite and effective steps to extend the policy of protection to small and cottage industries of the country and with the object in view immediately (b) to appoint a committee to enquire into and report on the subject."

In commending this Resolution to this Honourable House, I wish to stress the point that India being an agricultural country, the small and cottage industries play a very important part in the economy of our national life. It is admitted that our masses, particularly, the agricultural masses, are sunk in chronic poverty, more than 80 per cent. of the population live in villages. Our village life is suffering from complete economic paralysis, and unless the Government of India come to their help, the condition of the masses would become very serious. The small and cottage industries have suffered so far by default. They are not properly organised. They are scattered all over the country. They are inarticulate. Their resources are very slender, and, therefore, they cannot plead their case before the Government or before the Tariff Board like the big industries who can put their case very ably through their representatives. At the last census, most of the cottage industries were placed under the head of decaying industries, but the conditions were not always such; up to the end of the

[Sardar Mangal Singh.]

18th century India was exporter of manufactured articles and importer of raw materials. European traders were first attracted to India, not for her raw products but for her manufactured wares. Most, if not all, of these industries, I may point out, were cottage industries. But the conditions were reversed in the last century when India found it necessary to export raw materials to maintain a favourable balance of trade to pay for Home Charges. Without entering into a melancholy study of the process by which the decay was brought about, I may point out that it is wrong to suppose that the comparative cheapness of machine made articles of the West brought about the decay of the cottage industries of this country. For as Professor Patten has pointed out any calculation of cost and price in a Pleasure Economy Stage cannot be made applicable to the Pain Economy Stage where India finds herself today, when people will work, produce and sell, not only at less than normal profit but also, at less than normal return for capital and labour. Again, cottage industries are carried on as a by-occupation in which the whole family members, specially the women can help, so that these industries can successfully compete with machine goods. Not competition of machine made goods of the West, but rather ruinous industrial and financial policy pursued by the Government in this country, together with the tariff policy adopted by England towards India, were the root causes of the decay of our industries. Researches have revealed how protection and sometimes prohibition against India brought about the utter ruin of India's once flourishing industries. A revival of cottage and small industries will mean an extra income for the agriculturists, will give employment to the educated classes, fill the coffers of the State and, in general, will lead to social contentment, on which alone the economic and the political structure of the State can be based. I do appreciate and believe in the development of large industries, but at the same time I hold that small and cottage industries can and should be developed. While referring to the cottage and small industries, I may point out that they play a very important part in the economy of our national life. I will give only two or three instances. I take cotton first. The small factories and cottage industries in the textiles are supporting ten millions of people, as has been pointed out in the report of the Tariff Board, and they produce 3,750 million yards of cloth, while the mill industry support about 2.5 million people. That is to say, the cottage and small industries support four times the number supported by the mill industry and, as regards the woollen industries, the small factories and cottage industries support four lakhs of people, while the mill industry support only 5,770 people. Then the third is the silk industry. The handloom weaver is the main consumer of raw silk produced by the sericulture industry in India :

"We have heard of three small mills, one in Calcutta, one in Bombay and one in Mysore, says the Tariff Report, in which silk fabrics are manufactured on power looms, but the quantity of raw silk consumed in these mills constitutes an insignificant proportion of the Indian production."

The silk cottage industry, again, supports four lakhs of people. But in our tariff policy the interests of the small and cottage industries have been greatly neglected. I am glad that the Government of India have accepted the policy of discriminating protection, but in certain cases this policy of

protection has worked against the interests of the cottage and the small industries. I will give two or three instances. The tariff system of the country not only ignores the small industries, it sometimes operates to their disadvantage. Protected large industries often supply semi-finished raw materials at prices which diminish the competing strength of small industries using those raw materials. Take the case of pig iron. Pig iron is sold F. O. B. Calcutta at between Rs. 42 to Rs. 57 per ton (*vide Indian Trade Journal*, dated the 12th March). But the same article is sold abroad at a substantially lower price. The Tariff Board on Steel (1938) observed:

"The Indian foundries pay a price of Rs. 49 for standard foundry iron at port while the average price at which foundry iron is now exported to Japan is not more than Rs. 25 *f.o.b.* Indian port. It is well known that Japanese competition in certain forms of iron castings is beginning to be felt perceptibly in the Indian market."

In paragraph 245, the Board suggested that:

"Provision should be made for supplying foundry iron at prices not different from those charged to the associated companies and not exceeding export price by a margin of more than Rs. ten per ton."

But, I am sorry to say that nothing has so far been done to give effect of this recommendation of the Tariff Board. I, therefore, invite the attention of the Government of India to the desirability of taking steps to give effect to this recommendation. The second instance is that of the textile industry. The protective duty acts adversely in the case of a cottage industry, and the handloom weaving may be cited as a specific instance thereof. The Tariff Board on Textiles, 1932, reported as follows:

"Out of eleven opinions received from Local Governments and Administrations, there are only three who consider that the protective duty on yarn has not been injurious to the handloom industry" (paragraph 172).

The Tariff Board thus summarised the effect of the duty on yarn:

"The duty on yarn introduced in 1927 has definitely handicapped the handloom industry.....The effect of the depression has been accentuated by the relative increase in the cost of yarn on account of the protective duty.....The excise duty, while it was in force, afforded a small measure of assistance to the handloom weaver as against the mills. The removal of the duty followed immediately by the protective duty on yarn has adversely affected the position of the handloom industry in competition with the mill industry. The true criterion for judging the position of the handloom industry is not the proportion of the quantity of cloth woven on the handloom. Judged by this test his position, on the evidence we have received, must be regarded with some concern".

Then, further on, the Tariff Board rightly observed (paragraph 175).

"It is unfair to the handloom industry and against the national interest to burden it with charges which will impair its competitive strength."

The Tariff Board further proposed a reduction in the specific duty on yarn from 1 7/8 annas a pound to one anna and also the restriction of the duty to yarn of counts 50's and below. But the present rate is substantially higher. I, therefore, urge, that while the duty on yarns may remain

[Sardar Mangal Singh.]

in force in the interests of the mill industry, a rebate of the whole amount of the duty should be allowed on the consumption of imported yarn by the handloom weaver.

Prof. N. G. Ranga: Hear, hear.

Sardar Mangal Singh: When this is done, it will be to the interest of the local millowners to reduce the price of yarn for the benefit of the handloom weaver. I would suggest, Sir, that the Government of India should immediately examine this question by appointing a Committee with particular reference to these points:

- (1) That preference should be extended to selected small and cottage industries. Preference on raw material alone will not do. In order to reach the economical balance between raw material and manufacture, preference should be granted to small industries as well.
- (2) In granting preferences to imports, care should be taken to find out that small industries are not adversely affected thereby.
- (3) Preference on our raw materials should not be such as to put difficulties in the way of the small industries in their purchase of raw materials in this country.
- (4) The Government Stores Purchase policy should be so modified as to require that a certain percentage of purchases should be made from small industries. The difficulty of placing orders with small concerns may be overcome by the formation of a Central Organization through which orders may be placed and supplied.
- (5) There should be a quota basis for the exchange of our manufactured goods for the manufactured goods of other countries. Mere verbal assurances of goodwill or the organisation of costly Empire Exhibitions cannot solve the problem of decaying industries and starving artisans.
- (6) The Government of India in collaboration with the Provincial Governments should devise and carry into effect all other means which they deem meet and proper for the encouragement of small industries. I may assure the Government that there is no lack of enterprise in the people, especially among the educated classes. What they need is help and guidance and manifestations of sympathy in practical and desired directions.

I, Sir, charge the Government of India that although they profess lip sympathy for the agricultural masses, they have not done anything to help them. It is due to the tariff policy of the Government of India that they have deliberately killed the cottage industries of this country.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Are you protecting "agriculturists" or "cottage industries"?

Sardar Mangal Singh: The cottage industry is a subsidiary industry to the agricultural industry. Referring to the same subject in the Punjab Council, the Minister for Industries referred to this question thus. The Honourable Sir Gokal Chand Narang in the Punjab Legislative Council while replying to the criticism that the Punjab Government has not done anything to encourage cottage industries said:

"I entirely admit the soundness of the complaint that the Government has not done much towards the development of industries, but in a country like India industries cannot be developed unless there is protection and until the power in the Centre changes its policy with regard to protection it is useless to criticise the Provincial Government for not doing much towards the development of industries."

The Honourable Sir Muhammad Zafrullah Khan (Member for Commerce and Railways): Was he talking of cottage industries at the time?

Sardar Mangal Singh: He was talking of smaller industries.

The Honourable Sir Muhammad Zafrullah Khan: He was talking of the very industries the protection of which the Honourable Member now says has injured the cottage industries.

Sardar Mangal Singh: I am talking of one way of protecting cottage industries.

The Honourable Sir Muhammad Zafrullah Khan: That was not what Sir Gokal Chand Narang was talking about at the time.

Sardar Mangal Singh: I think he was only talking of smaller industries.

The Honourable Sir Muhammad Zafrullah Khan: Certainly not.

Sardar Mangal Singh: I do not want the Government to play the bigger industry against the smaller industry. It can be arranged that the cottage and small industries could be protected. It is not necessary that they should be protected at the expense of the mill industry. I will point out the case of Japan. They have encouraged small industries. The Government of India would not do anything. They sanction a crore of rupees but most of it is spent for the payment of travelling allowance to their officers in the name of rural uplift. They would not raise their little finger to improve their condition. May I ask the Government of India what steps they have taken to remove the indebtedness of the agricultural masses? What steps they have taken to increase the yield per acre as regards cotton or wheat?

Some Honourable Members: None.

Sardar Mangal Singh: I conclude my speech with the hope and belief that mine will not be a cry in the wilderness. Big industries can make their voice felt because they have money and organisation. But small industries are still unorganised. Though our voice is feeble and inarticulate, our urge is real and vital and concerns the great bulk of the population. A preference or quota this way or that, for a big industry, means a difference only between luxury and comfort but help or indifference to small industries will mean the difference between food and starvation, between life and death for the helpless masses. With these words, Sir, I move.

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

"That this Assembly recommends to the Governor General in Council that he be pleased (a) to take definite and effective steps to extend the policy of protection to small and cottage industries of the country and with this object in view immediately (b) to appoint a committee to enquire into and report on the subject."

Pandit Nilakantha Das (Orissa Division: Non-Muhammadian): Sir, I have got a small amendment which I wish to move at this stage.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can move his amendment and speak both on the amendment and the Resolution.

Pandit Nilakantha Das: Sir, I beg to move:

"That after the words 'small and cottage industries of the country' the words 'by adopting such measures as protective tariff as well as bounty, subsidy and State purchases wherever necessary' be inserted."

Sir, in my opinion, the measures I illustratively enumerate here in connection with the protection to small and cottage industries are inherent in the policy itself. But somehow the impression has gone abroad that Government nowadays only consider that the policy of protection means protection by tariffs only, and Tariff Boards generally seem to take that view. For, after 1927, the Tariff Boards have generally fixed upon protective duty as the only kind of protection given to industries. So to make the point clear, I move my amendment. This is somewhat of a formal and elaborating nature and need not be expatiated upon.

Coming to the subject itself, let me first deal with the point raised by the able Mover of the Resolution to which the Honourable Member in charge of Commerce took some exception. The point is whether cottage and small industries could be developed side by side with big industries. Perhaps, when he was speaking of some encouragement being given to cottage and small industries in the Punjab, it was contended then there it was sought to be done at the expense of big industries in the country. To some extent, it is a fact, that if we go on simply looking to the development of big industries, it may be done and it is being done at the present time to a great extent at the expense of cottage and small industries. The Government, however, may direct their activity in such a fashion that they may develop both the industries,—big and small—side by side. That is not being done. Nowadays, the main outlook of the Government is not so much to develop our industries, but to make probably the largest amount of wool with the least cry. The Government want money without trouble. The cottage and small industries people cannot cry—unorganised and poor, they cannot make their voices heard. Government, moreover, want to make money by making some show to give some protection to some industries. The big industries which cry most are near at hand. The Government simply look to them and extend to them protection, while the small and cottage industries are neglected, not that perhaps they deliberately give protection to big industries at the expense of cottage and small industries. As a matter of fact our small and cottage industries are being neglected and they are, therefore, dying out.

I shall give two instances in two big industries. The textile and the steel industries. These are two of the biggest industries in the country. Along with the big textile industry, there is the handloom industry. Time after time we have been crying for protection to the handloom industry. Sometimes there is some minor point of reference to the Tariff Board and they, at times, recommend very strongly some measures for protection to handloom industry, both in cotton, silk and artificial silk and sometimes wool. But what have the Government done? It was proposed that specific duties should either be abolished on yarn or at least a rebate should be granted to the handloom weavers, the consumers of foreign or Indian yarn. Government could not find it possible to do that. It was at least proposed to reduce the yarn duty to one anna from $1\frac{1}{2}$ annas, but Government could not do it. It was again suggested that something may be done so that the mills should be forbidden from weaving a particular kind of cloth-dhotis and saris of yarn 20 count and below, which should be given to the handloom industry. Government did nothing in the direction. When the mill khaddar was in vogue, some arrangement was made between handloom weavers and the mills in this respect. But the Government as such did not do anything.

