

Thursday, 15th September, 1932

THE <sup>Ass</sup>  
LEGISLATIVE ASSEMBLY DEBATES

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Volume IV, 1932

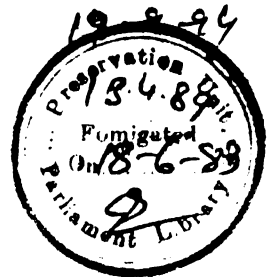
*(5th September to 19th September, 1932)*

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FOURTH SESSION

OF THE

FOURTH LEGISLATIVE ASSEMBLY, 1932



NEW DELHI  
GOVERNMENT OF INDIA PRESS  
1932

# Legislative Assembly.

## *President :*

THE HONOURABLE SIR IBRAHIM RAHIMTOOLA, K.C.S.I., C.I.E.

## *Deputy President :*

MR. R. K. SHANMUKHAM CHETTY, M.L.A.

## *Panel of Chairmen :*

SIR HARI SINGH GOUR, Kt., M.L.A.

SIR ABDUR RAHIM, K.C.S.I., Kt., M.L.A.

MR. G. MORGAN, C.I.E., M.L.A.

MR. MUHAMMAD YAMIN KHAN, C.I.E., M.L.A.

## *Secretary :*

MR. S. C. GUPTA, C.I.E., BAR.-AT-LAW.

## *Assistants of the Secretary :*

MIAN MUHAMMAD RAFI, BAR.-AT-LAW.

RAI BAHADUR D. DUTT.

## *Marshal :*

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

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# LEGISLATIVE ASSEMBLY.

*Thursday, 15th September, 1932.*

The Assembly met in the Assembly Chamber at Eleven of the Clock, Mr. President (The Honourable Sir Ibrahim Rahimtoola) in the Chair.

## QUESTIONS AND ANSWERS.

### REVISION OF THE INDIAN INCOME-TAX ACT.

263. **\*Mr. Lalchand Navalrai :** (a) Will Government be pleased to state if they have under contemplation a general revision of the Indian Income-tax Act, 1922 ?

(b) If so, will Government be pleased to state when it is proposed to undertake this revision ?

**The Honourable Sir Alan Parsons :** (a) No.

(b) Does not arise.

**Mr. Lalchand Navalrai :** Does the Honourable Member realise that it is much better to amend the Income-tax Act at one time instead of doing it off and on in small Income-tax Bills ?

**The Honourable Sir Alan Parsons :** That is not my opinion.

**Mr. Gaya Prasad Singh :** Is the Honourable Member aware that it was the opinion of his predecessor in office that there were many anomalies in the Act, and he pleaded that for want of time Government were not bringing forward a consolidated Bill ?

**The Honourable Sir Alan Parsons :** I should of course be very sorry if my opinion differs in any respect from that of my distinguished predecessor in office.

**Dr. Ziauddin Ahmad :** Has not the Honourable gentleman read the speeches delivered on the occasion of the Budget debates during the last four years on this Income-tax question ; and, considering the arguments advanced sometimes, does he not consider it desirable that this should be altered ?

**The Honourable Sir Alan Parsons :** The opinion I have expressed is that we do not consider it necessary to undertake a general revision of the Income-tax Act.

**Dr. Ziauddin Ahmad :** Even after reading the speeches delivered during the last four years ?

**The Honourable Sir Alan Parsons :** I cannot be certain that I have read all the speeches delivered on Income-tax in the last four years, but certainly after consideration of those speeches which I have read.

**Mr. Lalchand Navalrai :** Is it that the Honourable Member wishes to leave this question to be considered by his successor ?

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**The Honourable Sir Alan Parsons :** I should not like to impose upon my successor such a task unless he was himself prepared to take it up.

#### PROCEDURE RELATING TO INCOME-TAX RETURNS.

264. **\*Mr. Lalchand Navalrai :** (a) Are Government aware that in cases where, as required by section 22 of the Income-tax Act, returns are submitted to the Income-tax Officers, the latter invariably use powers under clause 2 of section 23 and call upon the assessee to attend the Income-tax Officer's office or produce evidence in support of the return instead of accepting the return under clause 1 of section 23 ?

(b) If the reply to part (a) be in the affirmative, is it that in all such cases the Income-tax Officers hold the returns as incorrect or incomplete ?

(c) If so, do Government see any necessity for calling for returns ? If not, are Government prepared to issue a circular directing the Income-tax Officers to use better discretion and to use powers under section 23 clause 2 in rare and clear cases and not make it a general rule ?

(d) Is it a fact that confidential orders have been given to the Income-tax Officers in general and specially in the Bombay Presidency not to accept under Section 23 returns such as show lesser income than assessed in the previous year and those who do so are actually dealt with ?

(e) Do Government propose to issue instructions to the contrary ? If not, why not ?

**The Honourable Sir Alan Parsons :** (a) No. Out of 150,507 returns filed by persons other than salary earners and persons not liable to tax in the year 1930-31, the Income-tax Officers accepted 22,401 as correct.

(b) It is, I am afraid, obviously impossible for me to say on what grounds the Income-tax Officers decided to call for evidence in the remaining 128,106 cases. I have no reason to suppose that they did so on grounds other than those mentioned in sub-section (2) of section 23.

(c) Government do not propose to amend the Act as suggested. I have no reason to believe that Income-tax Officers do not exercise their discretion properly, and do not propose to issue any instructions on the subject. The statistics for 1930-31 show that if all returns filed had been accepted as correct, the consequent loss of revenue would have amounted to Rs. 3,30,18,030.

(d) Not so far as I am aware. No such orders have been issued in the Bombay Presidency.

(e) I do not understand this part of the question I am afraid, but in any case the answer is in the negative.

**Mr. Lalchand Navalrai :** Will the Honourable Member take it from me that in Sind invariably after the returns are handed in, the assessee are called and examined ?

**The Honourable Sir Alan Parsons :** I think that point was mentioned by the Honourable Member in a supplementary question he raised yesterday and I think I told him that if he would give me detailed information of instances within his knowledge, I would have inquiries made into them.

**INCOME-TAX RETURNS IN THE PROVINCE OF SIND.**

265. **\*Mr. Lalchand Navalrai :** Will Government be pleased to supply information with regard to the Province of Sind showing in how many cases in each division of Sind returns were submitted under section 22, Income-tax Act and in how many cases they were accepted under clause 1 of section 23 and in how many cases powers under clause 2 of the said section were used in the years 1929-30, 1930-31 and 1931-32 and in the latter cases, on what grounds in each case were powers used under section 23 clause 2 ?

**The Honourable Sir Alan Parsons :** This information would have to be specially compiled and I regret that I am not prepared to impose the additional labour involved on the staff which is already fully occupied.

**Mr. Lalchand Navalrai :** Does the Honourable Member realise that we cannot test the answers that are given unless and until the figures are placed before the House ?

**The Honourable Sir Alan Parsons :** No. I hope the Honourable Member does not think that I am giving him false information.

**Mr. Lalchand Navalrai :** Is there any other way of finding out or testing the information ?

**The Honourable Sir Alan Parsons :** I am afraid I cannot answer that. My knowledge of the detailed working of the Income-tax Act is not such as to enable me to answer it.

**Mr. Lalchand Navalrai :** It is only for three years that I am asking, not more.

**The Honourable Sir Alan Parsons :** I am still informed that a great deal of additional work would be required to get this information.

**REVENUE COLLECTED AFTER ENHANCEMENT OF THE PRICE OF POSTCARDS AND ENVELOPES.**

266. **\*Mr. Lalchand Navalrai :** Will Government be pleased to state :

- (a) the approximate figure of gross revenue collected since the recent enhancement in the postal rates of post cards and envelopes ;
- (b) how does this figure compare with the receipts of the corresponding period of the previous year ;
- (c) whether there has been a fall in the number of letters and envelopes as compared with their number in the previous year ; and the extent to which the number has fallen ?

**The Honourable Sir Frank Noyce :** (a) and (b). The total postage and message revenue collected from January to June, 1932, was

Rs. 410 lakhs as compared with Rs. 390 lakhs collected during the corresponding months of 1931.

(c) There was a fall of about 19 per cent. in the total number of letters handled during the quarter ending 31st March, 1932, as compared with the corresponding period of 1931.

**Mr. Lalchand Navalrai :** Is there any likelihood in the near future that postcards may be reduced from nine pies to six pies ?

**The Honourable Sir Frank Noyce :** I think the figures I have given the Honourable Member point to the fact that there are not very great possibilities in that direction. I am naturally unable to give any definite statement on this point at this juncture.

**Dr. Ziauddin Ahmad :** In view of the fact that the rates were increased by 25 per cent. while the actual income, according to his own figures, has increased by 5 per cent., does not the law of diminishing returns apply to the income of the post office ?

**The Honourable Sir Frank Noyce :** That is a matter of opinion.

**Dr. Ziauddin Ahmad :** It is a question of facts and figures and not of opinion. We have increased the postal rates by 25 per cent. and according to the figures just quoted there has been an increase from 390 lakhs to 410 lakhs or an increase of only 5 per cent.

**The Honourable Sir Frank Noyce :** The figures show that the raising of the rates has checked the fall in revenue.

**Mr. Lalchand Navalrai :** Is the Honourable Member prepared on this point to give full consideration to this question at the time of the Budget ?

**The Honourable Sir Frank Noyce :** I think it is obvious, as I have already said, that I cannot give any undertaking at the present moment. The situation requires and is getting very careful watching.

**Dr. Ziauddin Ahmad :** It has not checked the drop to the extent which was contemplated at the time the Finance Bill was proposed, because while the actual increase in income has been only 5 per cent., the increase in the postal rates was 25 per cent ?

**The Honourable Sir Frank Noyce :** I can only repeat that the increase in the rates has checked the fall in revenue and that was its object.

#### RE-ISSUE OF CLEAN CURRENCY NOTES.

267. **\*Mr. Lalchand Navalrai :** Will Government be pleased to state :

- (a) whether it is a fact that the Controller of the Currency has issued orders to all the Currency Offices, Treasury Offices and to the branches of the Imperial Bank to re-issue good currency notes as a matter of retrenchment ;
- (b) whether the order states that only cut and soiled notes should be cancelled and notes bearing a number of rubber stamp impressions, writings, etc., should be re-issued to the public ; and

(c) if reply to part (b) above be in the negative, whether Government propose to issue immediate orders to all the above offices to re-issue only absolutely clean notes ?

**The Honourable Sir Alan Parsons :** (a) Yes.

(b) The re-issue of cut, torn or mutilated notes was prohibited ; otherwise it was left to the discretion of currency officers to re-issue such notes as appeared to them to be clean enough for re-issue. Notes bearing a number of impressions or writings would not be re-issued.

(c) No.

**Mr. Lalchand Navalrai :** I presume the Honourable Member knows of the recent circular of the Currency Office that notes, when returned, will not be accepted if the numbers are not there : that they will not have any value ; if so, I would ask the Honourable Member whether he will be pleased to remove the misunderstanding that that circular has caused to the public and to the Government officers, namely, that they refuse notes on the ground that the circular authorises them to refuse notes which are only soiled or torn only in some places ?

**The Honourable Sir Alan Parsons :** I was not aware that there was that misunderstanding on the part of the public ; but if there is such a misunderstanding, I will certainly have inquiries made and timely steps taken to remove it. Possibly the Honourable Member's own question and my answer will do so.

**Mr. Lalchand Navalrai :** May I inform the Honourable Member of my own experience ? In the railway station when I presented a five-rupee note which was only torn in some places—the numbers and all were correct—the note was refused.

**Mr. President** (The Honourable Sir Ibrahim Rahimtoola) : The Honourable Member is making a statement.

**Mr. Lalchand Navalrai :** Therefore I ask that instructions should be issued to make it quite clear.

**Dr. Ziauddin Ahmad :** Is it not a rule that a note in circulation, when it comes back to the Currency Office, is destroyed ?

**The Honourable Sir Alan Parsons :** Not at the moment. As I have explained in my answer to this question, as a measure of economy, notes which are merely soiled, but are not too dirty, can be re-issued at the discretion of the currency officer. It is a purely economic measure. In happier times notes which came back to the Currency Offices were not re-issued.

**Dr. Ziauddin Ahmad :** No doubt : but considering the enormous risk, is it really good economy ?

**The Honourable Sir Alan Parsons :** I do not think there is any risk.

**Dr. Ziauddin Ahmad :** There are so many counterfeit notes in circulation on account of this fact—and all notes have therefore to be examined very carefully to see if they are counterfeit or not.

**The Honourable Sir Alan Parsons :** There is no question of counterfeiting because, as soon as notes come back to Currency Offices,

they are carefully examined and are re-issued only if they are considered good enough for re-issue. Of course they would not re-issue a note which they suspected to be counterfeit.

**Dr. Ziauddin Ahmad :** Soiled and damaged notes are also sent back again for circulation.

#### DIVERSION OF ROAD DEVELOPMENT FUND IN MADRAS.

268. **\*Mr. K. P. Thampan :** Will Government be pleased to state whether the Government of Madras has made representations for permission to divert a certain portion of the contributions from the Road Development Fund for the maintenance of roads ; if so, for what reasons and what is the amount applied for ?

**The Honourable Sir Frank Noyce :** Yes ; in March 1932, the Government of Madras, owing to the existing financial stringency, applied for permission to divert from their share in the road development account a sum of rupees three lakhs for the reconstruction and special repairs, necessitated by floods, of certain roads in charge of District Boards, without any stipulation regarding the subsequent restoration of the amount to road development as laid down in the Resolution on the subject adopted by this House on the 3rd October, 1931.

After referring the matter to the Standing Committee on Roads, the Government of India informed the Government of Madras that the stipulation regarding subsequent restoration could not be waived.

**Mr. K. P. Thampan :** May I ask whether the Madras Government asked for the diversion of this fund on account of financial stringency or on account of the reduction of income from tolls in the Presidency ?

**The Honourable Sir Frank Noyce :** The reason the Government of Madras gave to the Government of India was, as I stated in my reply, the existing financial stringency.

**Mr. K. P. Thampan :** Are the Government of India aware that the Madras Government have recently passed what is called the Motor Vehicles Act, which abolished all tolls in the Presidency with the result that the income from tolls which was a very large amount has stopped and, therefore, they are in difficulties in regard to the maintenance of their roads ?

**The Honourable Sir Frank Noyce :** I have no information on that point, Sir. As the Honourable Member is aware, Roads are a provincial transferred subject, and the Government of India have no concern with them other than in respect of their connection with the Road Development Fund.

**Mr. Lalchand Navalrai :** Does the Honourable Member know that the Bombay Government have also diverted this amount to other purposes ?

**The Honourable Sir Frank Noyce :** No, Sir ; I can only say offhand that if the Bombay Government have diverted any sums from the share of the Road Development Fund to special repairs, they must have done so on the condition that they will repay the amount as soon as their financial condition has improved.

**Mr. Lalchand Navalrai :** Is it not a fact, Sir, that the Provincial Governments have to obtain the sanction of the Government of India before they divert these sums ?

**The Honourable Sir Frank Noyce :** Yes, Sir, and I presume that if that sanction is necessary, it has been obtained. If the Honourable Member will put down a question, I will make inquiries into the matter.

**Mr. Lalchand Navalrai :** Was there any intention originally that these sums could be used for any other purpose than for the development of roads ?

**The Honourable Sir Frank Noyce :** No, Sir ; I have already pointed out that, under the Resolution passed on the 3rd October, 1931, Local Governments are permitted to make diversions to other purposes in connection with roads subject to the condition that there is a subsequent restoration of the amount.

**Mr. Lalchand Navalrai :** Is that Resolution consistent with the rules made by the Road Committee ? There were rules made for giving money to Provincial Governments. Are those rules consistent with the Resolution passed by this House ?

**The Honourable Sir Frank Noyce :** I should be glad to have notice of that question. I take it that a Resolution passed by this House overrides any rules which may have been previously made, and that those rules then require alteration.

**Mr. K. P. Thampan :** May I ask whether the Government will be pleased to suggest to the Madras Government if they again approach the Government of India with a request of this kind that they should, I mean the Madras Government should, revive the tolls and increase their revenues instead of applying for such diversions ?

**The Honourable Sir Frank Noyce :** It is not our business to suggest to the Government of Madras what course of action they should pursue. All we can do is to draw their attention to the Resolution on the subject which has been passed by this House and to point out that we must adhere to it.

**Mr. K. P. Thampan :** I know roads are a provincial matter. Supposing a Local Government neglect their roads and make them absolutely impossible to use. Is it not but proper that, under the provisions of the Government of India Act, the Government of India should interfere in a matter like that ? Are not the Local Governments in such matters subject to the supervision, direction and control of the Government of India ?

**The Honourable Sir Frank Noyce :** The supervision, direction and control of the Government of India only apply to reserved subjects.

#### RAISING OF THE LIMIT OF POSTAL INSURANCE.

269. **\*Mr. K. P. Thampan :** (a) Will Government be pleased to state whether it is a fact that Government have decided to raise the limit of Postal Insurance to Rs. 20,000 on a single life ?

(b) What are the reasons for adopting this course ?

(c) Have Government considered whether their decision will not bring about unhealthy competition between Government and private companies ?



(d) Have Government received a memorial from the Indian Insurance Institute protesting against this ; if so, what action have they taken upon it ?

**The Honourable Sir Frank Noyce :** (a) Yes.

(b) The maximum limit of insurance hitherto obtaining in the Post Office Insurance Fund was not considered adequate as a family provision for Government servants of the higher ranks.

(c) Yes. The post office fund is available only for Government servants and *quasi*-Government officials, and as both the field of possible competition and the permissible amount of insurance in any one case are thus both strictly limited, while private Companies have an unrestricted field for exploitation, it is considered that no serious or unhealthy competition can occur.

(d) Yes. A reply has been sent on the lines which I have briefly indicated.

**Mr. K. P. Thampan :** May I ask, Sir, why the insurance amount was hitherto limited to Rs. 5,000 ?

**The Honourable Sir Frank Noyce :** I presume that that amount was considered sufficient at the time.

**Mr. K. P. Thampan :** Has this limit been now raised as a result of any representations from their employees ? In other words, did Government receive any memorials from their subordinates for increasing the maximum insurance amount ?

**The Honourable Sir Frank Noyce :** I must ask for notice of that question, Sir.

**Mr. K. C. Neogy :** Why is it that the limit has been fixed at Rs. 20,000 ?

**The Honourable Sir Frank Noyce :** We have to draw a line somewhere.

**Mr. K. C. Neogy :** If the Honourable Member is anxious to prevent the exploitation of their servants, why draw a limit at all ?

**The Honourable Sir Frank Noyce :** Because the limit is considered such as is suitable for the employees who avail themselves of these facilities.

**Mr. N. M. Joshi :** May I ask whether Government propose to give the benefit of this postal insurance to people other than their own employees ?

**The Honourable Sir Frank Noyce :** No, Sir.

**Mr. N. M. Joshi :** May I ask, why not ?

**The Honourable Sir Frank Noyce :** Because that would involve competition with private enterprise.

**Mr. N. M. Joshi :** May I ask whether the Government of India are established in this country to look after the welfare of the masses in this country or to look after the welfare of the Insurance Companies.

**The Honourable Sir Frank Noyce :** The Government of India, Sir, are not established to undertake a very large business in insurance. It is obviously impossible for them to conduct a big commercial business.

**Mr. B. V. Jadhav :** Is it not desirable, Sir, that the profits should go to the National Treasury rather than to private individuals ?

**The Honourable Sir Frank Noyce :** That raises, Sir, a very wide question.

**Mr. B. Das :** In the matter of this postal insurance, are the Government of India guided by the Insurance Act or the credit of the whole of the Government of India is at stake on this insurance business ?

**The Honourable Sir Frank Noyce :** Government are guided by their interest in the welfare of their employees.

**Mr. B. Das :** Is it a fact that the Government of India are not guided by the Insurance Act which they themselves have passed ?

**The Honourable Sir Alan Parsons :** I understand that the security behind these policies is the revenues of the Government of India.

**Mr. B. Das :** Is it not a fact that the Insurance Act requires Insurance Companies to deposit a certain amount of money with the Government of India to maintain their credit ? So, how is it that in this case the future credit of the Government of India is behind the insurance policies of the Government ?

**The Honourable Sir C. P. Ramaswami Aiyar :** The position is correctly stated by the Honourable Member. Under the Insurance Act, which was recently passed, it is true that the Insurance Companies have to deposit a certain amount with Government and also make other provisions. So far as this is concerned, it has not been considered necessary or essential to set apart any such sum, because the revenues of India are a security, and I conceive ample security.

**Mr. B. Das :** May I take it then that the Finance Member does not provide any specific funds for these postal insurance policies, and he always draws on the future credit of the Government of India ?

**The Honourable Sir C. P. Ramaswami Aiyar :** That was considered unnecessary in the circumstances of the case. I may add that I am in charge of insurance.

**Mr. K. C. Neogy :** May I know as to how many official Members opposite have allowed themselves to be exploited by private companies and how many of them have insured themselves with the post office ?

**The Honourable Sir C. P. Ramaswami Aiyar :** I am not in a position to deny the charge and, I may say that I am myself a large insurer in private companies. But it must not be forgotten that I am not really an official.

**Mr. K. C. Neogy :** What about the Honourable Member in charge himself ? Has he been victimised by private companies too ?

**The Honourable Sir Frank Noyce :** I have.

**Mr. B. Das :** Does the Honourable the Leader of the House know that he is a non-official in the matter of insurance and that he is only a temporary official just now ?

**The Honourable Sir C. P. Ramaswami Aiyar :** I am either joyfully or painfully aware of it.

**EXPENSES OF THE INDIAN MILITARY FORCE EMPLOYED DURING THE GREAT WAR.**

270. **\*Mr. K. P. Thampan :** (a) Will Government be pleased to state what will be the effect of the decision of His Majesty's Government to charge the Indian Revenue with (£13,600,000) the expenses of the Indian military force employed in the War on the budgetary and financial position of the Government of India ?

(b) Have the Government of India agreed to this decision or was the decision taken in spite of their protest ? Will they be pleased to lay on the table the correspondence that passed between them and the Secretary of State ?

(c) Are there any more outstanding claims besides the Capitation Charges pending settlement between the War Office and India ; if so, what are they and how are they going to be disposed of ?

(d) Was there any understanding between His Majesty's Government and the Government of India at the time when the free contribution of £100,000,000 was granted that no further claims will be made on account of military expenses during the War ?

(e) Is it a fact that the question of the contribution of £100,000,000 was mooted in the Assembly under the inspiration of the Secretary of State ?

**The Honourable Sir Alan Parsons :** (a), (b) and (d). The attention of the Honourable Member is invited to the answer given to the Honourable Mr. Gaya Prasad Singh's starred question No. 75, and the papers laid on the table in that connection.

(c) There are no more outstanding claims pending settlement between the War Office and India except those connected with the capitation charges.

(e) The circumstances in which the contribution of £100 millions was made were explained by the late Sir William Meyer in paragraphs 38 to 50 of his speech introducing the financial statement for the year 1917-18 in the Indian Legislative Council on the 1st March, 1917.

**Mr. K. Ahmed :** Under what authority was this amount debited to the Indian Exchequer ?

**The Honourable Sir Alan Parsons :** Sir, I explained the circumstances very fully at a recent meeting of the House. The authority behind this payment of £13,600,000 which was made in 1919-20 was the two Resolutions of the late Imperial Legislative Council.

**Mr. K. Ahmed :** Where was the authority by the House of Commons passing Resolutions, to take away £13,600,000 and deprive the people of this country of any voice over it ?

**The Honourable Sir Alan Parsons :** I must really refer the Honourable Member to the explanation I gave in reply to Mr. Gaya Prasad Singh's question. The Resolution of the House of Commons, as I then explained, was merely a formal Resolution regularising a payment made twelve years ago. That payment itself was authorised by the then existing Legislature of India.

**Mr. Gaya Prasad Singh :** Is it not a fact that the Officials and Nominated Members predominated in the House when this Resolution was passed ?

**The Honourable Sir Alan Parsons :** The Honourable Member has been a politician longer than myself, and he will know better than I do the answer to his question.

**SHUNTING CARRIED ON AT OLAVAKKOT ON THE SOUTH INDIAN RAILWAY.**

271. **\*Mr. K. P. Thampan :** (a) Will Government be pleased to state whether they are aware that at Olavakkot on the South Indian Railway, shunting is carried on at the western side of the railway station and over the Madras-Calicut Trunk Road and consequently the road traffic is held up at all times ?

(b) Considering the importance of Olavakkot as a junction and the volume of shunting work that has to be done there, is there any proposal to shift the shunting to the eastern side so that road traffic is not disturbed ?

(c) If there is no convenience at present on the eastern side for shunting, how much would it cost to lay the necessary lines ?

**Mr. P. B. Rau :** (a) No.

(b) and (c). I understand a proposal to remodel the station at a cost of nearly 10 lakhs is under consideration.

**RECEIPTS AND EXPENSES OF THE SHORANUR-NILAMBUR SECTION OF THE SOUTH INDIAN RAILWAY.**

272. **\*Mr. K. P. Thampan :** (a) Will Government be pleased to state whether the South Indian Railway is keeping separate accounts for the receipts and expenses of the Shoranur-Nilambur section ?

(b) If the answer to part (a) is in the affirmative, what are the receipts and expenses per mile according to the latest returns ?

(c) Is there any proposal to reduce the existing rates and fares ?

(d) Is the Shoranur-Nilambur branch treated as a strategic line ? If not, why not ?

**Mr. P. B. Rau :** (a) Yes.

(b) The receipts in 1931-32 amounted to Rs. 2,884 per mile. The expenses calculated according to the usual formula amounted to Rs. 5,201 per mile.

(c) Government are not aware of any such proposal.

(d) No ; when the line was constructed, it was considered that it would eventually prove remunerative.

**Mr. K. P. Thampan :** May I ask whether the Government are aware that the Shoranur-Nilambur section has to stand the competition not only of the road traffic, but also of the water traffic which is cheaper than road traffic, and that unless the rates and fares are reduced, there is no chance of that branch becoming a paying concern ?

**Mr. P. B. Rau :** I shall bring my Honourable friend's suggestion to the notice of the Agent, South Indian Railway.

**Mr. K. P. Thampan :** May I ask whether the Shoranur-Nilambur section was constructed more for opening up the Moplah tracts than for commercial purposes, and as the line is not also paying, what objection is there to placing it under the category of the strategic lines ?

**Mr. P. B. Rau :** I believe that it was one of the reasons for constructing the line, but without turning up the old records I am afraid I cannot answer the question fully.

**Mr. B. Das :** May I enquire whether Madras is in any way a strategic province, or is it only the North West Frontier Province ?

**Dr. Ziauddin Ahmad :** Will the Honourable gentleman enquire from the Agent of the South Indian Railway what percentage this particular branch line is paying ? It is rather important to know that as the South Indian Railway is otherwise a paying concern.....

**Mr. P. B. Rau :** At present it is not paying at all.

**Dr. Ziauddin Ahmad :** But I should like to know what rate of interest it is paying.

**Mr. P. B. Rau :** At present, as I informed the House, the gross receipts do not cover the working expenses.

#### FLIGHT OF GOLD FROM INDIA.

273. **\*Mr. Gaya Prasad Singh :** (a) Will Government kindly state the total quantity of gold exported from India, since England went off the gold standard ?

(b) What steps, if any, have Government taken, or propose to take to prevent the flight of gold from India ?

**The Honourable Sir Alan Parsons :** (a) Approximately 10,317,000 fine ounces from the 22nd September, 1931, to the 31st July, 1932.

(b) Government have not considered it desirable to take any steps.

**Mr. Lalchand Navalrai :** Are Government in need of more gold in England, and are they not going to take steps to stop the outflow of gold ?

**The Honourable Sir Alan Parsons :** I find it rather difficult to understand exactly what the Honourable Member means by taking steps to stop gold leaving India, because they may require sterling resources in England.

**Dr. Ziauddin Ahmad :** Will not the Government utilise this golden opportunity to keep some gold in India and increase our gold reserve ? The opportunity will not arise again in the future.

**The Honourable Sir Alan Parsons :** I can give no understanding that Government will be prepared to buy gold in India at present.

**Sardar Sant Singh :** May I know what are the gold resources in India as against the Paper Currency reserve ?

**The Honourable Sir Alan Parsons :** I must ask for notice of that question. I do not carry figures in my head.

**Mr. B. V. Jadhav :** Has the financial situation of India improved by this export of gold ?

**The Honourable Sir Alan Parsons :** In my opinion, certainly. Otherwise, we should have been faced with adverse trade balances throughout all the months of this year.

**Sardar Sant Singh :** May I know what is the percentage of gold reserves to be kept against the paper currency reserve ?

**The Honourable Sir Alan Parsons :** The Honourable Member must give me notice if he wants details of the various arrangements with regard to currency reserves.

**Dr. Ziauddin Ahmad :** Since England went off the gold standard, we have expanded our currency by about 53 crores of rupees, and have the gold reserves in India also increased in this proportion ?

**The Honourable Sir Alan Parsons :** The gold standard reserve, as far as I recollect, at the present moment stands as before at £40 millions.

**Mr. Lalchand Navalrai :** Is it not a fact that India will be left in possession of only currency notes if all the gold is taken away outside ?

**The Honourable Sir Alan Parsons :** The Honourable Member forgets that there are very considerable stocks of silver in India. But I should like to point out that the amount of gold exported from India is a very small proportion of India's total holding of gold.

**Dr. Ziauddin Ahmad :** I did not get an answer to my question. I wanted to know whether the gold resources have increased since September last in India ?

**The Honourable Sir Alan Parsons :** I am afraid the Honourable Member must give me notice of his question. I had no reason to anticipate that it would arise on a simple question dealing with the amount of gold exported, and I cannot commit myself to a definite reply, without looking up the figures.

**Dr. Ziauddin Ahmad :** I thought the Finance Member ought to know the simple fact whether during the last year the Government of India have or have not added to their gold reserve in India. The man in the street knows about it.

**Mr. B. V. Jadhav :** Have the Government of India added to their gold reserves in England ?

**The Honourable Sir Alan Parsons :** The Honourable Member must, I am afraid, give me notice of these questions with regard to the reserves.

AJMER MUNICIPAL COMMITTEE.

274. **\*Mr. Gaya Prasad Singh :** (a) Are Government aware that Mr. B. S. E. Gow was elected a member of the Ajmer Municipal Committee ?

(b) Is it a fact that the Notification as issued by the Local Government and published in the Gazette of India of 8th April, 1932, regarding the election of Mr. B. S. E. Gow bore the date 30th March, 1932 ?

(c) Is it a fact that by paragraph 2 of the said Notification Mr. B. S. E. Gow's term of office as a member of the Ajmer Municipality was to commence from 1st April, 1932 ?

(d) Is it a fact that Mr. B. S. E. Gow took part in the proceedings of the Ajmer Municipal Committee of the 1st April, 1932 ?

(e) Is it a fact that the notice of, and the agenda for, the meeting of the Ajmer Municipal Committee held on the 1st of April, 1932, was issued to Mr. B. S. E. Gow on the strength of an advance copy of the Notification referred to in part (b) above sent to the Ajmer Municipal Office under the Commissioner, Ajmer-Merwara's endorsement No. 4831/XI-70-A. of 31st March, 1932, and on the strength of the telephonic communication made for the purpose by Mr. E. C. Gibson, Commissioner, Ajmer-Merwara, Ajmer, to the Executive Officer, Ajmer Municipal Committee on 31st March, 1932 ?

(f) Is it a fact that a non-official Indian Mr. Hem Chandra Sogani was elected Chairman of the Ajmer Municipal Committee against Lt.-Col. Howson, at the meeting held on 1st April, 1932 ?

(g) Is it not a fact that a non-official Indian was elected Chairman this year after a lapse of full 13 years ?

(h) Is it a fact that the proceedings of the Ajmer Municipal Committee held on 1st April, 1932, including the election of Mr. Hem Chandra Sogani as its Chairman have been annulled by the Local Government ?

(i) Is it a fact that, along with the annulment of the proceedings of the meeting of the Ajmer Municipality held on 1st April, 1932, para. 2 of the Notification referred to in part (b) above specifying the date from which Mr. B. S. E. Gow's term of membership of the Ajmer Municipal Committee was to commence, was also annulled ?

(j) Is it a fact that annulment of para. 2 of the Notification specifying the date of Mr. B. S. E. Gow's term of membership of the Ajmer Municipal Committee, was a necessary step for annulling the proceedings of the Ajmer Municipal Committee held on 1st April, 1932, including the election of Mr. Hem Chandra Sogani, the non-official Indian Chairman ?

(k) Is it a fact that Mr. S. F. Madden, C.I.E., O.B.E., was nominated Chairman of the Ajmer Municipal Committee by the Local Government by Notification bearing date 20th April, 1929, and published in the Gazette of India of 4th May, 1929 ?

(l) Is it a fact that an advance copy of this Notification was sent by the Commissioner to the Ajmer Municipal Office and that Mr. S. F. Madden began working as a Chairman on the receipt of this advance copy of the notification and summoned meetings and transacted business long before the said Notification was published in the Gazette ?

(m) Is it a fact that the Local Government did not take any steps nor did they annul any of the proceedings taken by Mr. Madden before his Notification was published in the Gazette ?

(n) Will Government please state what cogent reasons led the Local Government to annul the proceedings of the Ajmer Municipal Committee held on the 1st April, 1932, and why was the same procedure not adopted in the case mentioned in parts (l) and (m) above ?

**Mr. H. A. F. Metcalfe :** (a) Yes.

(b) Yes.

(c) Yes.

(d) Yes.

(e) This is substantially correct, except that a copy of a communication intimating that the Notification was being issued was sent with the endorsement in question and not a copy of the Notification itself.

(f) Yes.

(g) No. Diwan Bahadur Pandit G. R. Khandekar was elected Chairman on the 1st April, 1920, and worked as such for three years.

(h) Yes.

(i) Yes.

(j) The cancellation of paragraph 2 of the Notification was necessary, because it was not in conformity with the provisions of the Ajmer-Merwara Municipalities Regulation VI of 1925. The Regulation provides that the term of office of an elected member shall commence from the date of the Notification of his election, and "notification" is defined as meaning a Notification published in the official Gazette. As the Notification relating to Mr. Gow's election was not published in the Gazette of India till the 8th April, 1932, Mr. Gow's term of office could not commence before that date.

(k) Yes.

(l) A copy of the Notification was sent to the Municipal Committee on the 24th April, 1929, and it appears that Mr. Madden exercised the functions of Chairman after that date.

(m) Yes.

(n) The proceedings which took place on the 1st April, 1932, were annulled as the result of an objection made by a member of the Committee to the Local Administration, as it was found that they were not in conformity with law, Mr. Gow having—through a misapprehension of the law—taken part in the elections of the Chairman and Vice-Chairman before the commencement of his term of office as a member. No such objection was made in the case referred to in parts (l) and (m) of this question and, therefore, any technical irregularity which may have occurred was not brought to the notice of the Local Administration.