The other day, when the Honourable Member in charge of Commerce P.M. was requested to suggest to the present Tariff Board on textile industry to include the interests of handloom industry in their terms of reference, he said, 'No, this Tariff Board is only on imported English stuff of finer counts and that handloom has nothing to do with it'. Whereas, the fact is, and the Tariff Board of 1932 have recorded it, that it is only the handloom industry which consumes all the imported yarn, above 30 counts. In 1931-32, it was 31 million pounds, above 30 counts, and out of that their estimate is that 30 million pounds were consumed by the handloom industry. There are particular localities, such as Dacca and some localities in Godavari district, which specialise in weaving finer count yarn, and it is only they for whom this finer count yarn is imported. Still, our Commerce Department never knows and never cares to know that some point of reference might be thought necessary when the Tariff Board is inquiring as to what protection should be given to cloth of finer yarn. So, I am simply giving an instance showing how, when we are looking to the big textile industry, we are not at all caring for nor properly looking after the handloom industry which is practically the real mainstay of the industrial economics of this land.

With this cotton also goes silk and artificial silk. I do not know how by putting a tax on silk yarn and even on artificial silk yarn we are improving the condition of the handloom industry. But we are going to discuss the question in connection with staple fibre which is coming very soon. It is never scientifically looked into whether this item should be taxed and whether that item should not be taxed. The only outlook is some development of technique or some competitive production in some mills or Government making money for its own coffers. The entire policy of taxation is wrongly based and wrongly applied.

Another industry that I may instance is the steel industry which is the next biggest industry in India. It is a key industry. We have been giving protection to this industry for these 12 years and I do not know for how many years more we will give it. I may make it clear that I am not against giving protection to a key industry. But, when we are

[Pandit Nilakantha Das.]

thinking of giving protection to these industries, we must see that out of the protection to these key industries, small steel industries should grow throughout the country and even our village blacksmiths can get benefit out of it. All small industries, if they like can get their raw material cheap. My friend, the Mover of the Resolution, has already referred to it. Look at the raw material for making steel and iron, that is, pig iron. Now, partly under an agreement to England and partly to other foreign countries we are exporting a very large quantity, nearly 40,000 tons per month, of pig iron from this country. There are only three factories that make pig-iron, I mean Tata's and Bengal Iron and Indian Iron. Mysore makes a little special grade pig and it is negligible here. These three pig iron producing firms make their own articles, of steel and castings out of their own pig iron. They have a combine, by which they want to secure the monopoly of the Indian market among themselves and with this object in view they are sending out all the excess pig iron to foreign countries at a rate which is the cheapest in the world. This export price is perhaps not Rs. 25 per ton as the Tariff Board has reported; my information is that it is about Rs. 20 per ton. Government by their policy of protection and purchase are directly and indirectly helping them in all this. And the small factories cannot competitively rise up on this account. Even our Government, who are consumers of pig-iron to the extent of nearly 40,000 tons, for the railways and other factories, are purchasing it at a price, as I am informed from official sources, from Rs. 50 to Rs. 60 per ton, whereas, we are sending out pig-iron at Rs. 20 per ton. Thus our small industries, including the State industries, are purchasing their pig-iron at over Rs. 50 a ton, which is the price of imported pig-iron in this country. If we are not prepared to give the imported price to these pig-iron producing protected firms, not an ounce of their pig-iron will be available to us in this land.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member has one minute more to finish his speech.

Pandit Nilakantha Das: In this way, whether Government know it or not, our small industries are being neglected and wiped out of existence. It was some seven years ago, in 1929, that I asked a question in this House in connection with the Railway Budget whether on account of Government's policy of purchase, our own industries were not being killed for want of orders. And Mr. A. L. L. Parsons, on behalf of Government, admitted that that was the position. That was on the 27th February, 1929. And that has been the position even today. I can show this even in our railway purchase, which I have studied carefully. Our purchases are today being directed to foreign countries, in those articles which even Tata's and Bengal Iron can supply. These beneficiaries of the policy of protection do not raise their voice as they want a monopoly and Government are helping them in this. The small industries, consequently, are being daily wiped out of existence. So we are knowingly and unknowingly killing our small industries, and our cottage industries like the handloom industry are dying on account of our main attention being directed solely and entirely to big industries. They can both be perhaps developed side by side if we adopt suitable and scientific measures. For instance, we can make pig-iron available to our people at

the fair selling prices at the mills which we are protecting. And so we can make some provision for supply of yarns and other measures which I have no time to discuss. Government can give bounties, can adapt their own purchases, and themselves develop by supplying patterns and finding markets and by organising co-operation and chained stores. Government have not yet given any State aid to small and cottage industries except that one pice per pound of yarn or the pittance of a lakh a year for 5 years to woollen industry, which means practically nothing.

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

Pandit Nilakantha Das: With these words, I move my amendment and support the Resolution.

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

"That after the words 'small and cottage industries of the country' the words 'by adopting such measures as protective tariff as well as bounty, subsidy and State purchases wherever necessary' be inserted."

Mr. T. S. Avinashilingam Chettiar (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Sir, I would first like to say that I do not see any contradiction in this Resolution in the supposed idea that the protection to be given to the smaller industries naturally goes against any protection that is being given to the more organised industries like the textile industry. Our view is that the one should be complemented by the other. Just as by giving protection to the organised industries we are organising the nation for an industrial life, so also we hope that we can organise the cottage industries in such a way that they will help the promotion of industrial life on a small scale. I hope, within the few minutes that are allowed to me, to give a few illustrations as to how this can be effected. It is but a few days ago that the Honourable Sir Frank Noyce referred, in one of his speeches, to the various small industries that might, with benefit to our country, be developed. He said, and very rightly, that we should not lose sight of these small industries and that we should try to see what help we could give to support them. I am wholeheartedly with him. I want to make it clear that by this Resolution we do not mean that we should whittle down or lessen even by an inch the protection that is at present given to the larger organised industries, and that we are in no sense against the policy of discriminating protection that we have started in the last few years. In fact, my opinion is that those industries do want protection just as much as the smaller industries, so that both can go together and not destroy each other.

As soon as we think of protection to small and cottage industries, the first thing that comes to our mind is weaving. In this Session, we have had many questions about the bad situation of the weavers of Salem in my constituency. We have had questions, we have had short notice questions and if I may say so, very elaborate answers from the Honourable the Commerce Member as to what the Madras Government are doing to tackle this matter. To our mind what they have done is very little indeed. What we are here for with this Resolution is to suggest what more can be done without doing any harm to the organised industries. To give a few instances of the cottage industries which can be supported, helped

[Mr. T. S. Avinashilingam Chettiar.]

and developed, first I shall take weaving. Weaving has given employment to a few millions in this country, it occupies the foremost place. Secondly, I would refer to dyeing. I do not know much about the condition of the dyeing industry in Northern India, but as far as I know in Southern India, and most certainly in Madura, it has given employment to lakhs of people. I suggest that this industry can be helped. I may say a word about indigo and some other dyes which were manufactured in this country twenty years ago, but which can even today be manufactured in India. These have been destroyed, and I can say with confidence that there is no dye industry in this country. I would then refer to the bell-metal industry, the carpet industry, to the wool and silk industry in Kashmir and to the silk industry in Mysore. Most Honourable Members here know that the wool and silk industry in Kashmir has almost been destroyed by foreign invasion. That was an industry which was being done on a large scale. If there is a lot of poverty in Kashmir today, it is due to the fact that the wool and silk industry has almost been wiped away, and the people whose main occupation was weaving are not able to get any employment and are going hungry. About Mysore, I can say,—they are almost our neighbours from Coimbatore—that we used to get fine silk, fine saris and *angavasthrans* or upper cloths from Bangalore. Now, even though the quality of the silk cloth they produce is very fine and beautiful, they are not able to go in the open market.

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can resume his speech after Lunch.

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 (The Honourable Sir Abdur Rahim) in the Chair.

Mr. T. S. Avinashilingam Chettiar: Sir, I was referring to the numerous cottage industries which, if given a small measure of support, could go a long way in supporting many labourers and artisans. I shall go a little further and take one or two specific cottage industries which can be of great use to the people and which can employ a great number of people . .

Mr. N. M. Joshi (Nominated Non-Official): May I draw your attention, Sir, to the fact that there is no quorum in the House?

Mr. President (The Honourable Sir Abdur Rahim): That is so.

(The bells were then rung.)

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can go on now.

Mr. T. S. Avinashilingam Chettiar: I refer to weaving: last year, I had sent in a Resolution about this, but it failed in the ballot: and it was to the effect that weaving of cloths below 20 counts might be reserved for hand weaving. By that method we thought and we still expect that much of the weaving below 20 counts can with benefit be done by the

handloom weavers and that it will go a long way in alleviating unemployment among the handloom weavers. As far as the Coimbatore district mills are concerned, I can say with confidence that the weaving they have taken to in this count is not much—I do not know very much about mill industry in other parts of the country, but I do believe, that reservation of counts below 20 will not work hardship to the mill industry. As to other ways in which the weaving industry can be helped, one is that finishing machines can be supplied to them, and secondly, and better ways of marketing their products, though it is true that the Provincial Government have, to a certain extent, tried to do this under their present schemes. Then about the woollen industry. The Woollen Textile Tariff Board had recommended that handloom weaving in the woollen industry could be supported by the Government and it is a good thing that in the last year's budget four or five lakhs has been reserved for woollen weaving. A visit to the Khadi shop in Delhi will show that the woollen industry, even today, is in a very good position and that it could even compete very well with machine made material. But so far as I can see the only thing wanting is to bring the demand and the supply together: if this could be done the village industries could do much better: especially if marketing boards such as have been established for other things are established for these village industries it will go a long way in helping the sale of these articles. We have had rapid industrialisation throughout the world, but India has not yet adjusted herself to this industrialisation. Industrialisation in India is not keeping pace with the industrialisation of the world and so necessarily we, who have been accustomed to cottage industries and village industries, have not been able to replace all the cottage industries with the highly organised industries, and they suffer by the competition of other industries who have got more benefits by the very fact that they are large scale industries; and so, before we can adjust ourselves to the new order of things, it is but proper and right and necessary that these village industries also should be given some sort of protection so that they can also be developed side by side along with the protected industries. Just now I was having a talk with the Honourable the Commerce Member and he was saying "What is it you want us to do to support the cottage industries by the Central Government? If you want Government to do anything in this matter it is within the province of Provincial Governments: the Central Government can only give tariff protection and nothing more. Do you expect that we should give tariff protection to any cottage industries specifically?" Sir, I am not in a position without further investigation to say, whether any cottage industry wants tariff protection. But this much we can say: if we go to the Provincial Government they say "We cannot do anything in the matter: go to the Central Government". If we come to the Central Government they say, "Go to the Provincial Government: these are provincial subjects". So, we are between the devil and the deep sea and we do not know what to do. But we know this much, that this is an urgent matter and it is a matter in which millions of people are concerned, and unless the matter is tackled earnestly and soon the lives of millions of workers will be affected. Sir, I support the Resolution.

The Honourable Sir Frank Noyce (Member for Industries and Labour):

Sir, I propose to leave to my Honourable colleague, the Commerce Member, who is in charge of this Resolution, the general question of the difficulties of applying a protective policy to small and cottage industries, and to confine myself almost entirely to explaining to the House, once again, as:

[Sir Frank Noyce.]

I have done more than once in the course of this Session, exactly what Government are doing to help these industries, the cause of which my Honourable friends opposite have so much at heart.

But there is one general consideration which I should like to bring to the notice of the House in regard to the question of protection to small and cottage industries. No Honourable Member, so far, has drawn any exact line of demarcation between the small industry and the cottage industry. That is by the way. The point I should like to put to the House is, how are you going to distinguish between small and cottage industries on the one hand and the larger industries on the other in the matter of protection and to ensure that the benefit of such protection as is given is not swallowed up by the larger industries which are in a better position to take advantage of it? If an industry requires protection to enable it to reach a stage where it can survive without it, it must effect improvements in efficiency. I think the House will agree with me there. These improvements can take two forms: one is the securing of economies by large scale production and the other is improvement in methods. Again, it must be obvious to the House that if a small industry endeavours to secure economies by large scale production, it ceases to be a small industry. The conversion of a small or cottage industry to large scale production means that it disappears as such. So the improvements are obviously limited to the second category—improvements in methods. Now, no cottage industry will by itself adopt better methods merely because it finds a larger market for its goods. Severe competition may at times mean a temporary deterioration in quality, but ordinarily the expansion of the market tends to produce deterioration in quality. Consequently, unless active steps are taken from outside to improve an industry, protection will ordinarily be wasted on cottage industries. I would specially draw the attention of the House to the handloom industry about which I shall have a little more to say presently, because it is very doubtful whether protection has been of any assistance to it. It may indeed have proved a positive handicap in that it has strengthened the position of the mills against the handloom industry. What has largely been instrumental in enabling the industry to survive has been the constant attention paid to improvements in technique and marketing by Local Governments who have now been substantially assisted in this respect by the Government of India. And that brings me, Sir, to the main theme of my remarks this afternoon which is what Government has done to help small and cottage industries. I would remind the House, what it knows already, that the development of industries is a Provincial Transferred subject

Prof. N. G. Ranga (Guntur *cum* Nellore: Non-Muhammadan Rural): Very convenient indeed.

The Honourable Sir Frank Noyce: That was exactly the remark I was expecting from my Honourable friend. I know my Honourable friends opposite always maintain that the Government make that an excuse for doing nothing. That is very far from being the truth. The Government have, as has the House, to recognise the constitutional position, and I maintain, Sir, that within the limits imposed upon them by the constitutional position, they have done, and are doing, a great deal to help

Local Governments in the important transferred fields of agriculture, education and industry. There is a Resolution on the Order Paper, this afternoon, in regard to the improvement of cattle. My friend, Sir Girja Shankar Bajpai, will be able to explain to the House what Government are doing there; and, as the House knows, Government have recently set up a Central Advisory Board of Education, to assist Local Governments in dealing with their educational problems. I must again repeat that Government can only act within the limits imposed upon them by the Constitution. Their main function, therefore, must be that of co-ordinating effort and of providing a forum for discussion of the problems which Local Governments have to face in helping industrial development. This they have done in recent years by the revival of the Industries Conference which met in 1938 after being in abeyance for eleven years, and it has met since regularly every year. That Conference, I think, has proved of great help to Local Governments. It was started at their instance and is, I believe, functioning to their satisfaction.

Now, Sir, I turn to a point raised by my friend, Pandit Nilakantha Das, who, unfortunately, is not here, but who always takes a deep interest in the stores purchase policy of the Government of India. I mentioned in my speech on the Finance Bill a considerable number,—I had 38 items on my list, but I mentioned only a few of them,—of products which are now manufactured in India but which were all imported into this country a few years ago. This afternoon I will confine myself to such of those products as come within the term small and cottage industry. Amongst those are durries, articles of military uniform, clothing, articles of military line and stable gear such as, horse rugs, head and heel ropes, etc., hospital bandage, cloth and gauze, coir and coir yarn, postal bags, locks scales and weights, handcuffs, pillar boxes, seals, etc., crockery, electric lamps, electric fans, hospital and office steel furniture, safes and cash chests. It is true that the average yearly expenditure on the products of these small industries is not a great deal; it amounts to somewhere about Rs. 8½ lakhs, but that represents a substantial sum to those who make them, and obviously Government's purchases must, in the main, be articles made by mass production. What I should like to point out to the House is that the help given by the Stores Department does not consist only in purchasing the goods. It inspects them at the place of manufacture, and in the course of inspection gives a great deal of valuable technical advice and assistance to the labour employed in the industries concerned, as the result of which the standard of workmanship and quality has undoubtedly been raised.

Another point of importance is, that in framing specifications for such articles as are produced by small and cottage industries, careful consideration is given to the technical limitations of the industries in order to ensure that conditions are not imposed which would preclude manufacture by them. I think, Sir, that that shows that our Stores Purchase policy is doing a great deal for the development of the industries we are discussing this afternoon.

The same policy is followed by the Controller of Printing and Stationery who now buys in India a number of articles such as fountain pens, pencils, nibs, file boards, carbon papers, etc., which used to be almost entirely imported from abroad. I maintain, Sir, that what these small industries want is technical advice and assistance, and that that is really of far more

[Sir Frank Noyce.]

value to them than protection which, as I have pointed out, must in the main be shared by the larger industries with which in so many cases they must inevitably be in competition. We have taken active steps in the last few years to provide them with that advice and assistance, and that was the main purpose for which the Industrial Research Bureau, which is interesting itself in various small industries, was brought into existence. The Bureau is now making a close study of the glass industry, including the manufacture of glass bangles. For some time past an officer of the Bureau has been engaged in carrying out a detailed survey of the glass factories of India, with the object of analysing the disabilities under which the industry works. The information we have so far obtained has led the officers of the Bureau to believe that something can be done to assist the industry by the introduction of improved furnaces. This aspect of the matter is now being considered in detail, and I hope that it will not be long before the Bureau is in a position to put concrete proposals before the Industrial Research Council which will meet again in July next.

Other problems the Bureau is investigating, which are problems of small scale industry or rather of an industry organized on a small scale basis,—are problems presented by the vegetable oil industry. A Committee of the Industrial Research Council is now considering them, and I have little doubt that its examination of the difficulties of this industry will show that much useful work can be done. Other subjects of research, which I may mention, are dry cells, which are now made on a small scale in various parts of India, and electric lamps, a relatively new but promising industry. The Industrial Research Bureau has been started on a small scale, and it is working at the moment in a small way, but I think it has made a very satisfactory beginning and that further opportunities of usefulness will accumulate in a short time as it justifies its existence and that existence becomes better known.

So much for the small industries. I trust that I have convinced the House that the Government of India cannot be accused of neglecting them.

I now turn to cottage industries, more especially the ones which have been mentioned today, handloom weaving, silk and wool. What the cottage industries want, even more than technical advice and assistance, is marketing facilities. When the Government of India promised to grant Rs. 5 lakhs per annum for five years for the benefit of the handloom weaving industry and asked Local Governments to submit schemes for their approval, they almost without exception, said that the question of marketing was the crux of the whole problem. Protection, Sir, is not going to help there. At the House knows, Local Governments are getting ahead with their schemes for the utilisation of the Government of India grant. The Report of the last Industries Conference, which was held at the end of October, will shortly be published, and Honourable Members will be able to see from that exactly how far Local Governments have gone. They have not gone as far as one could wish, because naturally they took some time to get going with their schemes for expenditure of the money placed at their disposal by the Government of India, but they are getting ahead, and as Honourable Members will see from the Report when it appears they are devoting special attention to the question of marketing facilities.

As regards sericulture, the amount at our disposal has been much smaller and we have had to devote that to what one may describe as the beginning of the problems of the industry, research work on disease and the supply of disease-free seed. As the House knows, it is proposed to make a grant of one lakh per annum for the benefit of the woollen industry. We propose to deal with that in the same way as we are dealing with the sericultural grant by the formation of a special Committee, and I trust it will not be long before it comes into existence and starts work.

Then there is another way in which Government are helping, and that is, by giving grants to exhibitions. The Government of India have recently, from the handloom weaving industry grant, given a grant of Rs. 10,000 to an All-India Exhibition at Patna, and they have given one of Rs. 7,500, I think it was, to the Exhibition at Delhi, to which I have exhorted, I hope, not ineffectively, Honourable Members to pay a visit.

Prof. N. G. Ranga: Are there any other exhibitions to which such grants are made?

The Honourable Sir Frank Noyce: Not at present. Those are the two exhibitions that we have actually helped, and we naturally wanted to see what the result of our assistance to them was before we made similar grants to others. I have had a report from the Director of the Bureau of Industrial Research who has paid the Patna Exhibition a visit, and he tells me that the provincial representatives were very satisfied with the results of the exhibition. And at a conference of the Directors of Industries, textile experts, and other officers, of the various provinces and States attending the exhibition, a resolution has been passed suggesting to the Government of India that they should give further help to exhibitions of this character. That suggestion will, of course, be very sympathetically considered. But what I think Honourable Members opposite would have found, and they certainly did find, if they paid a visit to the Delhi Exhibition, what they would have found if they had paid a visit to the Bihar Exhibition,—is the marked progress which has been made in helping the handloom industry in all possible ways, by improved looms, improved appliances, improved designs and by information generally. I hope that it will be possible to do something also for wool as we have done for silk.

The conclusion of my argument before I leave the matter in the capable hands of my Honourable colleague—the conclusion that I wish to place before the House—is that in recent years the Government of India and the Local Governments have been paying far more attention to small scale and cottage industries than they have ever done before.

Mr. M. S. Aney (Berar Representative): Before, they have done nothing.

The Honourable Sir Frank Noyce: I would not admit that. I was connected with the Industries Department in Madras some eleven or twelve years ago, and from my experience of it I would not admit that; but what I do maintain is that we are doing a great deal now. I maintain that a valuable stimulus has been supplied by the Government of India in the shape of the Industries Conference, the Bureau of Industrial

[Sir Frank Noyce.]

Research and by the grants they have made for specific industries, such as cotton, silk and wool. I would submit to the House in conclusion that that is a far more effective way of attacking this matter than the one advocated in the Resolution, namely, trusting to protection alone. Pandit Nilakantha Das's amendment asks that help should be given by way of subsidies, bounties and stores purchases. We are giving help in the way of stores purchase, and we are continually looking out for additional ways of increasing the value of that help. As regards subsidies and bounties, what are the grants that the Government of India are making for cotton, for silk and for wool if they are not subsidies and bounties? But you cannot divide a bounty among hundreds of thousands of people

Pandit Nilakantha Das: Is that one lakh a year for wool, or anything else?

The Honourable Sir Frank Noyce: The grants made may not be as large as my Honourable friend might desire. But we have to see how they work before there can be any question of increasing them. The point I was making, when my Honourable friend interrupted me, was that we are dealing with this money in a far better and more efficient way than would be the case if it were doled out amongst hundreds of thousands of workmen. I hope I have convinced the House that our record in this respect is not as black as endeavours are made to paint it.

Lieut.-Colonel Sir Henry Gidney (Nominated Non-Official): I have a few remarks to make in connection with this Resolution, more particularly in connection with the amendment of my Honourable friend. The Resolution is the real thing and the amendment is more or less an extra gloss to it. I was very interested to hear the Honourable the Government Member's reply to the Resolution and the amendment. I think certain of the suggestions outlined by him will meet the situation to a fairly considerable extent. But I shall wait till the reply of the Honourable Member in charge of Commerce before I decide to give my vote on this matter.

At present I desire to confine my remarks to one important industry which relates to the unfair position in which smaller capitalists and smaller industries are placed as compared with larger ones. The world over there is a battle raging today between the monopolist and the smaller capitalist. We have had it in an endemic form in England and in an epidemic form in America. In this country it exists more prominently in regard to one firm. "Tatas" and it is on this matter that I desire to focus my remarks. There are certain small iron industries in this country which are placed at a serious disadvantage, in that they are unable to obtain their own "billets". To counter this recommendations were made in paragraph 115 of the Tariff Board's report, in which it was suggested that this complaint of the smaller iron industries was quite a valid one and should be looked into and remedied. In this connection some of these industries, I know, have made repeated applications to Tatas for the supply of "billets" which they exclusively manufacture and invariably the reply has been 'ask me within a few months' etc., etc., the result is that these small industries are seriously handicapped. Indeed they cannot develop and prosper to any extent and in the end are forced to close

down. I have personally seen the original correspondence that has passed between these firms and "Tatas" in which the demands for billets have been put off and put off. Now, Sir, what does this mean? It means that these smaller industries cannot get their supply from Tatas. I mean no disparagement to Tatas. It is the greatest commercial establishment in India. I am just bringing to the notice of the Honourable the Government Member instances in which the smaller industries have not been helped and cannot develop.

Mr. M. S. Aney: Are they cottage industries?

Lieut.-Colonel Sir Henry Gidney: The cottage is not there, but they are small industries run with small capital. Since they cannot get these billets from Tatas, they have to send for them from England and the Continent. These billets come to the ports at Calcutta, Bombay or Karachi but the railway freight from these ports and their incidental charges comes to a total of more than it would if they got their supply from Tatas. It is really a serious disadvantage under which these small industries suffer and I put it to the Honourable Member that one of two things must be done to alleviate the sufferings of these small industries. Either it must bring moral pressure on "Tatas" to supply billets to these smaller firms or something must be done in the way of reducing railway freights from ports to the place of manufacture. I repeat one of these two remedies must be operated and I can assure the Honourable Member from my experience that if something is not done on these lines, the smaller industries will die. I do not ascribe any ulterior motives to Tatas, but I think that an obligation should be placed on the part of a company that has been so heavily subsidized by Government for years and years as has "Tatas". I do not object to this subsidisation to Tatas but it should be the duty of the Government to see that these smaller industries are not starved and this can be done on the lines I have indicated.

Babu Baijnath Bajoria (Marwari Association: Indian Commerce): Sir, I have great pleasure in supporting the Resolution for protecting the small and cottage industries which has been so ably moved by my Honourable friend, Sardar Mangal Singh. Sir, this is a field of activity where the Government can do much to improve the economic condition of the large number of population, specially the rural population. Sir, before the big power industry came into existence in this country, before the imports from foreign countries had assumed the large proportions which they have done today, it was the small and cottage industries which used to supply the various wants of the people. In those olden days, the cottage industries of India were a pride of this country and were spoken in highly eloquent terms by foreigners. Who has not heard of the famous Dacca muslin, the fineness of which is still the envy of the power-loom industry of today. This muslin was made by handloom weavers. The famous shawls and carpets of Kashmir won for them universal respect and esteem. The works of embroidery and gold thread (*sari*) weaving are some of the other instances of the glories of cottage industries of the past. But past are those glories and it is a matter of the deepest regret that the cottage industries are in a decaying condition today.