**Mr. Gaya Prasad Singh :** Is it not a fact that Mr. Gow attended the meeting in pursuance of the notice which was sent to him under the direction of the Chief Commissioner of Ajmer-Merwara ?

**Mr. H. A. F. Metcalfe :** As I have already explained in answer to the main question, Mr. Gow attended through a misapprehension of the law and his attendance was therefore irregular.

**Mr. Gaya Prasad Singh :** May I take it that this misapprehension of the law took place in the case of the Chief Commissioner of Ajmer-Merwara who requested Mr. Gow to attend ?

**Mr. H. A. F. Metcalfe :** I cannot add to what has been already stated in the main answer to this question, but I understand that there was some mistake over the publication. It was not published at the right time, and, therefore, Mr. Gow's attendance was irregular.



### MUHAMMADAN REPRESENTATION ON THE AJMER MUNICIPAL COMMITTEE.

275. \***Mr. Gaya Prasad Singh** : (a) Is it a fact that there are four seats reserved for exclusive Muhammadan representation on the Ajmer Municipal Committee ?

(b) Is it a fact that in addition to these four reserved seats, one Muhammadan, namely, Seth Abdul Latif Allarkha, was returned as a member at the election of 1931, of the Ajmer Municipal Committee from a general constituency ?

(c) Is it a fact that, in spite of there being five Muhammadan elected members, a sixth one, namely, Khan Bahadur Abdul Wahid Khan, Public Prosecutor and Government Pleader, has been nominated by the Local Government to be a member of the Ajmer Municipal Committee ?

(d) If the reply to part (c) be in the affirmative, will Government state which minority, as required by section 8 (1) (2) (ii) of Ajmer Municipalities Regulation of 1925, does he represent ?

(e) Are Government aware that he is the leader of the party which has been always in favour of the election of a European as Chairman of the Municipality ?

**Mr. H. A. F. Metcalfe** : (a) Yes.

(b) Yes.

(c) Yes.

(d) The Muhammadan community. The Muhammadan population of Ajmer is now 34 per cent. of the total population of the city, and as only five of the 17 elected members were Muhammadans it was considered advisable to nominate one Muhammadan gentleman to secure adequate representation for this community.

(e) Government have no information on this point.

**Sardar Sant Singh** : May I know what is the total number of the municipalities ?

**Mr. H. A. F. Metcalfe** : Does the Honourable Member mean the total number of electors or the total number of the population ?

**Sardar Sant Singh** : Total number of members of the municipality, both nominated and elected ?

**Mr. H. A. F. Metcalfe** : I do not think that is stated here, but there are 17 elected members. The number of nominated members is not stated. I will procure the exact information if the Honourable Member wishes.

**Dr. Ziauddin Ahmad** : Are the Government aware that there existed no party in Ajmer which is always in favour of electing a European Chairman, and hence the question of leadership of an imaginary party does not arise ?

**Mr. H. A. F. Metcalfe** : That appears to be the position, but if the Honourable Member wishes for exact information, I would secure it for him.

**DISPROPORTIONATE REPRESENTATION ON AJMER MUNICIPAL COMMITTEE.**

**276. \*Mr. Gaya Prasad Singh :** (a) Is it fact that Khan Sahib A. N. David has been nominated as a member of the Ajmer Municipal Committee by the Local Government to represent the depressed classes in Ajmer ?

(b) Is it not a fact that the said Mr. David is a Christian ?

(c) Will Government state the reasons which prevailed with the Local Government to nominate a Christian to represent the depressed classes ? Are Government aware that there is no dearth of educated members of the depressed classes in Ajmer ?

(d) Is it not a fact that the population of Europeans and Anglo-Indians in the city is less than 1 per cent. of the total population of Ajmer ?

(e) Are Government aware that the representation given to these communities on the committee is nearly 25 per cent. of the Committee's strength ?

(f) Is it not a fact that the rules fixing the proportion of representation of the various communities to the Committee were framed as far back as 1871 ?

(g) If the reply to part (e) be in the affirmative, will Government state the reason for allowing such high and disproportionate representation to one community at the expense of the other communities ?

(h) Are Government taking any steps to revise these rules ?

**Mr. H. A. F. Metcalfe :** (a) Yes.

(b) Yes.

(c) Efforts were made to find a representative of the depressed classes from their own ranks, who could suitably be nominated, but without success.

(d) No.

(e) No. There are four Europeans and Anglo-Indians out of a total of 21 members.

(f) The present rules were framed in 1901.

(g) Does not arise.

(h) The answer is in the affirmative.

**Mr. Gaya Prasad Singh :** Are not the depressed classes part of the Hindu community and why was not a Hindu asked to represent the depressed classes ?

**Mr. H. A. F. Metcalfe :** That question is hardly one for the Foreign and Political Department to answer.

**Mr. Gaya Prasad Singh :** To which Department does the subject belong ? I am asking the Government, not any particular Department ?

**Mr. H. A. F. Metcalfe :** It is a large question of policy. The Honourable Member had better address his question to the Honourable the Home Member. I do not think I am in a position to answer that.

**Dr. Ziauddin Ahmad :** Is it not a fact that Mr. Rajah, the representative of the depressed classes, has continuously demanded communal representation in the services for the depressed classes ?

**Mr. H. A. F. Metcalfe :** The Honourable Member was himself present and no doubt he heard what the Honourable Member (Mr. Rajah) said.

#### ENGAGEMENT OF A THEATRICAL COMPANY AT DELHI FOR ANTI-CONGRESS PROPAGANDA.

277. **\*Mr. Gaya Prasad Singh :** Is it a fact that a theatrical company in Delhi was engaged by the authorities to stage an anti-Congress propaganda play in Delhi, and some other villages ? Was its tour programme drawn up under official supervision ? What subsidy, or any other form of assistance was given to it by Government ?

**The Honourable Mr. H. G. Haig :** The answer to the first two portions of the question is in the negative. A Theatrical Company organised by an unofficial agency asked for adequate police arrangements to be made and this assistance as well as general encouragement was given to them.

#### PROSECUTION OF CERTAIN PERSONS IN DELHI FOR ALLEGED ASSISTING OF CONGRESS ACTIVITIES.

278. **\*Mr. Gaya Prasad Singh :** Is it a fact that a few young men were prosecuted about July, 1932, before the Additional District Magistrate of Delhi, under section 17-A, Criminal Law Amendment Act, or any other law, for alleged assisting of Congress activities, by protesting against the staging of certain scenes of a play staged at the Rawshan Theatre in Delhi ? How did the case terminate ? What was the play about ; and have Government or Government officials in any way assisted in the production of this play ?

**The Honourable Mr. H. G. Haig :** Seven persons were arrested in July, 1932, and prosecuted under section 17 (1), Criminal Law Amendment Act, for shouting Congress slogans while the play was being staged at the Roshan Theatre, Delhi. Out of these, one tendered an apology and the case against him was withdrawn, while the remaining six pleaded guilty and were convicted.

The play was of a historical and political nature and was calculated to expose the un wisdom of the civil disobedience movement.

**Mr. Gaya Prasad Singh :** Are Government aware of the fact that this sort of anti-Congress propaganda under the auspices of Government tends to strengthen the popular belief that the Government are really afraid of the Congress, and creates quite the opposite effect to what is intended by Government ?

**The Honourable Mr. H. G. Haig :** No, Sir. I hope the Honourable Member does not wish to deprive the Government of such a modern and non-violent weapon.

**Sardar Sart Singh :** Does not the Government by this method provoke retaliation by the other party and send them to jail ?

**The Honourable Mr. H. G. Haig :** I am a great believer in propaganda.

**Sardar Sant Singh :** My question is that Government by entering into this field of propaganda provoke retaliation by the other party ?

**The Honourable Mr. H. G. Haig :** I admit that the power of the Government is considerably greater than that of the Congress.

**Mr. Gaya Prasad Singh :** If he is such a believer in propaganda, why does he prevent Congress propaganda ?

**The Honourable Mr. H. G. Haig :** I referred to propaganda as a Government weapon.

**Mr. B. B. Puri :** Did anybody go to see this wholesome play at all ?

**The Honourable Mr. H. G. Haig :** I have no information about that.

**Mr. B. B. Puri :** Was the admission free ?

**The Honourable Mr. H. G. Haig :** I cannot say.

**Mr. K. C. Neogy :** Were any sweetmeats provided for the audience ? (Laughter.)

PREACHING OF BOYCOTT UNCONNECTED WITH ANY UNLAWFUL ASSOCIATION.

279. \***Mr. Gaya Prasad Singh :** (a) Has the attention of Government been drawn to the judgment delivered on or about the 21st July, 1932, by Justice Sir Vepa Ramesam, Madras, in the Narsapur "Buy Indian League" case, in which the accused Mr. Iswarudu was sentenced to 6 months' imprisonment and fine for advocating boycott by means of placards and shouting slogans, under Section 17 (1), Criminal Law Amendment Act, for assisting in the operation of an unlawful association, *viz.*, the Congress ?

(b) Are Government aware that in the course of the judgment, the High Court held that "mere preaching of boycott did not amount to assisting the operations of an unlawful association," that "a man may individually advocate boycott without even knowing the existence of any unlawful association, or without thinking of helping the operations of such an association," and that "there must be some connection proved between the person and the unlawful association before it could be said that the person was assisting in its operations. Mere identity of objects was not enough" ?

(c) If so, do Government propose to call for the records of such cases at least in the centrally administered areas, in which persons have actually been sent to prison or otherwise punished for the mere preaching of boycott, without any proof being adduced of their connection with the Congress ?

**The Honourable Mr. H. G. Haig :** (a) Yes.

(b) The Honourable Member is apparently quoting from press reports which are incomplete and do not reproduce the exact words of the judgment.

(c) No.

**Mr. Gaya Prasad Singh :** Will Government be pleased to lay on the table of the House the exact words of the judgment ?

**The Honourable Mr. H. G. Haig :** I shall be very glad to place a copy of the judgment in the Library. I think perhaps it would not be necessary to have it printed up in the proceedings of the House.

**Rao Bahadur B. L. Patil :** Will Government kindly make a statement with regard to the "Buy Indian Leagues" throughout the country ?

**The Honourable Mr. H. G. Haig :** Would the Honourable Member mind repeating his question ?

**Rao Bahadur B. L. Patil :** Will Government make a statement regarding the "Buy Indian Leagues" throughout the country ?

**The Honourable Mr. H. G. Haig :** I do not know what kind of statement the Honourable Member expects me to make.

**Rao Bahadur B. L. Patil :** I hope the Government are aware that these "Buy Indian Leagues" are not political bodies. In view of that fact, are Government ready to make a statement as to their legality ?

**The Honourable Mr. H. G. Haig :** Government, Sir, have not the slightest objection to any activities of a non-political character.

**Rao Bahadur B. L. Patil :** Are not Government aware that many persons taking part in the "Buy Indian Leagues" have been hauled up, arrested and put into prison ?

**The Honourable Mr. H. G. Haig :** The "Buy Indian Leagues", Sir, are marginal institutions. Some of them, I have no doubt, confine their activities solely to the promotion of Swadeshi enterprise. Others, I should imagine, are mainly interested in promoting the Congress programme.

**Sardar Sant Singh :** In view of the judgment of the Honourable Judges of the Madras High Court, are the Government prepared to revise and review the cases of those who have been convicted in the lower courts on account of these activities and have not appealed and are still in jail ?

**The Honourable Mr. H. G. Haig :** No, Sir, it is always open to a convicted person to approach the courts.

**Mr. B. R. Puri :** But if the time of limitation is gone, what is the remedy ? Now that the Government have come to know that their conviction was not strictly legal, is it not up to the Government to take suitable steps to see that justice is done in their cases ?

**The Honourable Mr. H. G. Haig :** I cannot accept the view that no convictions of this kind were legal.

**Mr. B. R. Puri :** If the opinion of the High Court is worth anything, does it not inform the Government that in this case the conviction was legally bad, and in similar cases where previously convictions have taken place on the same basis, is it not for the Government to see that these people are liberated and released ?

**The Honourable Mr. H. G. Haig :** I am afraid Government cannot undertake to review all past convictions in view of a particular decision of a particular High Court.

**Sardar Sant Singh :** May I then presume that Government are in favour of keeping persons, who have been convicted on some misapprehension of law in jail, in spite of the knowledge of the judgment of the High Court ?

**The Honourable Mr. H. G. Haig :** No, Sir. I would once more refer the Honourable Member to my original answer in which I said that the Honourable Member was apparently quoting from press reports which are incomplete and do not reproduce the exact words of the judgment. My own view is that the words that he has reproduced go somewhat beyond the actual words of the judgment ; but I am quite prepared to lay a copy of the judgment in the Library and then the Honourable Member can pursue the matter further.

**Mr. Gaya Prasad Singh :** If the Honourable Member has seen the judgment, it is surely up to him to reproduce those passages on the floor of the House just now and point out in what respects my quotation was inaccurate ?

**The Honourable Mr. H. G. Haig :** It is a very long judgment, Sir. I am not sure that I can immediately on the floor of the House produce the exact discrepancies, but I have been through the judgment.

**Mr. B. B. Puri :** So far as the main point is concerned, is the Honourable Member prepared to state how far facts stated in the question are correct or otherwise ?

**The Honourable Mr. H. G. Haig :** I think it undoubtedly goes beyond the purport of the judgment and suggests a more sweeping statement than will be found in that judgment.

**Sardar Sant Singh :** Surely the Honourable Member after going through the text of the judgment has formed his opinion on the legality of convictions : and in case he is of opinion that the legality is not clear, will he be prepared to take steps to release those men ?

**The Honourable Mr. H. G. Haig :** Sir, it is not for me to form opinions as to the legality of a ruling of the Madras High Court.

**Mr. B. B. Puri :** Is the Honourable Member aware that it will promote the confidence of the people if the Government of India *suo motu* were to take the initiative and see that those people, who have been on similar facts convicted, are released ?

**The Honourable Mr. H. G. Haig :** No, Sir. I do not think that there is any occasion for reviewing cases that have already been decided. I am not even aware that the judgment to which the Honourable Member refers has laid down any new principle.

#### HOISTING OF CONGRESS FLAGS OVER PRIVATE BUILDINGS.

280. **\*Mr. Gaya Prasad Singh :** (a) Has the attention of Government been drawn to the judgment of the Chief Justice, and Justice Nanavaty, of the Bombay High Court, delivered on or about the 22nd July, 1932, in which the High Court set aside the order of the City Magistrate of Ahmedabad, imposing a fine of Rs. 1,000 (which was realized by the sale of his car) on Dr. Balwantraji Narsilal Kanuga, on the charge of assisting the operations of an unlawful body, *viz.*, the Congress, under Section 17 (1), Criminal Law Amendment Act, by refusing to remove the Congress flag flying over his house in January last—the High Court holding that “neither the Congress, nor the hoisting of the Congress flag had been declared unlawful” ?

(b) If so, are Government aware that such unlawful and forcible removal of the Congress flag has taken place almost everywhere in India ;

and do Government propose to call for the records of such cases, at least in the centrally administered areas, in which persons have actually been punished for hoisting Congress flags over private buildings, or such flags have been forcibly removed ?

**The Honourable Mr. H. G. Haig :** (a) I have seen a copy of the order of the High Court and the reference of the Sessions Judge on which it is based. The effect of these, as I understand them, is that the question whether the flying of the flag is an offence depends on the facts and circumstances.

(b) Does not arise.

**Mr. Gaya Prasad Singh :** Are Government aware that the District Magistrate of Muzaffarpore ordered the Congress flag to be forcibly removed from the office of the Khaddar Bhandar—the Bihar Branch of the All-India Spinners Association at Muzaffarpore ?

**The Honourable Mr. H. G. Haig :** Is that the case to which the Honourable Member is referring ?

**Mr. Gaya Prasad Singh :** I am referring to another case which took place at Muzaffarpore.

**The Honourable Mr. H. G. Haig :** I am not aware, Sir.

**Mr. Gaya Prasad Singh :** Are Government aware that the Honourable Member's predecessor in office stated on the floor of the House that the Congress flag or any other flag has not been declared illegal by the Government and that it is not seditious to fly such a flag ?

**The Honourable Mr. H. G. Haig :** I understand that it has been stated that the flying of the Congress flag is not necessarily an offence and that I think is clear from the judgment.

**Mr. K. C. Neogy :** Will the Honourable Member consider the desirability of declaring both the Bombay and the Madras High Courts "unlawful associations" ? (Laughter.)

**The Honourable Mr. H. G. Haig :** I do not quite understand how the point arises.

**Mr. K. C. Neogy :** When the Honourable Member will think over the matter calmly, he will be able to see the relevancy of the question.

**The Honourable Mr. H. G. Haig :** I am afraid I am not so acute as the Honourable Member. (Laughter.)

#### SEIZURE OF ACCOUNT BOOKS OF A BOMBAY MERCHANT BY INCOME-TAX AUTHORITIES FOR ALLEGED FALSE DECLARATIONS.

281. **\*Mr. Gaya Prasad Singh :** (a) Is it a fact that the Income-tax authorities of Bombay seized and carried away account books and papers of Mr. Soorji Vallabdas, a well-known Bombay merchant, in his absence in October last, on the allegation that the said merchant had made false declarations to the Income-tax authorities, and defrauded Government to the extent of about Rs. 2 lakhs ; but the Chief Presidency Magistrate of Bombay passed orders in July directing the return of all account books and papers, as it was proved later that there was no foundation for the allegation made against the merchant ?