It is the bounden duty of the Government to help the industries of this country and in giving this help they should help the small and cottage industries much more because the small industries, though numerically

[Babu Baijnath Bajoria.]

much larger, are weaker in all respects and are in a disorganised and scattered condition. Sir, I believe that the salvation of India lies in improved agriculture and greater development of her industries. Sir, even with all the impetus which the larger industries of this country has received by means of protection and otherwise, it is employing and maintaining only a very small percentage of the teeming population of this country, namely, about three to four per cent. It requires immense capital, power of organisation, vast machinery and other necessary equipment for the development of big industries and even if their development proceeds ahead with rapidity, they can only hope to employ a small percentage of the population of this country. It is to the small and cottage industries that we should really look for the solution of the unemployment problem in our country and specially amongst the middle-class educated community in the towns and the villagers in the rural areas. Sir, it is a very wise move on the part of the Government to allot big sums of money for the development of rural areas. I am indeed very glad that they have been able to allot 3½ crores of rupees for the purpose, during the last two years, and I am sure much benefit will be derived by the rural population from this large grant. I hope and trust that Government will be able to make such annual grants for such a noble cause. But, Sir, I regret to find that the Finance Member has been very miserly in granting only Rs. 5 lakhs spread over a period of five years, that is about a lakh of rupees only for the development of cottage industries.

The Honourable Sir Muhammad Zafrullah Khan: That is only for wool.

Babu Baijnath Bajoria: I am coming to that. It may be said that this sum is given for only one cottage industry, namely, the woollen industry but the Government should have

The Honourable Sir Frank Noyce: What about handloom weaving and silk? Are these not cottage industries? You have not mentioned them.

Babu Baijnath Bajoria: They have not been given special grant.

The Honourable Sir Muhammad Zafrullah Khan: Handlooms, sericulture and wool.

Babu Baijnath Bajoria: But the Government should have selected several other cottage industries which deserve consideration from them and allotted bigger sums for their development. Sir, I would now like to compare the grants for cottage industries with those allotted for Broadcasting ("Hear, hear"), which is the favourite queen of the Finance Member. Sir, we all know that Broadcasting received Rs. 20 lakhs last year and another Rs. 20 lakhs this year, and God knows how much more it will receive in future years. Sir, the programme of Broadcasting, as it exists today, consists mainly of songs and dances by men and women of a questionable character.

Some Honourable Members: No, no.

Babu Baijnath Bajoria: Yes, such men and women also do play in connection with such programmes (hear, hear) in which *nautch* girls are employed; that has been admitted by Government. (Interruptions.)

Mr. President (The Honourable Sir Abdur Rahim): The Honourable Member can go on.

Babu Baijnath Bajoria: I ask the Government whether they expect a refined society to grow up and an improved health and an improved moral character to develop by employing such men and women. Sir, broadcasting is a luxury, and the village folk can do without it. I ask the House which is more important and beneficial to the villager—Broadcasting or the development of the cottage industry? I would undoubtedly vote for the latter. Sir, what the villager wants first and foremost is good food, good water and good health. You should provide these necessities in the first instance, and luxuries and amenities may follow later on. Sir, I would like to suggest that Government must allot at least Rs. 25 lakhs annually over a period of say five years for the development of specifically selected cottage industries under a well-organised plan. It will then be possible for these industries to grow. After five years, some other industries may be taken in hand in right earnest. I can give the Honourable the Commerce Member the names of some of the cottage industries which he can undertake to develop now. Sir, I entirely endorse what my Honourable friend, Pandit Nilakantha Das, said about the pig iron. Sir, it is very difficult for the small and cottage industries to get pig iron, which is the main raw material for the production of agricultural implements, cooking utensils and other articles, such as cutlery, at a reasonable rate,—*karais*, and such like, which can be turned out of a small foundry of a few thousand rupees. Pig iron is sold locally and in the internal market at much higher prices than it is sold in the foreign market. The reason is that three big combines do not want that this should be sold at a cheaper rate in India.

An Honourable Member: Who are they?

Babu Baijnath Bajoria: The three big combines are the Tata Iron and Steel, the Bengal Iron Company, and the Indian Steel Company. I would request my Honourable friend, Sir Hormasji Mody—he is not here in the House.

An Honourable Member: Sir Cowasji Jehangir is here:

Babu Baijnath Bajoria: But is he his representative? I would ask Sir Hormasji Mody, who is now a Director in the Tata Iron and Steel Company to give this matter his utmost consideration and see that pig iron is sold to the smaller industries in India, in whatever form it is required for the Indian small industries, so that these small industries may also prosper. Sir, steel, as you all know, is a protected industry, and it is heavily protected, and it is only in the fitness of things that they should take a reasonable attitude towards these small industries: and if the Tatas do not do it on their own initiative, I would request Government to bring pressure to bear upon them so that they may help our cottage industries. Sir, another thing is this—cotton weaving. We know

[**Babu Baijnath Bajoria.**]

weaving is one of the principal cottage industries in India, both as regards cotton, silk and wool. There is a duty on yarns of all these three—cotton yarn, silk yarn and woollen yarn. I do not object to the duty on these yarns, but the duties received from these yarns must be devoted to the benefit of the handloom industry, either in the form of a bounty, a subsidy or in any other way. Then, there is another thing—toys. India imports, I think, about fifty lakhs rupees worth of toys—tin toys, celluloid toys, rubber toys, etc. These things are also all small cottage industries and we can and should give the necessary impetus by technical advice and other things so that these industries may be developed. Then, another item is the tinned fruit industry. It is really disgraceful that we have also to be dependent on foreign countries for supplies of our fruits. Now apples, pears and other fruits are also coming into this country, both fresh and tinned. We would like that these things should be preserved and the tin-canning industry for fruits should be developed so that this country may be self-sufficient.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): First you have got to grow them, however.

Babu Baijnath Bajoria: Another thing is sports goods, stationery, and various names can be given in fact. I do not want to do that just now. It is for the Government to decide to take up some of these industries and make arrangements so that they may be developed. Now, I come to the question of State aid to industries. Various Provincial Governments have passed State Aid to Industries Acts and Boards have been set up. I had also the privilege of serving on this Board for State aid to Industries in Bengal, but this Act, which is very wholesome, is practically inoperative for want of funds. Nothing has been done during the last three years as far as Bengal is concerned.

An Honourable Member: So in every other Province.

Babu Baijnath Bajoria: It may be so in other Provinces too. Sir, the Provincial Governments are all having deficits at the present time and they are helpless in providing funds for these things. I do think the Government of India should give them some help so that they may do the needful in this direction.

Mr. B. Das (Orissa Division: Non-Muhammadan): They can have loans at $3\frac{1}{2}$ per cent. or four per cent.

Babu Baijnath Bajoria: Sir, there are various forms in which help can be given to the cottage and small industries. Apart from the import duties on goods which are manufactured by these Indian industries, there are other forms in which a good deal of help can be given. These are technical advice and assistance. We know that the people who generally set up and run these cottage industries are not very well-educated and have not got technical advice at their disposal. Now, Government should here supply this technical advice so that they may form and develop healthy cottage industries. Then, another thing is marketing facilities. Now marketing facilities are also wanted for these small industries. Sir, with these few remarks, I gladly welcome this proposal, and I hope Government will accept it. (Applause.)

Mr. S. Satyamurti (Madras City: Non-Muhammadan Urban): Sir, I should like to draw the attention of the Government and of the Honourable House to the wording of this Resolution. It says, Sir:

"That this Assembly recommends to the Governor General in Council that he be pleased (a) to take definite and effective steps to extend the policy of protection to small and cottage industries of the country and with this object in view immediately (b) to appoint a committee to enquire into and report on the subject."

I would suggest to the Government not to take the word "protection" there in too technical a sense. My Honourable friend, Pandit Nilakantha Das, has tried to elaborate it by suggesting various measures besides tariff walls, like bounties, subsidies and State purchases, wherever necessary.

Now, Mr. President, I am anxious that this constant pitting of small and cottage industries against large industries and trying to help neither may be put an end to. We, on this side of the House, have a definite idea in our minds when we talk of protection to small and cottage industries. It is not, as if we want our big industries like the textiles, iron and steel, or the jute mill industries, to be destroyed. We want them to progress, but, at the same time, this House is anxious and naturally anxious that, to the extent to which it can be done, our cottage industries ought to be allowed to develop as much as they can. I did not understand the Honourable Member for Industries and Labour as practically opposing the Resolution. He claimed credit for what the Government have done. Assuming he is right, I expect him to accept the Resolution; and if they have persevered in a good act, let them accept the Resolution and do more. Surely, the Government cannot say that they have done so much for it, that they cannot do even a little more. I take it that the Resolution simply means this. On one point, however, I should like to join issue with the Honourable Member. He said that, if protection in the sense of tariff walls were introduced into India for industries, large scale industries would prosper at the expense of small scale industries because they can, by mass production, increase the efficiency of production and reduce the cost of production. To a certain extent, he is right. But at the same time,—I now speak as a layman—I put it to the Honourable the Commerce Member whether it is beyond the wit of man so to organize the protection policy as to give protection to small and cottage industries alone. I do not say it can be done, but I want the Government not to say it cannot be done. That is why the Resolution asks for the appointment of a committee. Is it or is it not possible so to arrange your tariff policy as to give protection to cottage industries and only to such cottage industries as deserve that protection? I do not say again that it can be finally decided now. That is why my Honourable friend, Sardar Mangal Singh, asks for the appointment of a committee to go into the whole question. I would ask the House to accept the Resolution. Plainly the Honourable the Finance Member has been playing the game of divide and rule; whenever the voice of the consumer is raised, he says what about protection? Protecting the small and cottage industries will reconcile the interests of the producer and the consumer. The moment you protect the small industries, the producers and the consumers tend to come much nearer. You eliminate the middleman, you eliminate the capitalist, you eliminate the profiteer, and you will find all classes supporting, very much more willingly, any policy of protecting the small industries than even a policy of protecting large scale industries.

[Mr. S. Satyamurti.]

We have a clear vision of the industrial progress of this country. We feel that certain large scale industries have come to stay. I mentioned the cotton textiles, iron and steel; and I hope that we shall soon have large scale factories, manufacturing motor cars in this country, and, all our railway requirements too. This big scale production must be there, but you want them to be controlled by the State, so that by income-tax and the super-tax and various other means by which profits which come out of the industries might not go into private hands beyond a limited extent, and the balance should go to the State for the benefit of the people as a whole. On this side, we feel that there is unlimited scope in this country for cottage industries. An Honourable Member has mentioned more than one example of cottage industries. I want to remind the Honourable the Commerce Member that, in Japan today, the cottage industries have got a very big place and Japan even beats Great Britain in Manchester, the old proverb taking coal to Newcastle has been proved to be false by Japan taking cloth to Lancashire and selling it much cheaper than the home production. So you know why? Because Japan specialises in cottage industries. In Switzerland, they produce some of the tiniest watches, the marvels of production in small cottages. Is it impossible in this country to develop those small cottage industries here? What is the biggest problem in India today—the problem of finding bread for the millions of agriculturists who live and must live in our seven lakhs of villages? They now get work for four months a year and for eight months after, they remain idle. You must find some supplementary occupations for them. What else can you do than encourage small cottage industries? All this idea of intensive agriculture will lead to nowhere. You must find supplementary occupations, and cottage industries will come to you handy. In these days of cheap electricity, I suggest that a conscious and purposeful State can make electric power available to almost every cottage at a very reasonable price. With the magnificent source of water power in this country, if electricity were not allowed to be exploited by private capitalists and were nationalised, you can make electricity cheap and available almost to every cottage. I want, therefore, that, if we are to reconstruct our villages, if we are to tackle the problem of agricultural poverty, and last, but not least, even to tackle the problem of middle class unemployment, we have got to evolve a definite policy of encouraging small and cottage industries. The Honourable Member for Industries and Labour used the blessed phrase, 'Provincial transferred subject'; and like "Mesopotamia" and "World Depression" it is a convenient phrase to cover all the sins of Government. When it comes to a question of repression, provincial transferred subjects go by the board, and the Government of India acts in a minute, and from the Himalayas to Cape Comorin the same policy is enforced like a machine clock-work.

I suggest to the Government that there are many directions in which the Government of India can take steps to encourage cottage industries. Can they not take an all-India survey of all cottage industries and find out which cottage industries can be encouraged and can they not lay down a ten year programme, if Russian example does not stink in their nostrils at all? They can ask the Local Governments, they can advise the Local

Governments to encourage and give all facilities to develop cottage industries on a definite plan. Even with regard to protection, I think the whole policy will have to be examined from two or three points of view, as to whether we, as I have said, want to encourage cottage industries only, and, secondly, whether such protection as is given to large scale industries should be under certain conditions, namely, calling upon them to encourage to the extent to which they can the small and cottage industries. It can be done and ought to be done.

The handloom industry, to which I know the Government have been giving some attention, is a very important one. In my Province, lakhs of people are engaged in it. They are suffering today enormously by outside-competition, and I think, as I suggested to my Honourable friend at question time the other day, and I would suggest to him again and expect an answer—this is not question time, and, therefore, he can give an answer later on—is it impossible for the Government to have a comprehensive survey of the entire sartorial requirements of this country—I am talking of cloth alone now—and divide in some agreed manner for a few years between imported articles whether from Japan or from England or elsewhere, textile mills, handloom weaving, and khaddar? Is it impossible? Can we not arrange some means by which we can co-ordinate all this production, and avoid unhealthy competition and encourage them to the extent to which they deserve? I suggest there must be a policy of bounties and subsidies, and also lend money on easy terms. The State Aid to Industries Act is a dead letter in my Province also. It adorns the Statute-book and it has done nothing else.

Then, talking of railway rates and freights policy, is it impossible for the Government to give some special concessions to the products of small cottage industries? Can it not be done with the consent of this House? Then, Sir, we have the whole question of encouraging cottage industries by exhibitions. I am glad that the Honourable Member for Industries and Labour referred to the fact that exhibitions are good shows. May I suggest to the Government that, when they decorate the Viceroy's House or other houses in their possession, they should deliberately encourage the products of small cottage industries? If this can be done, it will be the best exhibition of cottage industry products and, it will be better than organised *ad hoc* exhibitions. Exempting the raw materials of these small industries from protection is another direction in which Government could help them. It seems to me that today, unless this problem of small and cottage industries were seriously tackled as an all-India problem, there are forces at work in this country which the Government cannot resist. Today, there is plenty of hunger in this country. How are the Government going to satisfy it, unless, as I say you add to the income of the average villager and give him a subsidiary occupation especially in the form of cottage industries?

There I would respectfully invite the Government to co-operate wholeheartedly with Mahatma Gandhi's scheme of the All-India Village Industries Association. I hope, Sir, one year's working has convinced Government that there is no dishonest political motive behind it. I expect the Honourable the Commerce Member to give me a categorical answer to that. Last year, the Honourable the Home Member said he would wait and

[Mr. S. Satyamurti.]

see how this association works. They have waited and seen. That association is tackling the problem of village cottage industries in a very scientific manner, and, if my Honourable friend would go and visit the Lucknow exhibition, as I did, he would see what magnificent work they are doing. Here is a man whose word is law to many millions and his entire personality is behind this work. Co-operate with him and do something in order to encourage these village and cottage industries. And I do hope that Government will take that advice and deal with the problem, or at least tell this House why they are not doing it.

On the question of the Tariff Board, I think this Tariff Board must be made a permanent body. This idea of appointing members from time to time creates suspicion in our minds; and, once you make them independent, permanent, and more or less judicial like the Judges of High Courts, they will inspire far more confidence. And we want one of the terms of reference to them to be that they should consider, as early as possible, the question of the extent and nature of protection which can and ought to be given to small and cottage industries.

And I do hope, Sir, that we shall have a survey of cottage industries throughout India made as early as possible at the instance of the Government of India. I am feeling, Sir, that, if we organise our cottage industries properly and our small industries properly, our villages can be made more or less self-sufficient, and excepting for a few requirements which we must get from other countries or outside, we can increase the prosperity in the village side. As for technical advice and marketing, the two things which the Honourable the Industries Member said these cottage industries require very much, I should like to know whether something more than what they are doing cannot be done. Today, most cottage industries suffer, because the men who are engaged in it have no money. They have to buy raw materials at extraordinary prices and they have got to sell the finished products at cheap prices. Their needs are so great, the creditors are so pressing and their business instincts are so poor that they are exploited. No doubt, co-operative societies have been formed; but, on the whole, they are failures. I think this matter must be carefully considered,—the financing of these cottage industries on some basis, by which the labourer will get what he deserves to get.

Sir, there is only one more matter which I want to suggest to the House and to Government, namely, that they can possibly have no objection to the latter part of the Resolution to appoint a committee to inquire into and report on the subject, a committee, if need be, of experts who can call evidence, who can tour some of the typical villages, and produce a valuable report. We, on this side of the House, are often accused of being here to merely obstruct and to fight. Here we are extending our hand of fellowship to Government. We invite them to grasp that hand and work with us in order to put a little more bread into the hungry mouths of the villagers. The House should accept this Resolution and press the Government to accept it, so that we may have something to go and tell our people that our work here is something which has given bread to some millions of our countrymen.

I support the Resolution.

Mr. Muhammad Ashar Ali (Lucknow and Fyzabad Divisions: Muhammadan Rural): Sir, when this Resolution was moved, my idea was that Government would come forward with a plain statement and a straightforward statement to the effect that the cottage industries of India will loom first in its imagination for help so far as this present Government is concerned. But it is not only that I have been disappointed to a certain extent, but some form of excuse is being taken and something is being said that Government have done this thing and that thing of this kind or that kind. But this question of cottage industries and the condition of the villagers in India should be the foremost and the primemost consideration of the Government of the day in the circumstances in which we are working in this country at present.

Sir, this Resolution ought to open the eyes of Government and the speech just made by my Honourable friend, Mr. Satyamurti, should be an indication to Government as to which side the stream is flowing in this country. Sir, if the Members of Government, instead of travelling in their saloons, will make it a point to go from village to village, they will find what the conditions of the poor villagers are. Our only object in moving and supporting this Resolution today is that we want that they should afford a subsidiary means of subsistence to the poor villagers. If Government think that the present income of the tenant is enough to support his family they are, I submit, absolutely mistaken, for a poor villager with his family cannot get even two proper meals. How is he to support, to educate and to clothe his children properly? These subsidiary cottage industries always existed in India before and every village was self-sufficient in itself. Why is it that today the village blacksmiths and goldsmiths and others have left the villages and gone over to big cities. I am a villager myself and I know what the conditions in my village are. It was about ten years back that in my own province of U. P. some sort of industrial help was being advanced to poor small towns and small villages. But today there is not a single pice in the coffers of the Provincial Governments to keep up even those industrial institutions. If it is not the concern of the Provincial Governments or of the Central Government, I ask Government whose concern will it be? Do Government want that the people should take these things in their own hands? If they do, next day it will be said that the Congress is trying to do it, Mahatma Gandhi is trying to do it and Maulana Shaukat Ali is doing it. These things ought to open your eyes and you should take these things in your own hands and take them with courage. This Resolution should be an eye-opener to Government and they ought to tackle this question with care, with tact and with generosity. Sir, if the villager gets Rs. 10 out of his crops what does he do? He has to pay the rent and, so far as I know, it is difficult for him to pay the rent even. If he cannot pay even his rent, how will it be possible for him to buy the necessities of life? It can be done only through these small cottage industries. The handloom weavers, blacksmiths, carpenters, etc., are in a pitiable condition today, because there is no money in the villages, there is no food in the villages. And, therefore, it should be the primary concern of Government today to look to the cottage industries. Sir, I have seen co-operative banks all over India. I have been on a Government committee and I have found everywhere that what the people want is really help for their cottage industries. It is all right to say that there are banks which have got money, but where is the good of all that money if it is locked up in these co-operative banks? They cannot even properly help the villagers whose

[Mr. Muhammad Azhar Ali.]

money it is that they have taken. These co-operative banks have got money in the Punjab and in other Provinces too but they cannot help the cottage industries. They simply go and advance loans or realise interest. Therefore, they have become, as was said, a double-edged sword. I ask Government really to look into this matter. If that is not done, it can be said that they are doing nothing for the poor villager. You may be doing anything for Tata's and giving any kind of subsidies and help to the big industries, but it is the small industries which you ought to help today. I should ask Government not to give subsidies to these big industries but to look to the smaller industries.

Mr. J. Ramsay Scott (United Provinces: European): Mr. President, I support this Resolution, but, while doing so, I would say that I am speaking on my own behalf and not on behalf of my Group. I would like to say that our slogan is no discrimination and that if the policy of this country is discriminating protection, it does not mean that there is to be any discrimination against any industry in its right for protection, and the size of the industry is no criterion and is no bar to its claim for protection. Most of our industries have appealed for and have got protection, and it is not our policy to act the part of a dog-in-the-manger but rather "to live and let live". We want to see the industrial development of India and even if my friend, the Honourable the Finance Member's estimates are true,—I do not say that they are true—but supposing he is correct, it is of the utmost importance that we should find jobs for half a million of our increasing population. If our fiscal policy is at fault, and it may have outgrown its use in the thirteen or fourteen years of its existence, there should be a revision if it is obvious that it may at present hinder the granting of protection to small and subsidiary industries. Supposing, for instance, a protected industry produces a product which is part of the raw material of another industry, unless the subsidiary can get all its raw material in the country it is liable to have its claim to protection turned down under the present fiscal policy. Yet I would point out, that the cotton industry gets its cotton from outside India and in fact the Tariff Board has recommended it to do so to get on to higher counts which can only be achieved in this manner. I would also mention that the United Kingdom has a large cotton industry and yet, not an ounce of cotton is grown in England, and yet the industry is protected. In America we find a large rubber industry though no rubber is produced in that country. There are many more cases like this, so that these are instances in which our fiscal policy may want revising. India is probably the only country in the world that cannot have an industry unless it grows or produces all its raw materials. A little more assistance to the glass industry would, I am sure, set it on the road to prosperity. Is India always to be the hewer of wood and drawer of water?

Some Honourable Members: Hear, hear.

Mr. J. Ramsay Scott: One of the most remarkable industrial phenomena of Japan is the progress of the cartel system. The cartel system was established in Japan to meet the business depression after the world war. It would take longer time than I have at my disposal to go into the cartel system in Japan, but it controls both sales and production. If two-thirds of an industry wish it and sign the control agreement, then it is

binding on the whole industry, large and small concerns alike. Before the control law was enacted, Japanese manufacturing industries were in a mess, cut-throat competition was rampant and many concerns were being ruined. The principal aim of the control law was to save industries from unfair competition and to lead them on to healthy development. In Japan, from 1919 to the end of 1930, business conditions went from bad to worse. In 1931 gold was put under an embargo in Japan in connection with the suspension of the gold standard in England. By the ban on gold both exchange and financial inflation were brought about. The Japanese manufacturers greatly benefited by the inflation policy of their Government, and their financial position became better year after year. In addition to inflation, there was another factor that brought prosperity to the manufacturers. This was a change in Government policy. The Japanese Government authorities relinquished their policy of keeping down commodity prices for the benefit of the consumer, embarked upon a policy to allow manufacturers to raise prices by the enforcement of the cartel law. Do you not think that a change of mind in our Government would be in the best interests of the industries of India, both large and small? (Hear, hear.)

Now, Sir, Australia and Japan are on the point of signing an agreement, and I would recommend our Government to study this agreement carefully. It is the first agreement that the Australian Government have signed on their own. I have no time to give all details, but I would point out that Japan will respect the special treaty privileges granted by Australia to Britain by virtue of the Ottawa Agreement. Australia is unable to grant the "most favoured nation clause" treatment to Japan, the reason being that the Australian Government cannot permit Japan to share some of the privileges that Australia might bestow in future upon a third party. I emphasize these two points, as the latter was a bone of contention in the Indo-Japanese Treaty. Some such action as this might be useful for the protection of our industries, both big and small. I am sorry to see that the Safeguarding of Industries Act has been allowed to lapse, and I would suggest to Government to bring in another Bill in the September Session. It will be of great assistance in rendering quick help to any small industry and should be on the Statute-book again before negotiations start. My suggestion is one of defence and not of defiance. I have much pleasure in supporting the Resolution.

Prof. N. G. Ranga: Sir, I rise to support this Resolution as well as the amendment proposed by my Honourable friend, Pandit Nialakntha Das. This Resolution only asks the Governor General in Council to take definite and effective steps to extend the policy of protection to small and cottage industries of the country. I do not know why Government should think of opposing this Resolution. Government cannot really deny the fact that they are committed today to a policy of discriminating protection to Indian industries. If they are committed to that policy, I do not know why they should not be prepared to extend that particular policy to small and cottage industries also. If really they persist in this unreasonable attitude, it would only mean that they are made to continue their present policy of discriminating protection to big industries, because of national pressure brought to bear upon them and not because they are in love with it; they are unwilling to extend it

[Prof. N. G. Ranga.]

to the other small industries because the other industries are not able to organise themselves and bring to bear upon them the necessary pressure either through the medium of Congress or through the medium of the Independent and Congress Nationalist and other political parties in this country. This Resolution seeks to ask the Government only to appoint a Committee to enquire into and report on the subject. It does not oblige the Government straightaway to extend this particular policy indiscriminately to every kind of cottage industry that may be carried on in this country. It only asks Government to agree to the principle that this policy of protection should be extended to all industries in this country including cottage and small industries, and for that purpose an enquiry should be conducted in order to see to which industries this policy should be extended immediately and to what extent and in what manner.