(b) If so, have all the books and papers been returned to him ; and what punishment has been awarded to the Income-tax people who were concerned in this seizure of papers ? Has any compensation been paid to the merchant for the trouble, expense, and harassment caused to him ? If not, why not ?

**The Honourable Sir Alan Parsons :** (a) No. The Income-tax Department did not seize or carry away the documents in question. They were seized by the police under a search warrant from the Chief Presidency Magistrate, Bombay, and kept in police custody. The documents in question were subsequently returned by the Chief Presidency Magistrate, because the Commissioner of Income-tax quashed the sanction granted by the Assistant Commissioner of Income-tax for the assessee's prosecution. He did so, not because there was any proof that the assessee concerned was innocent, but because he considered that there was not sufficient proof that he was guilty.

(b) As already stated, the documents have been returned. The Income-tax officials who were concerned in the application for a search warrant acted in good faith in the discharge of their duties and no punishment has been, or will be, awarded to any one. I am not aware of any grounds for awarding compensation to the merchant, nor am I satisfied that the seizure of the documents in question by the police was unnecessary.

**Mr. Gaya Prasad Singh :** May I know at whose instance the search warrant was issued by the Magistrate ?

**The Honourable Sir Alan Parsons :** At that of the Assistant Commissioner of Income-tax.

**Mr. Gaya Prasad Singh :** What were the grounds before the Assistant Commissioner of Income-tax to move the Magistrate to issue the search warrant in question ?

**The Honourable Sir Alan Parsons :** I do not know the reasons in detail, but the general grounds are stated in (a) of the Honourable Member's question.

**Mr. B. Das :** Do I take it that the Income-tax Commissioner was not guided in the action taken by the political views of the assessee—because he is a prominent Congress man of Bombay ?

**The Honourable Sir Alan Parsons :** I am perfectly certain, Sir, that he cannot have been guided by any such considerations....

**Mr. Gaya Prasad Singh :** Does not that prove that the Income-tax Commissioner is to-day vested with too much power, and that the contention of this side of the House that in such matters the permission of the High Court should be taken is correct ?

**The Honourable Sir Alan Parsons :** I am not aware, Sir, that the opinion which the Honourable Member mentions is the opinion of the House as a whole.

**Mr. B. R. Puri :** Would the Honourable Member draw the attention of the House to some provision of the Income-tax Act or of any other Act known to him under which an Assistant Commissioner of



Income-tax could ask the police or a Magistrate to go and have the premises of a private individual searched ?

**The Honourable Sir Alan Parsons :** If the Honourable Member is referring to the question whether the Assistant Commissioner of Income-tax had a legal right to ask the Commissioner of Police to issue a search warrant, I am afraid I must ask him for a notice.

**Mr. B. B. Puri :** I give the notice.

**Mr. Gaya Prasad Singh :** Do I understand the Honourable Member to say that this gentleman was found innocent of the charges that were preferred against him at the instance of the Income-tax Officer ?

**The Honourable Sir Alan Parsons :** No, Sir. As I said, the Commissioner of Income-tax quashed the sanction granted by the Assistant Commissioner of Income-tax for the assessee's prosecution. He did so, not because there was proof that the assessee concerned was innocent, but because he considered that there was not sufficient proof that he was guilty.

**Mr. Gaya Prasad Singh :** If there was not sufficient proof to warrant his conviction, why did the Income-tax authorities take it upon themselves the responsibility of moving the Magistrate to issue a search warrant ?

**The Honourable Sir Alan Parsons :** Because the Assistant Commissioner of Income-tax considered that it was a sufficient proof.

**Mr. Gaya Prasad Singh :** But he was mistaken, as appeared from the judgment of the Court ?

**The Honourable Sir Alan Parsons :** It is human to err sometimes, Sir.

#### FIRST CLASS ACCOMMODATION ON THE NORTH WESTERN RAILWAY.

282. **\*Mr. B. B. Puri :** (a) Are Government aware that the North Western Railway authorities have marked as " first " class a second class coupe compartment in Coach No. 288, compartment " A " ?

(b) Is it a fact that a compartment is marked as a first class compartment only if it provides the standard and usual comfort and convenience provided generally in a first class compartment and not because the Railway (for want of accommodation or other reasons) arbitrarily choose to describe a compartment as first class, when it is in fact a second class compartment ?

(c) Do Government propose to see that the North Western Railway authorities give the full money's value to the travelling public and not charge them for first class accommodation by providing only second class comforts ?

(d) Are Government aware that the coach containing such a compartment is daily running between Lahore and Kalka ?

(e) Are Government aware that a claim for refund has been made by two 1st class passengers who were made to travel in the said compartment in spite of their protests and that this incident might lead to litigation in Court ?

**Mr. P. B. Rau :** (a), (b) and (c). The Agent, North Western Railway, reports that carriage No. 288 was originally a composite first and second class and that some years ago it was, by suitable alterations, converted into a first-class carriage. Having been built in 1911, the carriage is possibly not up to the standard of comfort available in carriages built in recent years.

(d) I understand that the carriage does not now run on the Lahore Kalka mail train.

(e) I am informed that a claim has been made.

**MURDER OF AN INDIAN LADY ON THE NORTH WESTERN RAILWAY.**

283. **\*Mr. B. R. Puri :** (a) Are Government aware that a very sad and serious case of murder of an Indian lady of high position—wife of a retired Superintending Engineer, Punjab Irrigation Department, has recently occurred between Patiala and Rajpura Railway Stations while she was travelling in a North Western Railway train on the night between the 18th and the 19th June, 1932 ?

(b) If not, will Government be pleased to give any reason why a serious crime committed upon a lady travelling alone during night should not have been brought to the notice of Government at once, and are Government prepared to consider the desirability of crimes of this class being reported immediately to them in future ?

**Mr. P. B. Rau :** The Agent, North Western Railway, sent a report of this unfortunate occurrence to the Railway Board on the 30th June, after he had received the police report.

**MURDER OF AN INDIAN LADY ON THE NORTH WESTERN RAILWAY.**

284. **\*Mr. B. R. Puri :** Are Government aware :

- (i) that the lady who was murdered on the night of 18th June, 1932, between Rajpura and Patiala on the North Western Railway, was travelling alone in a second class compartment in the through bogie carriage running between Samasata and Kalka and that the Guard of the said train was aware of this ;
- (ii) that she was seen quite safe up to Patiala before the train left that station ;
- (iii) that she was found in an unconscious state lying along the railway track just outside the Rajpura station yard in the Patiala direction at 1-30 A.M. on the 19th June, by an engine driver who was engaged in shunting his train at the time and who reported the matter to the station authorities immediately ;
- (iv) that there were indications of a struggle inside the compartment ;
- (v) that the through carriage in question was behind the brake at the extreme rear of the train forming its tail and that there was one continuous footboard running all along the length of the carriage like they were in the old pattern carriages ?

**Mr. P. B. Rau :** (i) The police report to which I have just referred indicates that the lady was travelling alone, but I am informed that the Guard was not aware of this fact.

(ii) and (iii). Yes, except that she was found just near the railway platform.

(iv) There is a statement in the police report that there are no marks on the body of violence or to indicate that she was forcibly thrown out of the train.

(v) The carriage which was the last vehicle on the train was not fitted with a continuous foot-board.

**Mr. B. B. Puri :** Is the Honourable Member aware that this carriage was put at the rear of the train and that the guard could not but be aware that this lady was travelling there ?

**Mr. P. B. Rau :** I know, Sir, that the carriage was put at the end of the train.

#### MURDER OF AN INDIAN LADY ON THE NORTH WESTERN RAILWAY.

285. **\*Mr. B. B. Puri :** (a) Are Government aware that the lady who was murdered on the North Western Railway between Rajpura and Patiala on the night of the 18th June, 1932, was not picked up promptly from the place where she was first discovered by the engine driver and that when she was brought to the railway station she was first sent to the railway dispensary and later removed to the Patiala State dispensary, that there was no suitable arrangement to attend to a case of this kind at the Rajpura Railway dispensary and that the lady remained in a neglected condition without any treatment until the relatives came and removed her at 8-45 P.M. on the 19th June, *i.e.*, nearly 20 hours after she was thrown out of the train ?

(b) Are Government aware that the medical arrangements at Rajpura were simply disgraceful—she was lying on a dirty bed in a room without a punkha—and not a soul within shouting distance—with a corkless bottle lying near her and that she was found in this state by her relative who was first to reach Rajpura ?

(c) Are Government aware that the through carriage was shunted off and placed as usual in the station yard where it remained for more than an hour and a half before it was attached to the Kalka Mail from Lahore ?

(d) Are Government aware that it is claimed by the police and the station staff that an attempt was made to find out the identity of the lady by searching the train which had arrived from Samasata and the Kalka Mail also which had come from Lahore, but that it occurred to no one to search the through Samasata Kalka bogie carriage which had been placed somewhere in an extensive yard unguarded by anybody ? Are Government aware that the luggage and other things belonging to the lady were in the said carriage ?

(e) Will Government please state why the lady in such a critical condition was allowed to remain at Rajpura in a neglected condition and not removed at once either to Lahore or at least to Ambala for proper medical treatment and why even the District Medical Officer of the North Western Railway was not informed of this occurrence ?

(f) Are Government aware that the unfortunate lady's relatives on reaching Rajpura and seeing the condition under which the patient was lying asked for the use of the station phone at 4 P.M. on the 19th June, to phone to Ambala in order to call the Civil Surgeon and a nurse and that the Controller refused the use of the phone ?

(g) Are Government aware that on account of these delays the lady could not be brought to Ambala till 11 P.M. and died in the Civil Hospital there on the next afternoon ?

(h) Are Government aware that the case has created a considerable amount of uneasiness amongst the higher class Indians, and are Government prepared to give an assurance that sufficient and strong measures will be adopted in future so that the lives of the public in general and Indian ladies in particular when travelling at night are not exposed to such danger and to such callous treatment while in a dying state ?

**Mr. P. R. Rau :** (a) The Agent, North Western Railway, reports that the engine driver, who was the first person to see the lady lying unconscious, left his fireman with her and immediately reported the matter to the Station Master on duty. The latter informed the police and without any avoidable delay accompanied them to the site with a stretcher on which the lady was carried to the Railway dispensary where first aid was given by the Railway Sub-Assistant Surgeon. In view of her condition, the Sub-Assistant Surgeon arranged for her immediate removal to the Patiala State hospital in which there was accommodation for in-patients and where she was attended to by the State medical authorities.

(b) Government are not aware of the medical arrangements in the Patiala State hospital at Rajpura.

(c) The carriage was detached from the train and placed in a siding at 2-20 A.M. It was attached to the Lahore-Kalka mail at 3 A.M.

(d) The Assistant Inspector General, Government Railway Police, Punjab, reports that the Samasata through coach remained at Rajpura until 3-2 hours, but that it was not searched there. Departmental inquiries into allegations of neglect of duty or carelessness on the part of the Railway Police have been postponed pending the completion of judicial proceedings now instituted. The answer to the last part of the question is in the affirmative.

(e) The station staff assisted the police in arranging for the lady to be removed to the nearest hospital where there was provision for receiving indoor cases, and obviously could not take further action afterwards. The hospital is outside the jurisdiction of the Railway's District Medical Officer.

(f) There is no direct railway telephone connection between Rajpura and Ambala. The Station Master complied with a request for a message to be sent to Ambala for medical assistance, through the Control telephone at Delhi Station.

(g) I am informed that the lady was removed by her relatives to Ambala where she was under the Civil Surgeon's treatment and died later as a result of the injuries she had received.

(h) From the answers given by me, I hope my Honourable friend will agree that there is nothing to indicate callousness on the part of the Railway staff and the police in their handling of this case as soon as the matter came to their notice. As regards precautionary measures against risks of this kind, I believe arrangements exist at present for passengers locking themselves in at night to prevent the entry of intruders.

**Mr. B. B. Puri :** Do I take it that the Government are not aware as to what medical arrangements exist in the Patiala hospital at Rajpura ?

**Mr. P. B. Rau :** Yes, Sir.

**Mr. B. B. Puri :** Under the circumstances, do the Government feel justified that they should have sent an injured lady, who was picked up under such conditions, to a hospital regarding the arrangements of which the Government do not know whether the patient could get adequate treatment or not ?

**Mr. P. B. Rau :** The arrangements are presumably good, but the Government are not aware of them. The people on the spot thought that it was in the best interests of the lady that she should be removed to the nearest hospital.

**Mr. B. B. Puri :** May I ask the Honourable Member whether in the face of his statement that they did not know as to what precise arrangements existed in the Rajpura hospital, whether it did not amount to carelessness on the part of the local authorities to send such a case to an unknown hospital and not to Ambala or Lahore ?

**Mr. P. B. Rau :** I have informed the House that the Government are not aware of the arrangements, but it does not follow that the Station staff of Rajpura were not aware of the arrangements that existed at this hospital.

**Mr. B. B. Puri :** Have the Government taken note of the fact that at that beautifully equipped hospital at Rajpura there was not even a soul within a shouting distance ?

**Mr. P. B. Rau :** I am afraid it is not within the province of Government to inquire into the arrangements that exist in the hospital of an Indian State.

**Mr. Gaya Prasad Singh :** Why was not medical assistance rendered to the lady at the Rajpura Railway dispensary which, I believe, is a Government dispensary ?

**Mr. P. B. Rau :** Medical aid was rendered but, in view of her condition, the Sub-Assistant Surgeon arranged for her immediate removal to the Patiala State hospital in which there was accommodation for in-patients and where she was attended to by the State Medical authorities.

**Mr. Gaya Prasad Singh :** If adequate medical accommodation was available at the Rajpura Railway hospital, why was it thought necessary to remove the lady to the State hospital ?

**Mr. P. B. Rau :** Because there was no accommodation for the in-patients. The Sub-Assistant Surgeon gave her the first aid and immediately after that removed her to the nearest hospital.

**Mr. B. R. Puri :** Are the Government aware that the request for using the 'phone was, in the first instance, refused by the Controller and that it was a later attempt which succeeded ?

**Mr. P. B. Rau :** My information which I have already given to the House is that the Station Master did comply with the request to send a message to the Station Master of Ambala.

**Mr. B. R. Puri :** Was any step taken to communicate this fact to the Chief Medical Officer that a lady under such conditions has been picked up there and that she was almost dying ?

**Mr. P. B. Rau :** I understand that the Station staff did not report the fact to the Chief Medical Officer of the Railway, because the lady had been removed to the Rajpura Hospital which was not under his control.

**Mr. B. R. Puri :** Do the Government think it a sufficient discharge of their obligation to say that the lady in the middle of the night in a dying condition was made over to an unknown hospital where the arrangements may or may not have been adequate ?

**Mr. P. B. Rau :** It is not an unknown hospital. The local authorities exercised their discretion in the matter and I have no reason to suppose that they did not exercise it wisely.

**Mr. Gaya Prasad Singh :** May I inquire, Sir, that the local authorities were aware of the fact that the Patiala Hospital was better equipped than the Rajpura Station hospital ?

**Mr. P. B. Rau :** They must have been, because there is no equipment for in-patients at the Railway dispensary.

#### MURDER OF AN INDIAN LADY ON THE NORTH WESTERN RAILWAY.

286. **\*Mr. B. R. Puri :** (a) Are Government aware that a European gentleman (who was afterwards discovered to be one Revd. Harvey) was found in an unconscious state in a second class compartment in the Frontier Mail which reached Rawalpindi on the 5th July, 1932, afternoon, and that at Rawalpindi he was taken out of the compartment, removed to the British Station Hospital, where he was properly treated and that thereafter he was sent to Murree in an ambulance car in charge of two nurses, presumably at Government expense ?

(b) Will Government be pleased to state why similar treatment was not accorded to Mrs. Dhodi (the lady who was murdered on the North Western Railway between Rajpura and Patiala on the night of the 18th June, 1932), who was allowed to lie for more than 20 hours in a dying

condition at Rajpura where there were no proper medical facilities procurable and why she was not removed to Lahore or at least Ambala promptly and even at Government expense, if necessary ?

**Mr. P. R. Rau :** (a) The Agent, North Western Railway, reports that the passenger was removed from the train into the Military Heat Stroke Station on Rawalpindi Station platform, whence the Military authorities transferred him to the Military Hospital.

(b) There does not seem to be any differentiation. In both cases the patient was removed by the railway staff as soon as possible to the nearest place where medical aid was available. The responsibility for deciding whether a removal to any other place was called for rested either with the relatives of the patient or the Medical Officer in charge of the Hospital.

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#### STATEMENT OF BUSINESS.

**The Honourable Sir C. P. Ramaswami Aiyar** (Leader of the House) : Mr. President, before making my statement on the probable course of Government business next week, I would ask your attention, Sir, to the unfinished business which remains on yesterday's agenda. It is most desirable that as much as possible of this business should be disposed of before we start on the very important legislative business of next week and I, accordingly, request you, Sir, to direct that the House shall sit to-morrow for the continuation of yesterday's business.

And now, Sir, with your permission, I desire to make a statement as to the probable course of Government business in the week beginning Monday, the 19th. On that day, motions will be made by the Honourable the Home Member to take into consideration and pass the Bill to amend section 526 of the Code of Criminal Procedure, as reported by the Select Committee. Thereafter, motions will be made for leave to introduce a further Bill to amend the Income-tax Act and the Murshidabad Estate Administration Bill. Any business left over from this week will be placed below the business announced already for Monday. On Wednesday, the 21st, the motion will be made to refer to Select Committee the Bill to amend the Criminal Law which was introduced on Wednesday this week.