I really do not know why my Honourable friend, Sir Frank Noyce, has got up to say that there is no need at all for this House to accept this particular Resolution. I can understand him saying that the Government have done everything possible in order to help these cottage and small industries, and there is nothing more to be done. But I cannot agree with him at all. It is easy for him to maintain that the Provincial Governments are doing very much indeed; It is easy for him to maintain that this protection can be extended only to those industries for which a definite case can be made out that they can within a definite period of time stand on their own feet, and compete with foreign industries and produce commodities just as good as the foreign goods and just as cheaply as the foreign goods are being sold in this country. If that is so, I would like him to read that excellent book, "the Foundations of Indian Economics", by that eminent economist, Radha Kamal Mukherjee. I am sure, if he reads that book, he would be able to convince himself that the cottage industries of this country have a very strong case indeed, and they are able to maintain themselves and make a stand against competition of mill industries and also large scale industries. And, as has been made out by speaker after speaker, in every country these small and cottage industries have a definite part to play in the economy of those countries. Except in Russia, in all other countries definite steps are being taken by their respective governments to protect, develop and foster small and cottage industries. Our Government also maintain, as Sir Frank Noyce has tried to maintain, that they are doing everything possible. He has instanced the Madras Government. He said "Certainly no allegation can be made that the Madras Government is not doing very much". Yes; there was the Industries Commission appointed in 1916 and it submitted its report in 1918. It has made so many recommendations, and Sir Frank Noyce was only voicing some of their recommendations when he said that such and such things should be done in order to help this country's small and cottage industries. In 18 years time wisdom has dawned on this Government of India to such an extent that only two or three items can be singled out of all these recommendations made as long ago as 1918, and he was prepared to say "Yes; it is true that in regard to marketing and in regard to technical skill and packing and marketing of goods, these cottage industries should be helped". If that is the way in which the

Government of India propose to go on in their policy of helping and fostering these small and cottage industries, then, of course, we know very well that this Government do not mean any business, that this Government appoint Commissions only to dismiss those questions and to shelve matters and to deceive the public in every possible way.

Then, we are told again and again, by Sir Frank Noyce himself, ever since I have been a Member of this House, that all these things are the concern of Provincial Governments. Who made them the concern of Provincial Governments? The Government. He says, the Constitution comes in our way. But who made this Constitution? Their own masters. They divided up these subjects in such a convenient fashion that when you go to the Provincial Governments, they say: "We cannot deal with these questions, because they are all-India matters." When we come here to this Government, they say: "It is all provincial and, therefore, we cannot deal with it."

My Honourable friend, Mr. Satyamurti, was suggesting a survey to be made into the economic conditions of these cottage industries. Sir, I have in mind one survey made by the Madras Government into conditions of these cottage industries. There was an officer appointed: he went round all these cottages: I was also appointed as an honorary officer for four districts, and I also submitted my reports: but what has come out of our recommendations? Nothing. Nothing whatever. But something has come out of it: the Madras Government at one time was having some peripatetic parties in order to teach handloom weavers how to produce better goods and introduce better machinery: and the Madras Government has only recently stopped these particular peripatetic parties, and nothing at all has been done in that direction. We are told that, for the improvement of the handloom weaving industry, the Government of India have made a generous grant of five lakhs of rupees per annum. For how many people? For ten millions of people. I am not exaggerating the number of these people. The Tariff Board itself gives the number. But, in order to help ten millions of people, this benevolent Government, this benign Government has come forward to make an annual grant of five lakhs, and Sir Frank Noyce wants us to believe that they are doing a considerable amount of good work indeed in order to help these cottage industries. Who can believe this Government, even if they are supported by such a religious and conscientious Member as Sir Frank Noyce himself? How can anybody believe this Government when they ask us to believe such an unbelievable thing?

Then, I come to the other point: how many people are employed in these cottage industries? 26 millions as is given out by the census report itself: I put it at 30 millions. Do not these 30 millions deserve some attention from the Government? Do not they at least deserve this much attention—an extension of their present policy of protection to the industries in which they are all employed, in which they are obliged to eke out their living? None can gainsay these facts, because they are given in their own reports. I would like the Honourable Sir Frank Noyce as well as the Commerce Member to go through these tables of occupations of various classes of people in this country—I will give you only a few facts in regard to them: Blacksmiths alone in this country number as

[Prof. N. G. Ranga.]

many as 657,000. Those who are employed on brass, copper and bell-metal number 106,000; other metals 89,000; ceramics 1,196,000; potters alone number 1,020,000, and those who are employed in refining vegetable oils 624,000; those who are employed in industries of dress and toilet 3,915, and those who are occupied in trade connected with all these industries alone come up to 9,336,000. Now, the whole lot of them come to more than 27 millions according to this, and, according to my own calculations, 30 millions. What does this Government wish to do by not accepting this particular Resolution? The cottage industries survey of Madras made out that it has nothing to do with any proposal of protection, with any proposal of subsidy, with any proposal of bounty to any of these industries, because it was an all-India problem. Who can tackle this problem but the Government of India? What do the Government of India wish to do? The other day, when Honourable Members asked the Government of India what they intended to do in order to help the handloom weaving industry, they said we may suggest the appointment of a special tariff board. I do not know whether the Government will accept it, but here is an opportunity for them, if they accept this Resolution, to enquire into the necessity and extent of granting protection or subsidy or bounty or whatever other assistance might be found to be necessary to the handloom weaving industry also.

I shall not be so very much upset even if this present policy of protection is not extended immediately to all these industries. But, I am certainly upset beyond words, because everybody in this country has been upset by the manner in which the present policy of protection of this Government is really coming into conflict with the interests of the handloom weavers, with the interests of the cottage industries. Here is a memorandum prepared by the small industries group organised by my patriotic and enterprising friend, Pandit Nilakantha Das, which states how the present policy is militating against the interests of the handloom weavers and other cottage industries. It is not only their statement or their discovery! it is the discovery which has been testified to by the Fiscal Commission itself and also by the Tariff Board of 1932. They state:

"Far from benefiting under the present system of protective duty in the country, the smaller industries of India are often adversely affected by them.

4 P. M. Protected large industries often supply semi-finished raw materials to the smaller industries at discriminating prices both national and international. Take the case of pig iron. The Tariff Board on steel observed: 'The Indian foundries pay a price of Rs. 49 for a standard foundry iron at port while the average price at which foundry iron is now exported to Japan is not more than Rs. 25 f.o.b. Indian port. It is well known that Japanese competition in certain forms of iron castings is beginning to be felt perceptibly in the Indian markets.'

In para. 245. the Tariff Board suggested that:

"Provision should be made for supplying foundry iron at a price not different from those charged to the associated companies and not exceeding export price by a margin of Rs. 10 per ton."

But, nothing has been done up till now to give effect to the recommendations.

Let us also take the case of duties on yarn, cotton, wool, and silk. Duty on cotton yarn is mainly in the interests of mill industry which produce 96,641 million pounds. Whereas the cottage industry production is estimated at 25 millions pounds only. The effect of the duty on yarn on handloom weaving has thus been summarised by the Tariff Board on textiles:

"The duty on yarn introduced in 1927 has definitely handicapped the handloom industry. The excise duty while it was in force, afforded a small measure of assistance to the handloom weaver as against the mills. The removal of the duty followed immediately by the protective duty on yarn has adversely affected the position of the handloom industry in competition with the mill industry."

The Fiscal Commission itself maintained that whenever semi-manufactured commodities came to be protected or taxed by import duties, a definite enquiry should be made by the Tariff Board in order to see that the industries in this country dependent upon the semi-manufactured goods are not adversely affected. Yet, Sir, an import duty on yarn is still kept. It is kept not in the interests of the handloom weavers but in the interests of the millowners. But, after all, if you take the statistics into consideration, you will find that out of a total amount of yarn consumed in this country, only eight per cent is imported into this country. Even if this import duty were reduced or if according to the proposal of the Tariff Board a countervailing duty is imposed on Indian production of mill yarn and thus a fund is created in order to help the handloom weavers there is no harm caused to the cotton mill industry in this country. Yet Government have not chosen to accept the recommendation of the Tariff Board or accept the recommendation made by the handloom weaving industry itself in this country.

Lastly, I wish to state that if this Government really means well by the cottage industries, they ought not to be satisfied with five lakhs, but they ought to raise 50 lakhs every year, by raising the duty on mill yarn produced in this country and raising the countervailing duty also on imports so that with these 50 lakhs they can help the handloom weaving industry in developing its markets and so on.

In conclusion, what I would like to suggest is that, as far as handloom weaving industry is concerned, Government should be immediately prepared to appoint a special Tariff Board to enquire into it. If they are not prepared to do it, they must at least accept this particular Resolution and appoint a Committee to go into the interests and into the needs of various important cottage industries in this country in the hope that this Committee might be able to make the necessary suggestions for fostering and for helping them and to get them develop the industries.

Sir Darcy Lindsay (Bengal: European): Sir, I should like to say that I entirely support my Honourable friend, Mr. Ramsay Scott, in my sympathy with the objects of the Resolution, and I think I am safe in saying that our Group are similarly in sympathy. We do not exactly like the wording of the Resolution. We do not like the wording of the amendment either, but the actual cause at heart has our full sympathy. I would urge upon the Member in charge to give this matter his very close consideration and to explore every avenue he possibly can to bring about a better state of affairs for both cottage industries and small industries. I

[Sir Darcy Lindsay.]

plead particularly for the small industries where we have got the material in men, who have the knowledge to start industries, but unfortunately not always the means. These are men who go abroad, they go to the United States of America, they go to Europe including Great Britain, and after apprenticeship they get a thorough knowledge of certain particular industries. They come back to India, full of enthusiasm, then go to their relatives and to their friends and ask for assistance in starting an industry. Well, the friends and relatives come to their aid as far as they are able. A factory is started with just enough money to build and equip their factory but unfortunately they have not the wherewithal to finance the concern. You have got to buy your raw materials, you have got to hold stocks, and that is the very serious handicap that these small industries experience. They have great difficulty in getting money from banks who look upon them with possible suspicion although they may be absolutely genuine concerns and likely to prove successful in the long run.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) vacated the Chair which was then occupied by Mr. Deputy President (Mr. Akhil Chandra Datta).]

Now, on this subject, what I would like to urge upon the Government is by some means or other to give financial assistance to these small industries. I would like to see that the Honourable the Finance Member, out of his big surplus every year, should vote considerable sums of money for the financial aid of these small industries. (Hear, hear.) Call it a fund for the purpose. The Honourable the Finance Member was able to give 20 lakhs the other day for broadcasting. Why not give 20 lakhs to finance these small industries. (Applause.) Then, again, it might be possible to form a trust company that would also aid industries. Mind you, Sir, I do not want the money to be given. That is not my object. I want the money advanced on the security of the business to provide the necessary finance. I think it was in 1931 that a Committee was put up by the Bank of England, the Macmillan Investigation Committee, and I think they favoured the formation of a trust company that would find the necessary money for small industries to carry on. I put forward that suggestion to the Honourable Member and also a suggestion to the Honourable the Finance Member for forming a special fund, and I am perfectly certain that great good will be the outcome. With these words, I support the intentions of both the Mover of the Resolution and the amendment, although we may not be able to be in agreement with the actual wording. (Applause.)

Dr. Ziauddin Ahmad: There are certain catchwords which we always like to use, but their significance is very seldom understood. One catchword is compulsory free primary education. All of us like to have it, but the difficulties we do not properly appreciate and understand. The second is the cottage industry. We all like to have it, but we do not fully appreciate and understand the difficulties in its working. Before I come to the subject proper, I would like to draw attention to the policy of protection of the Government of India which is now based on the Fiscal Commission's Report written in 1922. Things have changed since then, and new factors have come in, and I do not think the policy laid down in 1922 can apply today in the year of grace 1936. The Fiscal Commission laid

down three conditions for protection of industry, namely, the industry must have ample raw material, secondly, it should be able to stand on its own legs, and, thirdly, that, without the help of protection, it would not be able to advance. But, since then, things have changed in four respects, and on that account a new policy has got to be evolved. India, on account of her prosperity, since 1873, from which year figures are available, has always had her import index less than the index of her exports. That is to say, the price index of the agricultural products was always higher than the price index of the manufactured articles. That has been going on all the time since 1873. Taking prices in 1873 to be 100 the price index of the agricultural products in the year 1914 was 160, and that of manufactured articles was 114. At the time the Commission reported *i.e.*, 1922, the price index of the agricultural products was 246, and that of the manufactured articles was 201. This went on until, in the year 1931, the whole thing was changed, and that is the moment when all our difficulties began. In that year, the two indices equalised, and now they are moving about the other way. In the year 1933, the latest year for which the figures are available, the price index of the agricultural products fell to 118, while that of the manufactured articles stood at 128. Sir George Schuster, the then Finance Member, drew special attention in his budget speech in 1934, to this maladjustment of the price levels of manufactured articles and the agricultural products in the following words:

"What is really one of the main maladjustments to day, namely, that the prices of primary agricultural products have fallen much more than the prices of the things which the agricultural producer has to buy." Paras. 67—68.

I lay very strong emphasis on this, namely, that until the price level of the agricultural products becomes higher than the price level of manufactured articles, the prosperity of India will be very remote indeed. Therefore, the first thing to do—and without it it is impossible to restore the equilibrium of conditions in India—is to make the price level of the agricultural products a little higher than the price level of manufactured articles. This disparity is very conspicuous in the case of cotton. Unfortunately in the case of raw cotton, the price level has come down to 74, but the price level of manufactured textiles has risen to 114. And so long as this state of things continues, it is impossible to restore the prosperity of the agriculturist classes which form about three-fourths of the population. Therefore a new policy of taxation ought to be devised for revenue duty and for protection by means of which the normal state of affairs may be restored.

The second thing that has occurred since 1922 is the difficulties of exchange, that is, many countries have gone off the gold standard, and some have not, and it is very difficult to find out a particular commodity like gold or silver in terms of which we can evaluate the prices. The exchange difficulty has, therefore, become enormous, and as a corollary to that, many countries are now adopting different methods,—methods of barter, methods of quotas, methods of equalisation of their trade, and they have got clearing houses by means of which they balance their exports and imports. All these changes have now come in, and India must now devise a new policy. The next factor is exceedingly important, and it throws great light on the Resolution in question. We have our own experience of the working of the recommendations of the Fiscal Commission. We have got the example of sugar, we have got the example of

[Dr. Ziauddin Ahmad.]

iron and steel, and we have also got the example of textile industry. In the case of the textile industry, illustrations have been given time after time that the effect of the protection has been to kill the cottage industry.

One example I will give. Take the case of yarn. Mills desire that protection should be given to yarn and protection has been given to yarn. But it is the raw material for the cottage industry, and it affects very adversely the prosperity of the cottage industry. Therefore, what is good for the mill industry is very injurious to the cottage industry, and by giving protection to yarn in the interests of the mills, they have practically ruined the cottage industry of this country. This can only be overcome by putting excise duty on mills.

Take the case of sugar. We have given protection to the sugar mills, but what is the result? We had a number of cottage industries making gur and sugar, but they have been wiped off in favour of the bigger industry. The bigger industries are powerful combines, they have got power, they have the press in their hands, and they can make their voice heard by the Government. But the smaller ones have got no organisation, they have no voice, and their voice cannot be heard by the Government of India, with the result that they have been completely wiped off. Excise duty has been levied on cottage industry—sugar, with the result that they cannot compete with the mill made sugar. Take iron and steel. India is not importing pig iron, on the other hand, she is exporting to other countries. Still, they have put down a ten per cent. import duty on pig iron, with the result that pig iron, which is the raw material for a number of small industries, has become more costly. Do we want protection of the cottage industries against the mill industries, or against foreign industries, or both? We will have to give only one reply, and that is, that it is against both. But because we do not want to destroy the mill industry, we have to devise a new policy under contradictory circumstances, and I hesitate to make any suggestions because the whole thing will have to be enquired into very carefully.

There are one or two other points which we will have to consider: Whenever we levy a duty on any article with the object of protection—whether it is the cottage industry or the mill industry,—the price level of the manufactured articles is always raised, and we can ill afford to raise the price level of manufactured articles, and lower the price level of the agricultural products. The Report of the Fiscal Commission itself says that any protective duty has an adverse effect on the balance of trade. We have been urging on the floor of this House that the balance of trade should be raised, and, at the same time, we are advocating to take steps which have reverse effects. This is a truism. The Fiscal Commission itself says that any kind of protective duty always affects adversely the balance of trade of the country. Protection should be minimum. (Para. 92). You have these two abnormal factors, the protective duty diminishes the balance of trade, and the protective duty raises the price level of manufactured articles, which is already high, and we must find out a *via media* by means of which we may ameliorate the conditions of the poorer classes as well as satisfy the general prosperity of the country. Therefore, this is the problem which we have to think out and find a solution for.

Now, Sir, there are one or two defects in the working of the Tariff Board, which we have found out in the course of its working during the last 15 years. The first thing which they ought to have done and which they never did was to give the cost of production of the same article in the foreign countries from which the articles are imported, and, therefore, we cannot judge whether a particular industry will ultimately stand on its own legs. This is a first and necessary condition in order to give protection.

Then, the second thing is, they ought to have fixed the prices of these articles as well, when protection is given and not leave it to the manufacturers to rob the consumers in the way they think best. It may be said that internal competition and competition from other countries will adjust the prices but from experience we have found that that is not the case. They fix such prices as they think best and they do not stick to the fair selling price fixed by the Tariff Board.

The third thing is that after protection is given, we never examine whether that protection is working satisfactorily and working for the benefit of the industries, whether they are taking too much advantage at the expense of the consumers. Every year they ought to have seen the effect of the protection and not leave it to the last minute. After seven years of protection, these protected industries will probably be in the same position as they were before and then we repeat the protection for another seven years, then for another seven years and at that rate it will be continued for ever. That is not the object for which protection was given. Government has neglected its duty in this respect. They should see the effect of the protection every year or every two years and see how it works. The Fiscal Committee recommended (p. 68) that the Tariff Board should watch the working of protection from time to time. We are not giving the protection for the benefit of the capitalist or the millionaire, but we give it for the benefit of the people.

Any kind of protection is no doubt a tax on the consumers and it is a tax on the middle classes. Therefore, whenever Government give protection, they should see that the protection is working for the benefit of the people and not working for the benefit of the millionaire.

The last point on which I wish to lay emphasis is this. The Fiscal Commission has clearly laid down that whatever protection is given is a sort of loan to that particular industry from the consumers and that loan ought to be paid back after a certain time, when prices should go down to such an extent that the consumers may get back the money which they actually advanced in the shape of high prices as the result of protection. Unfortunately consumers are not an organised body and the moment they organise they will want to get back what they have advanced in the shape of lower prices.

Finally I would emphasize that the whole policy with respect to the smaller industries requires examination. Circumstances have changed since the Fiscal Commission wrote their report in 1922. The time is now ripe when we should consider the entire question of protection of the bigger industries, as well as the cottage industries and also the point in view of consumers, and, above all, the interests of the agriculturists who form 75 per cent. of the population of this country.

The Honourable Sir Muhammad Zafrullah Khan: Sir, I find myself, with regard to the first part of the Resolution, somewhat in the position of Sir Darcy Lindsay. With the spirit of that part of the Resolution, the object behind it, the anxiety to which it gives expression I am in sympathy, though I must add that I am unable to accept the exact phraseology of that part of the Resolution, that is to say, the part of the Resolution which seeks to impress upon Government the necessity of taking measures to foster the small scale and cottage industries. I think I can safely assert that the House, during the course of the discussion, has been conscious of the difficulties in the way of the complete acceptance of some of the suggestions that have been made. My Honourable colleague, in the Industries and Labour Department, during his very able intervention in the debate, has explained what is being done for the cottage industries at present and the method by which it is being done. The question at the moment is not as to the quantum of that help, as that help has only recently started. The question is whether help is being given along right lines. Now, Sir, when my Honourable colleague made a reference to the fact, that under the Constitution as it stands industries are a transferred provincial subject, subsequent speakers tried to make capital out of that reference by saying that it was a dodge for the purpose of shirking responsibility in the matter. With all respect to those Honourable Members, that is not so. The position has got to be faced and it is only when the correct position has been appreciated that the Government of India should be judged as to whether they are or not adopting the right policy towards small scale and cottage industries. The reference to this matter being a transferred provincial subject was not for the purpose of showing that responsibility rested upon the Provincial Governments alone and that, therefore, the Central Government need not do anything. Nor is it the attitude of the Government of India that the Provinces are not doing what they ought to do with respect to cottage industries. It is not the attitude of the Government of India to say 'Oh! yes, you are quite right. Nothing very much is being done. We are extremely sorry. This is the responsibility of the Provincial Government'. If a reference is made to them, it is only for the purpose of presenting the true picture to the House. The Government of India are aware that if time permitted and if that were necessary, they could, on behalf of Provincial Governments, put up a complete defence with regard to their discharge of their responsibilities in this matter. In this connection, I would invite attention to Chapter VII of this very interesting publication of the Government of India, called "The State and Industry" which deals with the development of cottage industries under the reformed Constitution and details the steps which various Provincial Governments have taken towards the fostering of small scale and cottage industries. I want to make it perfectly clear that when it is said, on behalf of Government, that this is a provincial transferred subject, there is not the slightest desire to transfer responsibility to the Provinces in the sense that the Government of India want to take shelter behind that arrangement. But I do want to emphasize that the main responsibility being provincial, the Government of India are called upon only to indicate the directions in which aid to small scale and cottage industries should be given, and where it is an all-India question, something to be done on an all-India scale, it then becomes the duty of the Government of India to come forward with such aid. It is by that standard that the Government of India ought to be judged in this matter.

Now, Sir, coming to the terms of the Resolution, the first part of the Resolution is:

"That this Assembly recommends to the Governor General in Council that he be pleased (a) to take definite and effective steps to extend the policy of protection to small and cottage industries of the country."

The amendment reads:

"by adopting such measures as protective tariff as well as bounty, subsidy and State purchases wherever necessary."

And it then goes on to ask for a committee for the purpose of inquiring into and reporting on the subject. Taking the Resolution as it stands, the first part of it, the first of the recommendations sought to be made to the Governor General in Council is that the policy of protection ought to be extended to small and cottage industries of the country. May I point out that the present policy of protection of the Government of India does extend to cottage and small-scale industries, that is to say, wherever the conditions laid down, which have been accepted in a Resolution by this House, are fulfilled, protection is granted irrespective of whether the industry is a big scale industry or a small scale industry; and there have been instances where protection has been granted primarily, or even solely, with the object of protecting a cottage industry. Let me first give an illustration of protection having been given where it operates equally in favour of a big scale industry as well as the small scale portion of that industry, namely, the protection granted to the textile and hosiery industries. On the other hand the protection granted to the sericulture industry is entirely for the purpose of protecting a cottage industry and again the protection granted to the gold and silver thread industry is also in the interests of a cottage industry.

Dr. Ziauddin Ahmad: May I point out that hosiery duty is not recommended for the benefit of cottage industry, but it is definitely intended for the benefit of woollen mills which remain idle for the eight months in a year.

The Honourable Sir Muhammad Zafrullah Khan: I am afraid my Honourable friend has misunderstood me. I said the protection granted to the textile and hosiery industries operates to the benefit of both the big scale and cottage industries, and then I went on to say that the protection to the sericulture industry is for the benefit of a cottage industry, as well as the protection to the gold and silver thread industry. As I have said, with regard to textile and hosiery, it does operate to the benefit of the cottage industry as well as to the benefit of the mill industry. Of course, it does.

Sir H. P. Mody (Bombay Millowners Association: Indian Commerce): In practice it does operate thus.

The Honourable Sir Muhammad Zafrullah Khan: But the fact of the matter is that it is not in all cases possible to secure that protection granted to an industry as a whole should necessarily redound to the benefit of that portion of the industry which may be carried on on a small scale or which may be carried on as a cottage industry. It is possible, and it has happened as was sought to be pointed out by Dr. Ziauddin Ahmad, that

[Sir Muhammad Zafrullah Khan.]

when, protection has been granted to a particular industry, it has only helped the big-scale portion of the industry to consolidate its position and has, sometimes, operated even to the prejudice of the small-scale or the cottage industry. Now, that is an aspect of the matter which is inherent in the situation, and, therefore, I might draw the attention of the House to this aspect of the question that it is not always possible, by means of protective tariffs, to foster cottage industries, and that is an aspect which Government have had in mind, and they know that wherever protection is granted to an industry which includes big-scale production as well as small-scale production, it does not necessarily follow that the scheme of protection would operate to the benefit or towards the fostering of the small-scale or the cottage portion of the industry, and, therefore they have taken other steps, wherever they have been found to be necessary—in some cases as an experimental measure—to help the small-scale or cottage industries in order to find out in what directions help to these industries would be of most benefit. Now the House is aware that those who have looked into this question in the past have been of the opinion that the great need of the cottage industries is technical assistance and assistance with regard to designs, methods of production and marketing and it is in these directions that the Government of India have tried to help the principal cottage industries of the country. I need not go into that matter in detail, inasmuch as that has been dealt with by my Honourable colleague, Sir Frank Noyce, already; he has pointed out that recently the handloom industry has been helped to the extent of Rs. five lakhs a year, and it is proposed to continue that help for five years, and I have not the slightest doubt, that as the result of the watching of that experiment for five years, the Government of India at the end of these five years would be able to determine whether this help ought to be continued beyond that stage. Subsequently, a lakh a year has been granted for similar purposes for the fostering of the sericulture industry. Still later a lakh a year for five years has been granted for the fostering of the woollen cottage industry. Honourable Members are aware that no final decision could be taken upon the Report of the Tariff Board set up to inquire into the condition of the woollen industry, inasmuch as the major portion of the woollen mill industry had refused to give evidence before the Tariff Board. Nevertheless, while a final decision was postponed on that report, for the reasons set out in the Resolution of the Commerce Department dealing with that matter, the Government of India thought that the cottage industry should not continue to be at a disadvantage simply because a portion of the mill industry had not come forward with evidence to help the Tariff Board, and they, therefore, took this *ad interim* decision that the cottage industry should be helped with the grant of one lakh of rupees a year, to be expended in the same manner as for the sericulture industry, that is to say, by means of grants to Provinces mainly interested in the woollen cottage industry, so that the Government of India are, at the present moment, spending a sum in the neighbourhood of Rs. 7 lakhs a year—which may not be a very large amount at the moment, but as the periods for which these grants have been made approach their expiration, the Government of India are bound to review the position, and if they find that this kind of help is necessary and has been of some benefit to the industries concerned and it ought to be extended, I have not the slightest doubt that the Government of India will consider this matter very sympathetically.