**Mr. President** (The Honourable Sir Ibrahim Rahimtoola) : Honourable Members have heard the request of the Leader of the House for a direction to adjourn the House this evening to to-morrow. He has explained the reasons which have influenced him in making that request. Having regard to the fact that the Puja holidays are approaching, it can hardly be desirable to prolong the Assembly Session beyond the 28th or the 29th instant.

**Mr. Amar Nath Dutt** (Burdwan Division : Non-Muhammadan Rural) : We have the *Mahalaya* on the 29th instant.

**Mr. President** (The Honourable Sir Ibrahim Rahimtoola) : That is why I said 28th or 29th instant, and that is an additional reason why the House should consider whether it should sit to-morrow or not.

**Mr. Gaya Prasad Singh** (Muzaffarpur *cum* Champaran : Non-Muhammadian) : We have a meeting of the Select Committee to-morrow.

**Mr. President** (The Honourable Sir Ibrahim Rahimtoola) : That can be cancelled. The business of the Assembly should have precedence over Select Committee meetings and, having regard to the amount of business before the House, I take it that the House will have no objection to the Chair giving directions for holding a meeting to-morrow.

**Mr. M. Maswood Ahmad** (Patna and Chota Nagpur *cum* Orissa : Non-Muhammadian) : We object, Sir, on two grounds.

**Sir Hari Singh Gour** (Central Provinces Hindi Divisions : Non-Muhammadian) : I understand the position is this. If we do not sit to-morrow, the Government will prolong the Session by including the business which has been left over from yesterday to some day after the 21st instant. We are all very anxious that we should have the Criminal Law Amendment Bill on the 21st instant uninterrupted by any other Government business. We should devote our time to the discussion of that Bill. In view of that fact, I think it would be conducive to the convenience of the House if we sit to-morrow and let the Government dispose of the business left over from yesterday.

**Mr. President** (The Honourable Sir Ibrahim Rahimtoola) : I take it that there is consensus of opinion that we should sit to-morrow.

**Mr. M. Maswood Ahmad** : I submit that we have passed in the Assembly that we should submit the Select Committee report by the 20th instant.

**Sir Hari Singh Gour** : We will do that.

**Mr. M. Maswood Ahmad** : Sir, I submit our first objection that we have received a notice of a Select Committee meeting for to-morrow and perhaps the Government business for to-morrow is the Haj Committee Bill. The other objection is that on that Bill all the amendments are nearly mine. Seeing the programme previously, I am not prepared to move those amendments to-morrow, because I want several files and several papers to be read before I can move those amendments. On that understanding, I am not prepared to take up the Haj Committee Bill to-morrow. That is the trouble, so far as I am concerned.

**Mr. President** (The Honourable Sir Ibrahim Rahimtoola) : The Chair regrets that the Honourable Member does not realise that when an



[Mr. President.]

Honourable Member takes the responsibility of giving notice of amendments, he must be assumed to be fully prepared to move them when called upon to do so.

**Mr. K. Ahmed** (Rajshahi Division : Muhammadan Rural) : What about Friday prayers ?

**Mr. President** (The Honourable Sir Ibrahim Rahimtoola) : In the opinion of the Chair, careful consideration should be given to the amount of business before the House, and, in the circumstances explained, consensus of opinion in the House appears to be that the House should sit to-morrow. The Chair proposes to make a direction to that effect.

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#### ELECTION OF MEMBERS TO THE STANDING COMMITTEES FOR THE DEPARTMENT OF COMMERCE AND THE DEPARTMENT OF INDUSTRIES AND LABOUR.

**Mr. President** (The Honourable Sir Ibrahim Rahimtoola) : I have to inform the Assembly that up to 12 Noon on Wednesday, the 14th September, 1932, the time fixed for receiving nominations for the Standing Committees for the Department of Commerce and the Department of Industries and Labour, three nominations were received in each case and, as the number of candidates in both cases is equal to the number of vacancies, I declare the following members to be duly elected, namely :

*Standing Committee for the Department of Commerce.*

1. Kunwar Raghbir Singh,
2. Mr. S. C. Mitra, and
3. Mr. R. T. H. Mackenzie.

*Standing Committee for the Department of Industries and Labour*

1. Kunwar Hajee Ismail Ali Khan,
2. Haji Chaudhury Muhammad Ismail Khan, and
3. Mr. G. Morgan.

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#### STATEMENTS LAID ON THE TABLE.

**The Honourable Sir Alan Parsons** (Finance Member) : Sir, I lay on the table :

- (i) the information promised in reply to starred question No. 736 asked by Seth Haji Abdoola Haroon on the 9th March, 1932 ; and
- (ii) the information promised in reply to starred question No. 787, asked by Rao Bahadur B. L. Patil on the 14th March, 1932.

## APPOINTMENT OF MUSLIMS TO THE INCOME-TAX DEPARTMENT.

736. (a) Yes.

(b) No special instructions have been issued regarding the recruitment of Muslims in the Shrd Income-tax Department. There are, however, standing instructions regarding the due representation in the public services of the various communities, and these were kept in view.

(c) The appointments made were as under :

Year.	Income-tax Officers.	Inspectors.	Assistant Inspectors.	Clerks.
1930-31	Nil .. ..	1 (A Muhammadan .	Nil .. ..	4 (of whom 2 were Muhammadans).
1931-32	1 (Hindu by promotion).	Nil .. ..	7 (of whom 3 were Muhammadans).	8 (of whom 4 were Muhammadans).

## COMMUNITIES OF NEW RECRUITS REQUIRED FOR EXTRA WORK IN THE INCOME-TAX DEPARTMENT, BOMBAY.

787. (a) The following temporary posts have been filled up :

---	Income-tax Officers or Assistant Income-tax Officers.	Assistant Inspectors and Examiners.	Clerks.
Northern Division ..	3	9	22
Central Division .. ..	2	8	21
Southern Division ..	2	5	13
Bombay City ..	7	17	47

I may add that the posts of Income-tax Officers and Assistant Income-tax Officers have been filled up by promotion only, and those of Assistant Inspectors-Examiners both by promotion and by direct recruitment.

(b) A statement is put up. I may, however, remark that the most important point to bear in mind as regards the posts of Assistant Inspectors-Examiners and Income-tax Officers and Assistant Income-tax Officers is the fact that for Bombay City and Northern Division a thorough knowledge of Gujarati language is absolutely necessary, and men whose mother tongue is Gujarati have to be given preference in the interests of the Government revenue. In Central Division too there is a fairly large number of Gujarati merchants and an Examiner who knows Gujarati is essential. Gujarati is the mother tongue of Hindus and Muhammadans belonging to Gujarat and of Parsis.



**Mr. G. S. Bajpai** (Secretary, Department of Education, Health and Lands) : Sir, I lay on the table the information promised in reply to starred question No. 1030 asked by Bhai Parma Nand on the 29th March, 1932.

BYE-LAWS FOR SWEETMEAT SHOPS AND MEAT SHOPS IN DELHI.

1030. (a) Bye-laws for licensing premises for the sale of meat and carriage of meat within the Municipal limits were passed by the Municipality and approved by the Chief Commissioner in 1914. At the end of 1925, the Health Officer proposed certain amendments which, with certain changes, were placed before the Municipal Committee at the end of 1926, but the Committee postponed consideration of the matter. The draft bye-laws were placed again before the succeeding Committee in 1928, which submitted them to the Chief Commissioner in 1930.

(b) No. The Health Officer was ordered by the Committee to draft bye-laws for licensing premises for certain articles of food.

(c) Yes. They were approved by a special meeting of the Committee and published for objections. The large number of objections received, however, has hampered further progress with them.

(d) No.

(e) Yes.

(f) No. He held both of them to be urgent.

(g) Yes, sanction to the proposed amendment to the bye-laws relating to the sale of meat was withheld until it could be seen what progress was made by the Municipal Committee in the enforcement of the other bye-laws relating to sweetmeat shops and milch-cattle stables.

(h) No. Nearly 30 per cent. of the sweetmeat shops are run by Muslims and Jhatka meat shops are kept by Sikhs and Hindus.

(i) There is no distinction as a set of meat bye-laws is already in force.

**Mr. G. B. F. Tottenham** (Army Secretary) : Sir, I lay on the table :

- (i) the information promised in reply to unstarred questions Nos. 99—110, 167—171, 201 and 204 asked by Mr. S. C. Mitra on the 29th February, the 14th March, the 18th March and the 23rd March, 1932, respectively ;
- (ii) the information promised in reply to unstarred questions Nos. 141, 144 and 145 asked by Sardar Sant Singh on the 9th March, 1932 ;
- (iii) the information promised in reply to unstarred questions Nos. 282, 283, 284, 286 and 289 asked by Sardar Sant Singh on the 29th March, 1932 ;
- (iv) the information promised in reply to unstarred questions Nos. 299, 300, 302 and 303 asked by Sardar Sant Singh on the 30th March, 1932 ; and
- (v) the information promised in reply to starred questions Nos. 1112 and 1114 asked by Sardar Sant Singh on the 4th April, 1932.

APPRENTICESHIP TRAINING IN THE RIFLE FACTORY, ISHAPORE.

99. Copies of the rules, conditions, object and scope of the training of student apprentices in the Rifle Factory, Ishapore, have been placed in the Library. They are too lengthy for reproduction in the proceedings of the House.

### APPOINTMENT OF APPRENTICES TRAINED IN ORDNANCE FACTORIES.

100.

Temporary Supervisor	.. Up to Rs. 200 a month..
Chargeman	.. Rs. 200—10—300 50—5—350 a month.
Assistant Storeholder	Rs. 375—15—435 a month.
Assistant Foreman	Rs. 375—15—435 a month. 6th year Rs. 450 a month, 8th year Rs. 470 a month, 10th year Rs. 490 a month.
Storeholder	Rs. 500—20—600 a month.
Foreman	Rs. 500—20—600 a month, and after 10 years Rs. 650 a month.

These rates of pay are subject to such alteration as Government may hereafter decide upon.

### CERTIFICATES GRANTED TO APPRENTICES IN ORDNANCE FACTORIES.

101. No ; the training provided at the cost of the Army Estimates will equally fit apprentices for outside employment.

### RIGHTS AND PRIVILEGES OF EXISTING APPRENTICES AT THE RIFLE FACTORY, ISHAPORE.

102. Existing apprentices will be given the instruction promised.

### STANDARD OF TRAINING OF APPRENTICES IN THE RIFLE FACTORY, ISHAPORE.

103. The standard aimed at has been that of Woolwich Trade lads or student apprentices.

### APPRENTICESHIP TRAINING IN THE RIFLE FACTORY AT ISHAPORE.

104. It has been decided to abolish the student apprentice course in the Rifle Factory after the current course has been completed and not to recruit any more student apprentices in future.

The letter referred to by the Honourable Member is reproduced below.

**COPY OF LETTER FROM THE DEPUTY DIRECTOR OF ORDNANCE FACTORIES AND MANUFACTURE, TO THE SUPERINTENDENT, RIFLE FACTORY, ISHAPORE, No. 1048/75 (M. G.-1), DATED THE 9TH OCTOBER, 1931.**

The D. O. F. and M. has decided that the student apprentice course in your factory should be abolished. It is presumed that you will complete current courses and recruit no more student apprentices.

2. The whole question of apprentice training is under review by D. O. F. and M. who hopes to issue a note on the subject shortly.

### APPRENTICESHIP TRAINING IN THE RIFLE FACTORY AT ISHAPORE.

105. Yes, because after 6 years' trial the scheme has not proved effective.

**VOCATIONAL TRAINING IN ORDNANCE AND CLOTHING FACTORIES.**

106. A copy of the letter which is dated the 28th, not 27th, September, 1927, and annexure has been placed in the Library. The document is too lengthy for reproduction in the proceedings of the House.

**APPRENTICESHIP TRAINING IN THE RIFLE FACTORY AT ISHAPORE.**

107. No, because there was no necessity to do so.

**APPRENTICESHIP TRAINING IN THE RIFLE FACTORY AT ISHAPORE.**

108. (a) Theoretical education is being reduced to the extent necessary to cover workshop technique.

(b) In 1927.

(c)

Name and designation.	Qualifications.	Duties.
Mr. B. L. Airomani, Charge-man.	(i) First class M.A., in Applied Mathematics. (ii) Bachelor of Law ..	Superintendent of the Apprentice Hostel. In charge of general supervision and technical training. Lecturer in Mathematics and Mechanics.
Mr. H. P. Bhadury, Charge-man.	(i) B. Sc. in Engineering from the Benares Hindu University. (ii) A. M. I. E. (India) .. (iii) Trained in Rifle Factory for one year as Improver.	Lecturer in Engineering subjects such as Heat Engines, Strength of Materials, Theory of Structures, Hydraulics, Electrical Engineering, Drawing, etc. In charge of Workshop training.
Mr. N. C. Laha, Charge-man.	M. Sc. in Physics ..	Lecturer and Demonstrator in Physics and Chemistry.

**APPRENTICESHIP TRAINING IN THE RIFLE FACTORY AT ISHAPORE.**

109 and 110. The answer to the first part of each question is in the affirmative. Government are not prepared to publish the correspondence.

**APPRENTICESHIP TRAINING IN THE RIFLE FACTORY AT ISHAPORE.**

167. (a) and (b). Details of the new scheme have not yet been completed.

(c) Please see the reply to question No. 102.

**APPRENTICESHIP TRAINING IN THE RIFLE FACTORY AT ISHAPORE.**

168. (a) No.

(b) Does not arise.

(c) Because it was unnecessary to consult officers who no longer held these appointments.

**APPRENTICESHIP TRAINING IN THE RIFLE FACTORY AT ISHAPORE.**

169. No. The documents are confidential, but extracts are reproduced below.

*Extracts regarding Apprentices from the Administration Reports of the Ordnance and Clothing Factories, 1925-26.*

**RIFLE FACTORY, ISHAPORE.**

(i) Six student apprentices have finished their course :

3 have been retained as improvers in the factory.

1 has obtained employment with Metal and Steel Factory.

1 has obtained employment with Inspector of Guns and Rifles.

1 has gone home to Dacca for family reason.

(ii) Three trade lad apprentices have finished their course. These lads dropped into this category as being unfit to follow the higher course :

1 has obtained a post as Gauge Estimator at the Gun and Shell Factory.

2 are applying for vacancies in the Calcutta Corporation and though not really qualified seem likely to obtain employment.

\* \* \* \* \*

1926-27.

**RIFLE FACTORY, ISHAPORE.**

(i) Nine student apprentices completed their course and have all been retained as improvers in the factory.

(ii) Three trade apprentices completed their course, two have obtained outside work and the third is employed by the Inspector of Guns and Rifles, Ishapore.

(iii) There has been difficulty in recruiting apprentices up to the standard required outside Bengal.

\* \* \* \* \*

1927-28.

\* \* \* \* \*

**RIFLE FACTORY, ISHAPORE.**

(i) In all 37 students and trade apprentices have completed their training, 27 are at work in the factory, 6 are employed in other Ordnance establishments, 3 have found work elsewhere and one has gone to England for further training. This is a very gratifying result.

(ii) There are 12 student and 20 trade apprentices under training.

\* \* \* \* \*

1928-29.

## RIFLE FACTORY, ISHAPORE.

(i) The number of apprentices at present under training is as follows :

## Student Apprentices—

1st year	..	..	..	..	8
2nd year	..	..		..	8
				Total	16

## Trade Apprentices—

1st year				..	7
2nd year	..		..	..	6
3rd year	..		..	..	6
4th year	..	..	..	..	7
				Total	26

(ii) The Ex-Apprentices of previous years are employed as follows :

Outside the Rifle Factory				..	10
Not known	..		..	..	2
In England			..	..	1
In Rifle Factory				..	31
Died					1
				Total	45

Of the above, four completed their training during the year under review.

\* \* \* \* \*

1929-30.

## RIFLE FACTORY, ISHAPORE.

There are 54 apprentices of which 28 are student apprentices and 26 trade apprentices. Three lathes have been bought exclusively for use of apprentices ; the physical and chemical laboratories are now working ; a drawing class room, a mechanical laboratory and a lecture room are all being fitted up.

The apprentices have been very successful in the sports line and have won several trophies, they are taking up cricket and tennis.

47 students and trade apprentices have completed their 5 years and have found employment :

Ordnance factories and inspection					39
Outside employment (India)				..	5
England	..	..	..	..	2
Died after completion	..	..	..	..	1
* * * * *					



### APPRENTICESHIP TRAINING IN ORDNANCE FACTORIES.

170. (a) (i) and (iii). Yes.

(ii) The scheme aimed at imparting technical education from which not only the Factories but also India generally would probably benefit.

(b) and (c) Yes.

(d) Yes, in a number of cases.

### APPRENTICESHIP TRAINING IN ORDNANCE FACTORIES.

171. (a) I am afraid I do not know to what Committee the Honourable Member is referring. Sir Rajendra Nath Mookerjee was President of a Committee appointed by the Bengal Government in 1919 to co-ordinate the scheme of apprentice training in the Eastern Bengal Workshops at Kanchrapara with the Mechanical Engineering classes of the Sibpur College. The committee appointed by the Government of India in April, 1920, to advise them on certain matters connected with Indian Ordnance Factories had no connection with Sir Rajendra Nath Mookerjee's Committee.

(b) I have been unable to find this suggestion in the report of either committee.

(c) Does not arise.

(d) The answer to the first part of the question is in the affirmative. No apprentices from ordnance factories have so far undergone the continuation course referred to.

### PETITION FROM APPRENTICES IN THE RIFLE FACTORY AT ISHAPORE.

201. (a) and first portion of (b). Yes.

Second portion of (b) and (c). Please see the reply to question No. 102.

### TRAINING OF APPRENTICES IN THE RIFLE FACTORY AT ISHAPORE.

204. (a) I have seen the articles.