Now, Sir, certain matters were raised in the course of the debate to which a brief reference is necessary. It was said that the policy of Government in granting protection to certain big industries,—and in this connection iron and steel and textiles were mentioned,—had, in certain directions, placed the small scale industries at disadvantage. Some Honourable Members were careful enough to say that they had no objection to the protective policy of the Government of India whereby bigger industries were being protected. As a matter of fact, the criticism on previous occasions has been that that policy was inadequate, though, from certain sections of the House, this afternoon the criticism has been that that policy is over-adequate. Now, I do not desire to act as an advocate on behalf of any particular industry, and, therefore, I shall not go into details but I do wish to inform Honourable Members that, so far as prices of pig iron are concerned, when Government looked into that matter, they found that if this industry was to be carried on at all, pig iron had to be offered for sale outside India at prices lower than were being charged inside India. If we had insisted that prices inside India should be on the same level at which alone pig iron could be sold outside India, this industry would have had to be closed down. Nevertheless, prices inside India are lower than the prices of imported pig iron, so that the extent of the grievance, if any, is not as great as Honourable Members have sought to make out. But, Sir, may I say this, that there was in this respect a certain amount of confusion in the minds of some Honourable Members. One or two Honourable Members, who referred to this difficulty of high prices of pig iron inside India, did point out that they affected the small foundries but other Honourable Members imagined that these high prices affected the village blacksmith. One Honourable Member said that the high price of pig iron affected adversely the manufacture of ploughshares, that it was a great handicap that they could not get pig iron at lower rates for manufacturing agricultural implements. As a matter of fact, the village blacksmith has nothing whatever to do with pig iron which can be used only in foundries. These foundries could scarcely be described as small scale industries or as cottage industries.

Lieut.-Colonel Sir Henry Gidney: What about billets?

The Honourable Sir Muhammad Zafrullah Khan: Sir Henry Gidney raised the question of billets from Tatas for these small foundries. Again, I doubt whether those small foundries can be described as small scale industries or cottage industries. But, apart from that, when the Government of India found that there was this difficulty, they removed the import duty on billets and brought it down to the level of the countervailing excise duty which is imposed upon billets here, and that was the way in which the Government of India sought to help the sort of industry which Sir Henry Gidney has in mind.

One concrete suggestion that was made for the purpose of solving the conflict which undoubtedly does exist between the mills and the handloom industry with regard to certain kinds of products which compete with each other was,—I think it was made by Mr. Avinashilingam Chettiar,—that the mills should be stopped from weaving cloth of counts below 20's. That was a suggestion that was considered by the Tariff Board that enquired into the question of the grant of protection to the cotton textile industry, and this is what they say with regard to it:

“It has been suggested that arrangements should be made by which mills would agree to exclude from their production those classes of cloth which form the bulk

[Sir Muhammad Zafrullah Khan.]

of the output of handloom weavers. A somewhat similar proposal was made two years ago in connection with the Swadeshi movement. Under this proposal the mills were required not to produce cloth of counts below 18s. The Ahmedabad Mill-owners' Association accepted this proposal, but apparently, they have confined its operation to mill made khaddar and have excluded from its scope all other kinds of cloth of counts below 18s. The Bombay Mill Owners' Association, we understand, agreed to exclude from their production cloth of counts below 10s., but asked that various exceptions should be made if the limit was raised to 18s. The object of these restrictions has been primarily to promote the manufacture of hand spun khaddar. We have carefully considered whether any practicable arrangement on those lines could be made, so as to afford the handloom industry relief from competition by mills. The first difficulty in regard to such an arrangement is that there is apparently no agreement among the handloom weavers as to the classes of cloth which mills should agree not to produce. The only feasible basis for any limitation is that indicated by counts of yarn as in the proposal referred to above. Since the bulk of the handloom production consists of the coarser counts, it may appear reasonable to suggest that the line should be drawn at 20s. or thereabouts. But the representatives of handloom weavers in Bombay, who appeared before us, considered that it was more important from their point of view that saris of medium counts should be excluded from production by mills than the coarser counts. Even if it were agreed to exclude the coarser counts, it would still be necessary to exclude, from exemption, various kinds of cloth of the coarser counts which are not made by handloom weavers such as drills and jeans, T-cloth and domestics, tent cloth, etc. Another difficulty, equally important, is to find means of enforcing a provision on these lines even if an agreed basis is found. Considering the number of cotton mills in the country and the extent to which they are spread over the country including Indian States as well as British India, the compulsory enforcement of such an arrangement must be dismissed as impracticable. But although we consider it impossible to include any such provision in our proposals, we still think that the Bombay and Ahmedabad Millowners' Associations and also the other mills in India should regard it as an essential obligation arising from the grant of protection to refrain from entering into unfair competition with the handloom industry so as not to impair its relative position. It is obviously impossible for us to make detailed suggestions as to how this obligation may best be discharged by the mill industry. But we think that the Millowners' Associations should make a point of keeping in close touch with Directors of Industries whose advice on questions regarding co-operation between the handloom and the mill industry should prove of the greatest value."

That, Sir, would illustrate the difficulty of bringing in by legislation any compulsory form of adjustment of this kind, though Government do think that it is desirable that adjustments of this kind by some kind of agreement or a working convention should take place. I, therefore, think, that it really was not an unfair reply on my part to which one Honourable Member made a reference and said that when during question time he brought these difficulties to my notice I said there are Honourable Members in this House representing the interests of mills as well as those of the cottage industry and that it might be a good thing if the two interests got together and discussed the matter so that some agreement might be arrived at,— and I repeat again that if such an effort is made, and if there is a possibility of any such convention.

Mr. T. S. Avinashilingam Chettiar: Why not legislate?

The Honourable Sir Muhammad Zafrullah Khan: Sir, it appears I have only been wasting the time of the House in reading out a long extract from the report of the Tariff Board to show why we cannot legislate. . .

Pandit Nilakantha Das: The proposed Committee may find out some means.

The Honourable Sir Muhammad Zafrullah Khan: The Tariff Board was, after all, an expert Committee. They were dealing with this very specific matter, and they said that it was impracticable to do any such thing by compulsory legislation, and, as I said, this is my justification for saying that it is extremely difficult.

Mr. T. S. Avinashilingam Chettiar: Does the Honourable Member think that it contains the final expression of all wisdom in this matter?

The Honourable Sir Muhammad Zafrullah Khan: Nothing in this world, whether it is said from this side or from the other side, can be said to be the final expression of all wisdom, though, I am afraid, the attitude of Honourable Members opposite is that whatever is said on this side is entirely wrong and that whatever is said on the other side represents the acme of all wisdom.

Then, two further suggestions were made that one way of helping the cottage industries would be to make available to them cheap electric power, more specially as the hydro-electric resources of the country were being tapped to such a large extent and that another method would be to give financial assistance. Now, Sir, I entirely agree; I have nothing to say against either the feasibility or the practicability of these proposals. I think, personally, that the tapping of the hydro-electric resources of the country may, eventually, help a great deal with regard to the fostering of cottage industries. But then, the supply of electric current and more specially from hydro-electric resources, which are being developed by some of the Provincial Governments, is again entirely a provincial matter. And, I have reason to know, that in the Punjab this matter is being studied from a practical point of view. The Honourable the Minister in charge of Industries, who also happens to be in charge of the hydro-electric department, is most anxious that this power should be used, as far as may be practicable, for the fostering of cottage industries as well as for ameliorating the conditions of life in the rural areas; and I have no doubt that other Provincial Governments are doing the same.

Now, with regard to loans and financial assistance. There again the various State Aid to Industries Acts, the Industrial Loans Acts of the Provinces do make provision for the advancing of such loans. Of course, the difficulty is, that as the majority of Honourable Members do not come in direct touch, being Members of this House and not being Members of the Provincial Houses, with what is being done by the Provinces in that direction, the impression left upon their minds is that nothing is being done except that which comes to their notice on the floor of this House.

Mr. Lalchand Navalrai (Sind: Non-Muhammadian Rural): We do not get that information through this House.

The Honourable Sir Muhammad Zafrullah Khan: Well, that is one reason why I am giving this information to the House.

Sports goods were mentioned by one Honourable Member, I think it was Mr. Bajoria, as an industry which required the attention of Government. I happen to know that that is one of the small scale industries with regard to which it may be said that it is in a flourishing condition and that it is capable of standing on its own legs and that it competes on very favourable terms not only inside India but also outside India with foreign manufactures.

[Sir Muhammad Zafrullah Khan.]

Now, Sir, I hope I have said enough with regard to the first part of the Resolution to show that there is no difference between the point of view of Honourable Members who have spoken in support of the Resolution and the point of view of Government with regard to the need of fostering and encouraging cottage industries. With regard to the second part of the Resolution, that a committee should be appointed to study the question and to make a report, there have been all sorts of suggestions put forward, ranging from a committee to look into the condition of small scale and cottage industries up to a committee or commission which should overhaul the entire fiscal and tariff system of India and make a report thereon. But, so far as this particular question is concerned, which is mooted in the second part of the Resolution, I really fail to understand what further information this committee is expected to collect which is not available at present to the Provincial Governments or to the Government of India. Honourable Members are aware that the Industries Commission made a report in 1918 and in Chapters 17 and 18 of that report they have dealt at some length with this question of cottage industries. As a matter of fact one Honourable Member has charged Government with not having carried into effect a good many of the recommendations that had been made in that report. I venture to submit, that if Honourable Members will study those two chapters they will find that the greater number of the matters to which they have referred have been dealt with by the Industries Commission. Then we have got the Imperial Council of Agricultural Research: we have got the recently established Bureau of Intelligence and Research: and we have got the Industries Conference which meets every year. As a matter of fact the sixth annual meeting of the Industries Conference dealt with some of the matters to which Honourable Members have referred. It dealt with the question of aid to the sericulture industry and made recommendations with regard to the expenditure of the grant that the Government of India had made. These matters are being brought under constant review and, as a result of that review and the recommendations that are made by these various bodies, Government continue to take action and shall continue to take action.

Pandit Nilakantha Das: Is there means and measures to collect statistics?

The Honourable Sir Muhammad Zafrullah Khan: Thus, a start has been made recently with regard to these matters, and I do submit that it has been made along the right lines, and there need be no apprehension that it will not be continued and that it will not continue to expand. I, therefore, hope that so far as the Central Government are concerned, Honourable Members will be satisfied that they are at any rate pursuing this matter along the right lines, though the speed may at the present stage be slower than the House may desire.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) resumed the Chair.]

Sardar Mangal Singh: Sir, as the time is very short, I do not propose to detain the House more than a minute. As the amendment moved by my Honourable friend, Pandit Nilakantha Das, fits in with the other parts of the Resolution, I have no hesitation in accepting it. I wish to make

one point clear. With regard to the Committee referred to in the Resolution, I wish to make it quite clear that I want a Committee consisting of Members of the House, and, if necessary, some more experts may be appointed. With these words, I commend this Resolution to the House.

Mr. President (The Honourable Sir Abdur Rahim): The Chair will put the amendment first, and then the main Resolution.

The question is:

“That after the words ‘small and cottage industries of the country’ the words ‘by adopting such measures as protective tariff as well as bounty, subsidy and State purchases wherever necessary’ be inserted.”

The motion was adopted.

Mr. President (The Honourable Sir Abdur Rahim): The Chair will now put the Resolution as amended. The question is:

“That this Assembly recommends to the Governor General in Council that he be pleased (a) to take definite and effective steps to extend the policy of protection to small and cottage industries of the country by adopting such measures as protective tariff as well as bounty, subsidy and State purchases wherever necessary, and with this object in view immediately (b) to appoint a Committee to enquire into and report on the subject.”

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Friday, the 17th April, 1936.