(b) No. The reasons are stated in the reply given on the 3rd February, 1932, to parts (a), (d) and (f) of the Honourable Member's starred question No. 114.

### REFUSAL OF DISABILITY PENSIONS TO CERTAIN DISCHARGED MILITARY MEN.

141. (c) and (d). I have examined 11 of the remaining 12 cases mentioned in part (a) and find that the individuals were discharged before the 1915 edition of A. R. I., Volume I, was superseded. The proceedings of the medical boards in accordance with whose reports the men were discharged are in most cases not available, but it must be presumed that their claims to pension were decided in accordance with the rules in force at the time. The re-examination referred to in part (b) of the Honourable Member's question was made with reference to Army Instruction (India) No. 1056 of 1922, with a view to its being ascertained whether the men were eligible for any pension under the new rules embodied in that Instruction and afterwards incorporated in the 1923 Regulations, and it was found that they were not. The question of allowing them to choose between the 1915 and 1923 Regulations, therefore, never arose.

### REFUSAL OF DISABILITY PENSIONS TO CERTAIN DISCHARGED MILITARY MEN.

144. There is no differentiation between British and Indian soldiers in this respect. Each case is decided on its merits.

## REFUSAL OF DISABILITY PENSIONS TO CERTAIN DISCHARGED MILITARY MEN.

145. The procedure for the submission of appeals (including appeals against orders on applications for pensions) is laid down in Appendix VII of the Regulations for the Army in India.

Appeals if received at Army Headquarters are usually returned to the applicant for submission through the commanding officer, who alone is in possession of all the necessary information. Occasionally appeals are forwarded direct from Army Headquarters to commanding officers for disposal. If there is reason to believe that some injustice has been done, the appeal is sent to the commanding officer for report. A commanding officer is not empowered to sanction pensions, but if he considered that there were no grounds for proceeding with an appeal submitted direct to him by a petitioner, he could withhold it.

## RATES OF MILITARY PENSIONS.

282. (a) Generally speaking the rates of pension admissible to military personnel were increased towards the end of and just after the war. These new rates were allowed to persons admitted to pension while the older rates were in force, if they were re-employed during the Great War and fulfilled the necessary conditions. The special powers of the Government of India to grant pensions not admissible under rule were enhanced in 1918, with the result that the monetary limit was raised from Rs. 10 to Rs. 25.

(b) I am not aware of any case of the nature which the Honourable Member has in mind, but it would be in accordance with the ordinary practice not to increase a pension once granted to an individual under the special powers vested in Government merely because those powers were subsequently enhanced.

(c) Not unless the individuals concerned fulfil the conditions under which an increase is admissible.

## PENSIONS OF CERTAIN MILITARY MEN INCREASED BY RE-EMPLOYMENT DURING THE GREAT WAR.

283. (a), (b) and (c). I have examined the case of Subedar Mam Raj and find that there is no documentary evidence to show that his re-employed service was of a satisfactory nature. As he was re-employed for only a month and a half and discharged before the end of the war, that service cannot be presumed to have been satisfactory. It may be added that his claim to re-assessment of pension was not submitted until 12 years after his discharge.

Havildar Sant Singh's case was under examination at Army Headquarters when notice of the Honourable Member's question was received in March last. No progress can be made with the examination in the absence of certain particulars which the military authorities have asked the havildar to supply.

## MILITARY PENSION CLAIMS.

286. (a) Yes, subject to certain conditions. Under paragraph 1041 the pensions of re-employed personnel should have been held in abeyance for the period of their re-employment. During the Great War, however, a rule was introduced under which re-employed pensioners were permitted to draw their pensions in addition to pay, but they were not allowed to count their re-employed service as additional pension-earning service.

(b) I have examined three of the four cases mentioned by the Honourable Member.

In the cases of Havildar Baz Khan and Sepoy Palto Khan, the answer to the Honourable Member's question is in the affirmative, but the entries were obviously made in error. Baz Khan was re-enlisted in December, 1917, and Palto Khan in July, 1917. The total service of each man was not sufficient to qualify him for a service pension, and the conditions under which they were re-employed did not admit of the grant of mustering-out concessions.

Gratuities were given to them on their final discharge.

There are no records to show that Sepoy Maman was promised a pension at the time of his discharge.

The case of Lance Naik Bodan Khan is still under examination.

(c) As regards paragraph 1077 of Army Regulations, India, Volume I (1915 Edition), the Honourable Member is referred to the reply given on the 9th March to unstarred question No. 147.

Note 4 to paragraph 591 of Pay and Allowance Regulations, 1923 Edition, shows that certain classes of pensioners (not family pensioners) had been given a choice between two rates of pension—one of which had been in force from 1907 to the 3rd August, 1914, while the other was introduced with effect from the 4th August, 1914.

The M. A. G.'s letter of the 20th January, 1932, was in reply to the appeal of an ex-driver who had not elected certain new rules but wished to be governed by them.

Government are not prepared to examine any claims not admissible under the rule as it now stands. A pension granted to the widow or mother of a deceased soldier is intended to provide to some extent, the means of support of which she has been deprived by the death of her husband or son : if she re-marries it must be presumed that she will be supported by her husband.

#### PRACTICE IN REGARD TO GRANT OF DISABILITY AND FAMILY PENSIONS.

284. (a) The Government of India are aware of only one case (that of a sowar discharged in 1918) in which an original medical board was silent on the point of attributability. A second medical board which assembled in 1930 attributed the disability to military service, although the only evidence available was the statement of the sowar. The benefit of the doubt was given to him and he was granted a disability pension. Any case in which a medical board was silent on the point of attributability, or was unable to express an opinion owing to the loss of documents or destruction of records, would be considered on its merits.

(b) There is no record of a pension in such a case having been given from the date of the casualty. Where strict proof of eligibility is not available the Government of India consider the case on its merits and, if it appears genuine and a compassionate grant seems justified, they sanction a pension under paragraph 202. Pension Regulations, with whatever arrears they consider desirable. The Government of India have to consider the tax-payer's interest as well as that of the individual concerned, and as the pension is primarily intended to maintain the pensioner in future, the payment of arrears may not be necessary. Where documents are not available through lapse of time, and no satisfactory explanation of delay is forthcoming, great care has also to be exercised to safeguard the State against fraud.

#### MILITARY DISABILITY AND FAMILY PENSION CLAIMS.

289. (a) and (b). I have examined nine of the ten cases mentioned by the Honourable Member.

In one of these cases Government are satisfied that death was attributable to military service and a pension will, if otherwise admissible, be granted to the claimant if it is established that none was granted to the nominated heir. In two other cases, one of death and one of disability, Government have given the claimant the benefit of the doubt. In the remaining six cases examined, I am satisfied that due regard was paid to the evidence produced by the claimants, and that the award of a pension would not be justifiable. One case is still under examination at Army Headquarters.

(c) I presume that the Honourable Member has in mind the instruction in which the Ministry advised medical boards that "to warrant a decision in the man's favour there should, in any doubtful case, be a *probability*, and not merely a *possibility*, that the disability was due to or aggravated by service".

## TIME-BARRING OF DISABILITY PENSION CLAIMS.

299. (a) I have been unable to find any declaration regarding pensions in the publication to which the Honourable Member refers.

(b) No, Sir. The latest date for the submission by British personnel of claims to Great War disability pensions was the 31st August, 1928.

(c) The cost of war pensions granted during the period of the War and up to the 31st May, 1919, has been treated as part of the settlement of outstanding war claims with His Majesty's Government and has been charged to Indian revenues. Great War pensions granted after that date are charged against the War Office. In view of the reply to (b) the second part of the question does not arise.

(d) Yes, but interested persons are also responsible for the prompt submission of their claims.

## MILITARY PENSION CLAIMS.

300. (a) Yes. Government are aware of the publications referred to.

(b) No : it is unnecessary.

(c) The answer to the first part of the question is in the negative. Medical Boards consist of highly qualified medical officers, who are fully alive to the points mentioned. Government are not aware that such a practice is in vogue in England.

## MILITARY PENSION CLAIMS.

302. (a) and (b). I have seen the communication mentioned in part (a) but have not been able to obtain copies of those mentioned in part (b).

(c) There is no question of statutory authority. The letters were undoubtedly issued in the interests of the ex-soldiers to save them unnecessary expense.

(d) In the Punjab and United Provinces there exist Soldiers' Boards in almost all districts which will advise ex-soldiers and investigate their claims without any charge. In addition, military officers are constantly touring and they investigate all cases represented to them. In view of these facilities, no special consideration is given to illiterate ex-soldiers whose claims are time-barred.

## MILITARY PENSION CLAIMS.

303. (a) *First portion*.—Yes.

*Second portion*.—Yes, but interested persons are also responsible for the prompt submission of their claims.

*Third portion*.—Government have no reason to believe that individuals have been deluded in the manner suggested.

(b) Government do not admit the existence of any need for redress.

## PAYMENT OF DISABILITY PENSIONS FOR MILITARY SERVICE.

1112. (b), (c) and (d). The provisions of the Royal Warrant referred to by the Honourable Member do not apply to Indian ranks of the Indian Army who are governed for the purpose of the grant of disability pensions by the post-war rules introduced in Army Instruction (India) No. 1056 of 1922. These rules contain no specific provision for the grant of pensions for the aggravation of disabilities, but that factor has always been recognised and a working rule has been adopted to cover it. There is therefore no necessity to amplify I. A. F. Y-1948. Disabilities coming within the working rule are viewed as "attributable to military service" and pensions and gratuities are granted accordingly. For this reason, there is no necessity to re-examine any cases of "aggravation".

(e), (f) and (g). There have been cases of this nature in which disability pensions have been awarded. But as they are infrequent, Government do not consider

it necessary to provide for them in the regulations. Administrative instructions showing how such cases are to be dealt with are already in existence. Any such cases which may be submitted to Government will receive consideration.

(h), (i) and (j). Cases where it is established that the cause of a disability is attributable to military service are considered with reference to the instructions referred to in the answer to (f), irrespective of the actual cause of discharge from the service; and where Government are satisfied on the point of attributability, disability pensions are admitted. It has not been considered necessary to make provision in this respect in the Pension Regulations for the reason given in the answer to (f); nor is any further or special action called for.

#### PAYMENT OF FAMILY PENSIONS IN RESPECT OF CASUALTIES IN THE GREAT WAR.

1114. (a) Yes.

(b) The specific case mentioned by the Honourable Member was one in which the local authorities were doubtful whether the applicant was the real or foster parent of the deceased sepoy as the latter had not stated at the time of his enlistment that his parents were alive. A foster parent is not recognised under the rules as an eligible heir for the purpose of family pension and hence inquiries were made regarding income, dependence, etc. Ordinarily no such inquiries are made.

(c) Does not arise.

**Mr. P. B. Rau** (Financial Commissioner, Railways) : Sir, I lay on the table :

- (i) the information promised in reply to starred questions Nos. 241, 242 and 243 asked by Khan Bahadur Haji Wajuhuddin on the 12th February, 1932; and
- (ii) the information promised in reply to part (b) of starred question No. 224 asked by Mr. Jagan Nath Aggarwal on the 12th February, 1932.

#### PRESSURE ON TICKET EXAMINERS TO INCREASE THEIR EARNINGS.

241. The earnings of travelling ticket examiners are carefully watched with a view to ascertain if the staff are doing their duty properly. If the earnings of any particular T. T. E. (or group of T. T. Es.) are markedly below the average, the Divisional Superintendent may consider an investigation necessary as to the cause, but no pressure is exercised on the staff to show high earnings.

#### RECOVERY OF FARES FROM SADHUS AND FAKIRS TRAVELLING WITHOUT TICKETS.

242. (a) Yes.

(b) An extract from a circular issued to the staff concerned by the Divisional Superintendent, Lucknow, is reproduced below :

“ In the case of mendicants and such like detected travelling without tickets, it would be more advantageous to detain them at the station of detection and turn them off the platform recovering, if possible, the fare, etc., due up to that point, than making them over to the police for realisation of our dues. The station staff should clearly understand that it is one of their important duties that such like men should not be allowed to come on to the station platforms unless they hold proper tickets.”

(c) and (d). All divisions, except Allahabad, issued similar orders. The Allahabad Division did not find it necessary to issue such orders, as the appointment by the Local Government of an honorary magistrate at Allahabad to try railway cases facilitated bringing before this magistrate persons found travelling without proper tickets who were unable, or had refused, to pay the fares due.

(e) Rs. 6,948-3-0 were recovered from *sadhus* and *fakirs* in cases placed before the Railway Magistrate, Allahabad, during 1928-29.

(f) The Agent, East Indian Railway, reports that the Administration is not aware of any attempt having been made by people to pose as *sadhus* in order to avoid the payment of railway fares, but every effort is made to prevent passengers entertaining without a proper ticket.

#### ACTION TAKEN AGAINST DEFAULTING TRAVELLERS.

*Reply to starred question No. 243.*

243. (a) and (f). Such orders were issued on two divisions of the East Indian Railway, but were subsequently cancelled under instructions from the Chief Operating Superintendent.

(b) Does not now arise.

(c) They are liable to be prosecuted under section 112 or 132 of the Indian Railways Act, 1890.

(d) None.

(e) The restriction was not quite justified but as indicated in reply to part (a) of this question, it does not now operate.

#### LACK OF NOTICE TO STAFF RETRENCHED IN THE OFFICE OF THE CHIEF ACCOUNTS OFFICER, NORTH WESTERN RAILWAY.

224. (b) Government understand that owing to a misunderstanding the Chief Accounts Officer of the North Western Railway did make such a restriction. This has since been withdrawn.

#### RESOLUTION RE STATUTORY INQUIRY INTO THE WORKING OF THE TATA IRON AND STEEL WORKS.

**Mr. Amar Nath Dutt** (Burdwan Division : Non-Muhammadan Rural) : Sir I move :

“ This Assembly recommends to the Governor General in Council that at the forthcoming Statutory Enquiry under Section 3 of Act III of 1927, the following be included among the points to be investigated and reported upon by the Tariff Board in regard to the working of the Tata Iron and Steel Works, Jamshedpur :

- (i) what proportion do the total assets of the Company bear to the aggregate value of the protection so far enjoyed by it by way of bounty and tariff, together with the value of the various concessions, such as reduced railway freight for raw materials and manufactured products, enjoyed by the Company ever since it started its operations ; and whether in view of the large contributions thus made by the State and the people towards the maintenance of this firm, some amount of supervision and control should not be assumed by Government over its management in the event of the policy of protection being further continued ;
- (ii) whether and how far the process of Indianisation is being carried on, and how far this policy has succeeded in finding employment for the best talents in the country, and whether there has been any favouritism at the cost of efficiency ;
- (iii) what relations have subsisted between the firm and the labour employed by it ;
- (iv) whether and to what extent the purchase of raw materials and machinery is being conducted on economic lines ;
- (v) whether and to what extent the sale of finished materials, semi-finished materials and scrap and rejected materials are being carried on in the best interests of the Company and consumers in India ;

[Mr. Amar Nath Dutt.]

- (vi) whether the sale policy of pig iron is conducive to the best interests of the country ; and
- (vii) whether the management has rendered every possible assistance to subsidiary and dependent industries, directly and indirectly, so as to help in the growth and expansion of such industries, and particularly to eliminate the necessity of protection to those subsidiary concerns that may now be enjoying it."

Sir, the Resolution which I beg to place for consideration of this House will, I think, appear to every reasonable man and every one who is interested in the welfare of India as not only a very fair one, but also a non-controversial one. I think, on a Resolution like this, not only the Government and the people of this country will see that it is a very fair Resolution, but those who are interested in the firm itself will see that it is in their best interest. Sir, Act III of 1927, which extended protection to the Tata Iron and Steel Company at Jamshedpur, provides a section, namely, section 3, which reads as follows :

"The Governor General in Council shall, not later than the 31st day of March, 1934, cause to be made by such persons as he may appoint in this behalf an inquiry as to the extent, if any, to which it is necessary to continue the protection to the steel industry in British India and as to the manner in which any protection found necessary should be conferred."

Sir, previous to this, in the year 1924, the first protection was granted to the Tatas. Then, three years later, when that protection was to be continued, it was settled that another seven years' protection ought to be granted and, if necessary, that protection may be continued afterwards, after a thorough inquiry, whether such protection is needed in the best interests of the country. In this connection, Sir, I must first point out that I am not an economist myself, but the circumstances are such that any one who may not know the science of economics can lay down broad propositions which will be acceptable to economic experts as well as to the lay public. The principle is this that if you want to protect a particular industry either by bounties, or raising tariffs or granting concessions over State Railways for carriage of goods, it is indirectly taxing the people of the country ; and when you indirectly tax the people of the country, you have to see whether it is for the benefit of the very people themselves that such protection should be granted. That is a principle which, I think, any one can enunciate, whether he is an economist or not. That being so, when the first Bill was introduced in the year 1924, there was some controversy whether or not this protection should be granted. It was dinned into our ears,—and my friends who were in the Assembly at that time will bear me out,—we were given to understand that protection to an industry like this is needed in the best interests of the country. And what were the interests likely to be benefited by the protection being given to Tatas ? It was given out to us that a time may come when we may not have to import iron and steel goods from abroad and India may have to depend upon its own material. These were the things which were dinned into our ears by those who pleaded for protection. Then, again, it was said that the industry is a basic industry which will feed many a subsidiary industry, for instance, agricultural implements and other things ; and though Indians may have to pay a little more than what they might have paid had there been no protection, in the long run they will be benefited by having these products at home at cheaper prices. These are no doubt very laudable aims with which the protection was granted. Now, Sir, the year 1934 is fast

approaching and I do not know whether or not they will come to this Assembly with a prayer for protection ; but as it is likely that they may come, it is necessary that in the forthcoming statutory inquiry there ought to be an investigation as regards the working and management of this concern and the materials should be placed before the public so that they may be convinced that it has been carried on in the best interests of the people, that it has helped in the growth of subsidiary industries and concerns, that it has helped the agriculturists and that the poor have been benefited by this protection. Sir, the first point which my Resolution mentions is the amount of the protection which has been given to this firm and in what shape. Bounty to the extent of about a crore,—of course I am not sure about the exact figures, but it will be something like a crore, although it may be a little more or less,—was granted. Then, again, there was a duty of Rs. 37-8-0 per ton imposed on imported iron goods as also various other concessions such as reduced railway freights, etc. If we remember the total needs of India in iron goods, we find that the total need of the people is about 13 lakhs of tons. Of these only four lakhs are produced by Tatas and the rest, *i.e.*, nine lakhs, comes from abroad still, some from the Continent and some from the United Kingdom. A duty of Rs. 37-8-0 per ton means that the country has suffered to the extent of one crore and fifty lakhs a year for these four lakhs of tons of iron goods produced by Tatas. Add to this the bounty that was paid as also the reduced railway fares and that railway line to Garumahishani which does not pay itself and runs for about 40 miles in length. Add all this, and that is the total we have been paying for the last ten years.

**An Honourable Member :** What is the amount in all ?

**Mr. Amar Nath Dutt :** A crore and a half yearly in the shape of tariffs ; besides that there was a bounty of about a crore, and then these reduced railway fares and concessions which would amount to about 2 or 3 crores. I think my Honourable friend over there, the Financial Commissioner for Railways, can give us a better estimate of the losses to the Railways over these various concessions given to Tatas. Be that as it may, we may take it roughly that Indian taxpayers have been paying about 5 crores of rupees a year in order to maintain this industry. We have to see whether this payment of 5 crores from the pockets of the poor Indian taxpayers has benefited them to the extent which was dinned into our ears at the time of giving protection that they would be benefited. Even if it is shown that in the near future the poor taxpayers will be benefited, I will not grudge protection ; but nobody can deny—neither the Government nor the tax-payers whose representatives we are, nor the directors of the company themselves can deny—that it is in the very interests of the directors and of the people and of the Government that a sifting and thorough inquiry should be made whether the concessions should be granted in expectation of future benefits that may or may not accrue. I demand a statutory inquiry and if it is shown that the poor tax-payers have really been benefited, I would not grudge this amount to the Tata Iron and Steel Company. The Company, I find from their latest report, has a capital of about 10½ crores of rupees. Besides that they have mortgage debenture loans ; and for these debenture loans I presume the whole machinery and everything connected with this industry are mortgaged. I do not think it can be said that there is no mortgage, because I find that there is a first debenture stock and then there is a second 8 per cent. mortgage debenture stock ; and it is a fact that this debenture loan has not been paid off as yet and arrears of in-



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terest are already accumulating. I am told that arrears are accumulating on second preference shares. Whether arrears are accumulating on debentures or on second preference shares, it is a liability which the industry will have to pay. It makes very little difference to the poor Indian taxpayer whether the liability is in the shape of interest on debentures or in the shape of interest on second preference shares. My submission is that we must have a thorough knowledge of the finances of this company and whether it is being run on economical lines or not. This is a thing which no body can deny and it is in the best interests of the directors also. That being so there can be no objection to the first part of my resolution which I have already read out before this House.

Then, my second point is whether and how far the process of Indianisation is being carried on and how far this policy has succeeded in finding employment for the best talents of the country and whether there has been any favouritism at the cost of efficiency. I am not here laying any charge at the door of the management that they have not been Indianising or that they have been sacrificing the best interests of the country in order to carry on favouritism ; but what I say is that there is a lurking suspicion in the minds of many of us who have some knowledge of the working of the concern and who have visited the area that salaries are not what they ought to be. People have been employed not on the basis of efficiency but on other grounds. I shall be very glad if this impression is removed and that can only be removed by a thorough inquiry into the management of the company. I am aware that some of these officers are paid the salaries of Governors and Viceroys.....

**An Honourable Member :** That is a very old story.

**Mr. Amar Nath Dutt :** I am told that it was more than that of a Viceroy at first. It may be that we have to indent foreign experts at a very high price ; and if it is necessary to do so in order to run the concern, certainly no one will grudge it. But I think in any inquiry that has to be made these facts ought to be shown before those who may be entrusted with the statutory inquiry, so that the people at large may know that salaries are not unduly high and that the officers are being employed on the basis of merit. Without levelling any charge of mismanagement or inefficiency I beg to submit that this ground also will appeal to the directors as well as to the Government.....

**The Honourable Sir C. P. Ramaswami Aiyar** (Member for Commerce and Railways) : Before my Honourable friend moves away from (i), do I understand him to say that he insists on supervision and control being assumed by Government ? I did not hear what he had to say on that.

**Mr. Amar Nath Dutt :** If the Government think that they should assume supervision themselves in any way that they can best safeguard and protect the interests of the poor taxpayers, then they should do so. I am not particularly fond of Government intervention.

My third point is that what relations have subsisted between the firm and the labour employed by it. This is a question which can best be dealt with by my honourable friend over there. I think he might have some knowledge of the happenings of the three strikes within the last ten years, in 1920, 1922 and 1928. But what I am concerned with is that labour conditions should be such as would be in the best interests of the poor people who are dragged away from their hearths and homes

to these places. Besides there is another aspect. It is in the best interests of the company that there should be no strikes, for the last strike, I am told, cost the company about a crore of rupees. I am told by Mr. Dumasia that it was more than that. Whatever may be the amount, we have also to look to this and remove just grievances which my Honourable friend, Mr. Joshi, will place before the statutory committee in order to have a contented labour in the best interests of the industrial concern...

**Mr. B. Das** (Orissa Division : Non-Muhammadan) : Can you ever have a contented labour ?

**Mr. Amar Nath Dutt** : Of course if the labourers demand pocket money of Rs. 100 a day, it will be impossible to satisfy them.

**Sir Cowasji Jehangir** (Bombay City : Non-Muhammadan Rural) : They are not the only people who demand pocket money of Rs. 100 a day.

**Mr. Amar Nath Dutt** : There are others, I know. They may be better described than named. So, Sir, I strongly hold that the best interests of this concern as that of any industrial concern lie in having a contented labour, and I therefore think that there should also be an inquiry made into this question. I am told that labour at Jamshedpur is better housed and better paid. If that is really so, then certainly it is a matter for congratulation, and the directors should certainly welcome an inquiry into that point.

My fourth point is whether and to what extent the purchase of raw materials and machinery is being conducted on economic lines. Sir, attention was drawn to certain affairs of the company to this point by an Honourable Member of this House in the year 1930, and I may crave the indulgence of the House to read a few lines from the speech of my friend Pandit Nilakantha Das which he delivered on the floor of this House, and that will convince the House that an inquiry on this point also is very necessary. It is at page 1907 of the Legislative Assembly Debates of Tuesday, 18th March, 1930.

“ Steel billets are purchased by the Tatas from Europe at a cost of Rs. 95 per ton, whereas they sell pig iron at Rs. 36 to Rs. 40 per ton in foreign countries. This is a curious industrial phenomenon. They have got an arrangement with the Tin-Plate Company for steel-sheets and bars and these tin-sheets and bars are prepared out of these billets purchased at Rs. 95 per ton, but the tin-sheets and bars are sold at Rs. 84 per ton. The State has got an arrangement for the purchase of rails and probably steel sleepers at Rs. 110 per ton. An English company pays Rs. 84 per ton whereas we tax-payers pay Rs. 110 per ton as price for the finished products of the Tatas. Steel joists and other finished products are sold to the Indian consumer at the rate of Rs. 130 per ton.”

It is necessary, Sir, that the allegations made here should be investigated, and whether the charge that was levelled against the company by a responsible Member of the House is correct or not.

Then, Sir, my fifth point is whether and to what extent the sales of finished materials, semi-finished materials and scrap and rejected materials are being carried on in the best interests of the company and consumers in India. With reference to this point, I shall, with your permission, again quote a few lines from the speech of my Honourable friend Pandit Nilakantha Das which he delivered on the same day on the floor of this House. Here I may remind the House that at that time a very esteemed director of the company, Sir Purshotamdas Thakurdas, was present on the floor of the House, and it was before him that all these allegations

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were made and they were not refuted. By that I do not mean to imply that these allegations are correct, but I submit, Sir, Honourable Members should see whether those allegations are true or not.

**Mr. B. Das :** My Honourable friend should remember that the Honourable Mr. Patel ruled that the directors concerned in the Tata concern or any other industrial concern should not vote or take part in the proceedings. My friend, Sir Purshotamdas Thakurdas, is not present here to-day, and it is not graceful to drag in his name and say that he did not refute those allegations.

**Mr. Amar Nath Dutt :** It seems, Sir, my friend who had his education in an engineering concern has more knowledge of constitutional procedure than a lawyer, and can make out a distinction without a difference.

**Sir Cowasji Jehangir :** What are your own views? Let us hear them.

**Mr. Amar Nath Dutt :**

“ The Sales Department sells all scrap, that is second class products, to a private firm, not by public auction or by public tender, but by private arrangements.”

I should like the statutory inquiry committee should enquire into this matter and see whether this charge is correct or not. If such a charge has been made, it is the duty, I think, of all those who are concerned with the management of the company to show that it is not correct, and in any case the statutory inquiry committee should satisfy themselves after due inquiry whether the allegation is true.

Then, Sir, my sixth point is about the sale policy of pig iron, that is to say, whether the sale policy of pig iron is conducive to the best interests of the country. With regard to this point, Sir, I am afraid I shall again have to trouble the House by quoting a few more lines from the speech of my friend, Pandit Nilakantha Das. This is what he said :

“ Now there is a combine of three firms, including the Tatas, for selling pig iron to the Indian consumer at an abnormally high fixed price. Tatas have no option to take a reasonable price, even if they desired. I do not know why the Tatas went to enter into this combine. Combine is a commercial term. It is something like an arrangement among the members of the combine themselves that they will sell pig iron at a certain rate to the Indian consumer. The Tatas, who sell very little of their pig iron in this country, have come to join this combine with the Bengal Iron Company and the Indian Iron and Steel Company, Limited.....”

**Mr. Bhuput Singh (Bihar and Orissa : Landholders) :** May I know if these two companies are English or Indian?

**Mr. Amar Nath Dutt :** They are practically English concerns.

**Mr. President (The Honourable Sir Ibrahim Rahimtoola) :** The Honourable Member has got only one minute more.

**Mr. Amar Nath Dutt :** Very well, Sir. My last point is that the subsidiary and dependent industries should be helped. With reference to this point, Sir, I am told that several of these small concerns have gone into liquidation, because sufficient help was not given to them by the management of Tatas; on the other hand, it would seem that obstacles were placed in the way of their expansion. That being so, I feel it is our duty on the floor of this House to demand of the Government when we pay five crores a year, and when we have paid this concern more than the paid-up capital of the company, it is our duty to see that all these

defects and shortcomings, whether they exist or not, should be inquired into in the best interests of the country.

**Mr. Bhuput Sing :** Sir, I beg to move :

“ That for the original Resolution the following be substituted :

‘ This Assembly recommends to the Governor General in Council that the Committee when appointed for the purpose of statutory enquiry as laid down in section 3 of Act III of 1927, may be asked to enquire as to how far the Tata and Steel Works have achieved the object of the protection granted to it since 1924 and also to enquire how far they have succeeded to help the subsidiary Indian industries and cottage industries, the development of which depended solely on the better working and management of the parent industry ’.”

**Mr. B. Das :** May I enquire if all these amendments are going to be moved by the different Members and thereafter a full discussion will take place ?

**Mr. President** (The Honourable Sir Ibrahim Rahimtoola) : The procedure that the Chair proposes to adopt is to allow the whole case to be put before the House, so that it may be fully considered. If only one amendment is allowed at a time and discussion takes place only on that amendment, then the matter will be unduly prolonged. If, however, there is any general feeling in the House that the procedure of only one amendment at a time should be adopted, the Chair would consider it.

**Sir Hari Singh Gour** (Central Provinces Hindi Divisions : Non-Muhammadan) : May I suggest that all the amendments should be moved and then discussion should take place on the whole subject ?

**Mr. President** (The Honourable Sir Ibrahim Rahimtoola) : That is what the Chair proposes to do.

**Mr. B. Das :** It would be better if Honourable Members who take interest in the matter could come to an agreement on one amendment.

**Mr. President** (The Honourable Sir Ibrahim Rahimtoola) : The Honourable Member ought to know that the Chair cannot help him in that matter.

**Mr. Bhuput Sing :** Sir, after what had been said by the Honourable the Mover of the original Resolution, there appears to be very little ground left to me to cover. But the debate on this motion is of so much vital interest to the poor consumers as well as to the future development of steel and its concomitant subsidiary industries dependent on the Tatas' basic industry that I will be failing in my duty if I give my silent vote on this Resolution. Sir, when protection is given to an industry in its initial stage, it is always with the idea of giving some aid to cope with unfair competition from outside, but, at the same time, there is always a tacit understanding, between the consumers of the country paying the bounty and the owners of the industry getting that bounty, to the effect that the industrialists will make their utmost endeavour to make themselves self-supporting within the shortest possible time for weathering outside competition. In order to achieve this object, it is the bounden duty of the industrialists to run the concern in the most economical way. But, Sir, to our utter surprise we find that the bounty-fed Tatas is being run on such a line that as soon as the protection is withdrawn, the foreign debenture-holders may grab the whole concern which we are falsely claiming to be our national concern. Sir, I am surprised to find that after these eight

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years of spoon-feeding of the Tatas the industry has not attained even boyhood, not to speak of manhood. It is no wonder if, after so many years of bounty, the Tatas could not put their house in order and the poor consumers would become a little restive for a public enquiry into its working. I may mention in this connection that a few years ago Pandit Nilakantha Das, a Member of this House, made certain allegations against certain I. C. S. men of the well-known steel frame, who were manipulating the sales of the Tata products in such a way that the Tatas may not stand even a single year if the bounty is withdrawn, so that the interest of the British steel concerns may be best served for flooding the Indian markets with their products through the backdoor help of Imperial Preference. I admit that those steel-frame officers have been removed, but the concern is being run on the same lines by a handful of relatives and favourites of the managing agents, who only care for their personal gain, irrespective of the fact whether the concern lives or dies.

Sir, we being representatives of the taxpayers, who are asked to pay for the bounty, have got every right to demand a statutory enquiry envisaged in section 3 of Act III of 1927. It is an accepted principle all over the world that the scholarship to be awarded to a scholar must be granted to a student who deserves such help and who would serve his country in later life when he becomes a genius with the help of such scholarships. I make bold to say that the bounty given to the Tatas is just as good a scholarship and we have every right to see how far the Tatas have progressed with such scholarship. Before I conclude I may say that, though I have got any amount of materials for proving as to how the sales of Tata products are being manipulated to the detriment of the cottage and subsidiary industries, in order to make this Resolution a non-controversial one, I do not wish to go into those details which will be produced before the enquiry committee when appointed, unless the Tatas improve their affairs in the meantime.

Sir, as the original Resolution goes into the details as to how the enquiry should be held, I do not agree to fetter the discretion of the committee to be appointed for the said enquiry from now. Moreover, Part I of the Resolution wants to vest some amount of control in the Government, to which I, as a representative of the people, can never agree so long as the present system of bureaucratic Government continues. But at the same time I am convinced that some public enquiry is needed, as the present policy of the Tatas is practically killing all our subsidiary and cottage industries. In this connection I have got some telegrams which if you will permit I shall read to the House.

I have received a telegram from the *Calcutta Iron Merchants Association* urging thorough enquiry into Tatas' working and a reduction of protective duty. The *British Indian Association* wires for Government's investigation into Tatas' affairs. The *Bihar Chamber of Commerce* telegraphs for enquiry into Tata Steel Company's selling policy and Indianisation before further help is granted.

Sir, with these few words, I move my amendment.

(Haji Chaudhury Muhammad Ismail Khan was called on to move his amendment, but he was absent.)

**Mr. S. C. Mitra** (Chittagong and Rajshahi Divisions : Non-Muhammadian Rural) : Sir, I beg to move :

“ That for the original Resolution the following be substituted :

‘ This Assembly recommends to the Governor General in Council that, when the statutory enquiry laid down in section 3 of Act III of 1927, regarding the Tata Iron and Steel Works is held, the Committee to be appointed for the said enquiry may be so constituted as to consist, at least, of three elected members of this House, one elected member of the Council of State, one representative from the labour organisations in Tatanagar and one representative of the Tata Subsidiary Concerns, and that the terms of reference to the said Committee should include amongst others the question as to how far the main object of giving protection to this basic industry since 1924 has succeeded in the fostering and development of the subsidiary industries and also how far the Tata Iron and Steel Works have attained stability by the said protection.’ ”

Sir, no doubt the Tata Iron and Steel Company is a limited liability company, but it is also a great national institution. I think there is hardly any Indian in this House who will not wish all success and prosperity to this great company. It is also admitted that in the case of a key industry like the iron and steel industry, every effort should be made to develop all such concerns in India. On this industry certainly depends multifarious other subsidiary industries and we are all anxious that this great concern may flourish. When India, some years before, accepted the principle of discriminating protection, we certainly thought that all those industries that had potentialities for the future should have protection even at the apparent greater cost for the consumers for the time being. So there is no question about giving protection to this industry, but, as I go through the particular Act, I find that it was thought at that time that by another period of seven years, that is, by the year 1933-34, the time will have been reached when this company may not require any further assistance by way of protection and the reason of such expectation was mainly based on the fact that with larger scale production with new kinds of machinery, there will be less cost, particularly because the cost of labour and the price of coal, which constitute the main elements of this industry, have gone down and it was expected that this artificial propping up by means of protection may not be required for a very long time. It was with that view that in the Act itself, in section 3, it is provided that the Governor General shall not later than the 31st day of March, 1934, cause to be made, by such persons as he may appoint in this behalf, an inquiry as to the extent, if any, to which it is necessary to continue the protection of the steel industry in British India and as to the manner in which any protection found necessary should be conferred. So it is not necessary for any Resolution here, in this House, to ask for an inquiry. That will come as a matter of course. I have tabled this amendment to Mr. Amar Nath Dutt's Resolution, because I could not agree with him on some of the points he has raised, particularly in clause 1 where he suggests that some amount of control and supervision should be assumed by Government over the management of the company. There are some other points also on which I do not fully agree with him.

**Mr. N. M. Joshi** (Nominated Non-Official) : Are you against supervision ?

**Mr. S. C. Mitra :** I do not want any control from Government in the management of this great national industry.

**Mr. N. M. Joshi :** But it is a national Government ?

**Mr. S. C. Mitra :** When it will be a national Government, I shall revise my opinion but, in the meantime, I do not subscribe to the views of my friend, Mr. Amar Nath Dutt. In my Resolution I merely suggest that the Government in setting up the statutory inquiry, as is contemplated in section 3, will see that there are representative men, if possible from this House, also representation of labour and representation of the subsidiary industries which depend for their maintenance on this big concern. I think the Mover of the motion will not be far against this opinion, because I do not think he is very much anxious for each of the items of his Resolution but for the general purpose of his Resolution, namely, that it should be a comprehensive inquiry and I do not think that he has any idea of casting any aspersions on the management or of suggesting that it is run inefficiently. But there is no doubt that there was some public opinion in Bengal and I have received several telegrams from influential people from Bengal. I shall read them. One is from the Secretary of the Indian Association who says :

“ Indian Association strongly supports Resolution urging inquiry into the working of Tata Iron Works.”

Another is from Mr. Mujibar Rahman, Editor, *Mussolman*, who says :

“ Amarnath Dutt's Resolution connection working of Tata Iron and Steel Works has my whole-hearted support.”

Another is from Nazir Ahmed Chaudhury, Editor, *Mohammadi*. The others are from the Secretary, Iron Founders Association, Mr. Nasiruddin, Editor, *Saogat*, Mr. Santosh Kumar Mallick, President, Calcutta Iron Merchants Association and another from the British Indian Association. I have received a telegram quoting from the *Amrita Bazar Patrika*. Another is from Mr. Lal Mohan Ghose, representing dealers in iron and steel, who says that Tatas are now doing their best and that it is really not necessary to press for the enquiry, because they expect it will be all right in future. Now, Sir, it is perfectly true that there has been some public opinion about the working of this company in Bengal and I am glad to say that it has greatly subsided since the appointment of Mr. Dalal as Managing Director, because I have heard from the representatives of several associations who have approached me to discuss this matter that they are getting far better hearing and treatment from the new Managing Director. So what I now suggest is that when there is going to be an inquiry, let it be on a broader basis and, if possible, public men should be included as members of that committee. I fully agree that in an industry like the iron and steel industry, which is a key industry, it may be necessary to give protection for a very long time, but every endeavour should be made that the sacrifice on the consumers may be minimised to the least. I hope the Government will not take the point of view of opposing this Resolution, in its spirit. It may be, the wording is not happy. I do not even insist that my amendment should be accepted in its present form, but what I expect from Government is that the spirit of this Resolution may be accepted. Sir, I move my amendment.

**Mr. Nabakumar Sing Dudhoria** (Calcutta Suburbs : Non-Muham-  
 madan Urban) : Sir, I beg to move the amendment that stands in my  
 name and which runs thus :

“ That in clause (i), for the word ‘ Government ’ the words ‘ the Central Legis-  
 lature ’ be substituted.”

Sir, there is no gainsaying the fact that for some time past the  
 1 P.M. affairs of the Tata Company, both as regards its manage-  
 ment and general administration, have been the subject  
 of considerable public comment in the country. To assist them to get  
 on properly with their business, measures of protection and bounty were  
 afforded at the cost of Indian taxpayers, but they have not conducted  
 their affairs in such a way as to render those measures any longer justi-  
 fiable and entitled to popular support and sympathy. (*Voices* : “ Louder,  
 please.”) Sir, my information is that the subsidiary and cottage indus-  
 tries, which have to depend so much upon the parent industry, carried on  
 by the Tatas, have not been properly fostered by them.

**The Honourable Sir C. P. Ramaswami Aiyar** : Did I hear the  
 Honourable Member aright ? Did he say “ subsidiary and cottage  
 industries ” ?

**Mr. Nabakumar Sing Dudhoria** : Yes. This sort of apathy and  
 neglect on the part of the Tatas has created a most regrettable state of  
 things and the subsidiary and cottage industries have consequently all  
 come upon evil times. It is apprehended that lakhs and lakhs of rupees  
 will be lost if the attitude of the Tatas with regard to these industries  
 does not improve betimes. The Resolution of the Honourable the Mover  
 indicates only a few of the many ways in which the statutory inquiry, to  
 which the Tatas are committed, is to be carried on. To my mind, the  
 Honourable the Mover has done a great service both to the Tatas and the  
 Government by suggesting some of the lines of the proposed inquiry, as  
 his proposals render easy the task of the Government on the one hand,  
 and afford the Tatas a timely notice to get themselves ready to face the  
 inquiry on the lines suggested, on the other. Sir, another matter to which  
 I should refer in this connection is that since my arrival in Simla last  
 week-end, I notice that there has been going on a persistent agitation on  
 behalf of the Tatas to vote down this Resolution which is quite well-  
 meaning and harmless. Emissaries of the Tatas have come all the way  
 from Tatanagar to do the propaganda with that end in view.

**Sir Cowasji Jehangir** : Sir, on a point of order,—it is very difficult  
 to hear the Honourable Member. If the Honourable Member will only  
 speak up if he has any allegations to make, that is very important ; other-  
 wise, if he does not make any allegations, we do not mind not being able  
 to hear him.

**Mr. Nabakumar Sing Dudhoria** : It is also my information that  
 those emissaries have tried their utmost to interest the Honourable Members  
 in their cause by distributing among them pamphlets and leaflets in-  
 troducing matters which are entirely foreign to the present Resolution  
 and are not intended for the information of the Honourable Members at  
 this stage. Sir, such conduct on the part of the Tatas’ representatives  
 serves only to betray their extreme uneasiness and apprehension in the  
 matter, as the Honourable the Mover’s Resolution does not forestall any  
 adverse conclusions against them and is not intended at this stage to



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censure them in any way. (*Voices* : "A little louder, please," "We can't hear you.") Sir, again, it was in this Legislature that the protection to the Tatas was agreed upon ; it was in this Legislature that the bounty was decided upon ; it was on the recommendations of this Legislature that Government patronage has been extended to them. Sir, it is then quite in the fitness of thing...

**Mr. Jehangir K. Munshi** (Burma : Non-European) : On a point of order, Sir, cannot the Chair afford us protection against manuscript eloquence ?

**Mr. President** (The Honourable Sir Ibrahim Rahimtoola) : Will the Honourable Member please repeat his point of order ?

**Mr. Jehangir K. Munshi** : May I appeal to the Chair to afford protection against manuscript eloquence ?

**Mr. President** (The Honourable Sir Ibrahim Rahimtoola) : The remedy is in the hands of the House itself. If they want the Chair to prohibit manuscript eloquence, they should move in the matter and get the House to decide the point.

**Mr. R. S. Sarma** (Nominated : Non-Official) : On a point of order, Sir, when the speech is so inaudible, can we not take it that the speech be taken as read ?

**Mr. President** (The Honourable Sir Ibrahim Rahimtoola) : The Chair has no authority to regulate the audibility of the voice of an Honourable Member.

As the Honourable Member, Mr. Sarma, says that the House is not able to hear the Honourable Member Mr. Dudhoria's speech, will he make an effort to speak a little more loudly ?

**Mr. Nabakumar Sing Dudhoria** : Sir, it is then quite in the fitness of things that this Central Legislature should play the principal part in the forthcoming statutory inquiry into the Tatas. It is for this reason only that I have suggested the substitution of the words "Central Legislature" in place of the word "Government" in clause (1) of the Resolution. Sir, with these words I move my amendment.

**Mr. R. S. Sarma** : Sir, if I rise, it is not for the purpose of opposing this Resolution of my Honourable friend, Mr. Amar Nath Dutt, but to throw a little light on the genesis of this Resolution. The Honourable the Mover of this Resolution opened his remarks this morning by saying that it is a very innocent, patriotic Resolution which all Indians should support. I should like respectfully to point out, Sir, that this Resolution is not the innocent, simple and well-meaning thing that it looks on the surface. Lest there should be any impression that this Resolution has the support of a large number of non-official Members on the other side of the House as most of them have put their signatures to this, let me at once tell the House that some Members themselves have confessed to me that they put down their signature to the Resolution without even reading it.

**Mr. Lalchand Navalrai** (Sind : Non-Muhammadan Rural) : Do you support it or do you oppose it ?

**Mr. R. S. Sarma :** I am coming to that. If you follow my speech, you will understand that I am rather inclined to support the proposal for a statutory inquiry contained in the Resolution whilst stoutly opposing the implications contained in it. Sir, the Rules and Standing Orders that govern the procedure of this House prevent any Member from attributing motives. The Honourable the Mover of this Resolution has recently sustained a great domestic bereavement and I offer him my sympathies here and I do not want to say anything which may wound his feelings. Let us, therefore, assume that he and others, who have supported this Resolution and who are asking for Government control over this industry, have been actuated by the highest and the most laudable motive that an industry which has received so much help from the State should follow, in its working, a policy which, while it is conducive to its own benefit, must not militate against the best and the highest interests of the country. Let us assume that ; but at the same time, if we inquire into the genesis of this Resolution, we will find it difficult to escape from the suspicion, that neither any love for Labour nor any love of Indianization nor any anxiety for the future prosperity of this great industry which is at the bottom of this Resolution, but the inspiration for this Resolution has emanated from an ignoble quarrel between the great institution of Tatas and another subsidiary industry—an industry whose existence was made possible by the generosity and the facilities afforded by the Tatas and whose kindness this subsidiary industry is now seeking to repay by following a policy of perpetual, petty pin-pricks. Mr. President, by the very magnitude of their conception, and the greatness of the undertakings and the manner in which they have to execute these undertakings, those who are in charge of this great, stupendous concern have often been the target of public criticism in this country ; and when, owing to circumstances beyond their control, they had to ask for and get Government support in order to enable this great key industry to tide over a difficult crisis, these public criticisms became more frequent, and more virulent. And for these subsidiary industries at Jamshedpur any stick is good enough to beat the Tatas with. Jealousy at the great achievement of the Tatas and chagrin at their own disappointment have combined to create in Jamshedpur a situation which, while it should be most annoying to Tatas, would, I am sure, not affect them in the late. But the limit is reached when by a series of machinations and manœuvres the authority of the supreme Legislature in the country is sought to be exploited not for the purpose of ventilating real grievance but for the purpose of assailing the Tatas in order to make it impossible for them to carry on their great national undertaking.

Sir, coming to the text of the Resolution itself, it contains many issues, relevant and irrelevant to the inquiry that is going to be held next year. I may say this that clause (vi) will give a clue to the real nature of the onslaught. It is not anxiety to improve the lot of Labour in Jamshedpur, it is not anxiety to hasten the process of Indianization which is at the back of the mind of the Mover, because I shall presently prove to the House on unimpeachable authority that the Tatas have done wonderfully well into the matters. The present fight is but an echo of the old quarrel between the Tatanagar Foundry in its various incarnations and the Tatas regarding the abolition of the revenue duty

[Mr. R. S. Sarma.]

on pig iron. The battle between these two firms on this particular question was won and lost when the Tariff Board definitely said that the abolition of this particular duty on pig iron, far from being conducive to the benefit of the subsidiary industry, would be detrimental to the scheme of protection that they were themselves recommending. With regard to the sale policy of the pig iron combine, the Tariff Board said, after an exhaustive inquiry, that any policy other than the one that was pursued by the Tatas would bring the profits to a point below that assumed by them for the purposes of their scheme of protection. They, however, recommended that this particular question may be taken up when the next statutory inquiry was held, and it is to set the stage for that inquiry that this Resolution has been tabled and this agitation has been started.

Sir, the Honourable the Mover of this Resolution also said that an inquiry should be held with regard to Indianization and the conditions of labour in Jamshedpur. Probably the Honourable the Mover forgets that when any big industry applies for and gets help from the Tariff Board, these questions are invariably gone into and they did go into these on the last occasion. I may say at once on these two matters the opinion of the Tariff Board is very much in favour of the Tatas. They say with regard to labour conditions :

“ Throughout our enquiry we have kept in mind the importance of securing satisfactory labour conditions in the industry. With this object in view we have inspected both the works and the town of Jamshedpur and we are satisfied that the arrangements made by the Company in this respect are not merely adequate but compare very favourably with those of other industries in India.”

Then with regard to the Indianization they say :

“ In regard to the superior staff, the Tata Iron and Steel Company has consistently followed a policy of replacing Europeans and Americans by qualified Indians. The progress made in the last three years is shown by a comparison of the numbers of covenanted employees.”

In these two matters they have given their opinion definitely. Lest there may be an impression that this was done so many years back, there is the evidence and the testimony of the Labour Commission. Coming, then, to the first part of the . . . .

**Mr. B. Das :** Is not the report of the Tariff Board an antiquated document ?

**Mr. R. S. Sarma :** That is the reason why I have said that lest there may be an impression that the report of the Tariff Board is an antiquated document, there is the testimony regarding these two matters of the Labour Commission. With regard to the first part of the Resolution itself, I must most respectfully say that it should not go unchallenged because it seeks to nullify the principles that the Fiscal Commission and the Tariff Board have laid down. It appears to me that the Honourable the Mover wants to introduce communism and socialism in this country at the earliest possible moment and by the easiest means. This Resolution exactly introduces communism, Sir.

**Mr. N. M. Joshi :** Do you want State protection ? If you want protection, why should you object to control ?

**Mr. R. S. Sarma :** That is what I am telling. If every private industry that asks for protection is obliged to have Government control,

I say we shall have to say good-bye to all private enterprise. Every country in the world has its private enterprise including some key industries getting State help and certainly the State does not control them.

With regard to this Resolution, Sir, I also find that one gentleman has affixed his signature who has distinguished himself as an ardent communalist. I refer to my friend, Mahmud of Ghaznavi. I never before knew, Sir, that all the difference between communalism and communism is the difference between Ghazni and Ghuznavi. In conclusion, let me make it very plain that if this Resolution is accepted, it will throw away and cast to the winds all the well considered recommendations of the Fiscal Commission over which you, Mr. President, presided with such distinction and agreed and acted upon by every illustrious predecessor of the distinguished gentleman who now leads this House.

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

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

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**Mr. N. M. Anklesaria** (Bombay Northern Division : Non-Muhamadan Rural) : Sir, I oppose the Resolution and all the amendments thereto. As regards the two amendments of my Honourable friends, Messrs. Bhuput Sing and Dudhoria, I must confess, I have heard so little of their speeches that I am not in a position to reply to them. As regards the amendment of my Honourable friend, Mr. Mitra, I think if that amendment had come at the proper time, it would have commanded considerable support in this House. In the first place, Sir, an enquiry will be held sometime in the beginning of next year. I think, therefore, it is rather premature to fix up the personnel of the inquiry board at this stage. Secondly the Resolution wants an enquiry to be made which is sure to be made as a matter of course by the inquiry board because that would be one of its primary duties. Coming to the Resolution, Sir, though I have listened to the speech of my Honourable friend the Mover with great attention and also with great patience, I have not come across a single ground, even the flimsiest ground, on which any of the insinuations which are contained in the Resolution could possibly be based. My Honourable friend repudiated any idea of making any insinuations or charges against the Tatas, but I believe, while he was making that repudiation, he was indulging in the usual clap-trap of a man who finds that he has put his foot into it and wants to make the best of a bad job. If the Resolution is not a series of insinuations, I say it is absolutely meaningless and ought not to have been brought on the floor of the House today. For, what is the object of my Honourable friend in moving such a Resolution, if not to insinuate against the Tatas in the several charges which form part of the Resolution. Sir, had he put forward or indicated a tittle of evidence in support of his insinuations, I could have very well understood it and I could have very well realised the anxiety of a member of the Nationalist Party "to do everything for the good of the country", but there is not the slightest indication of any evidence on which any charge against the Tatas could possibly be

[Mr. N. N. Anklesaria.]

made. No doubt at the end of his speech my Honourable friend talked of enormous salaries being given to certain officers of the company. As I then interjected it was a very very old story. We heard of a managing director being paid Rs. 25,000 ; that was long long ago. I say if a managing director was paid Rs. 25,000, what is there for anybody to trouble himself about. Do not lawyers, do not eminent counsel earn fees far more than Rs. 25,000 per month. (Hear, hear.) The only question is whether the man who was paid Rs. 25,000 was worth his salary. I say not a word has been said against that contention of mine. The Fiscal Commission over which you presided, Sir, has definitely laid down that for a number of years trained skill will have to be paid very highly in India and if trained skill cannot be obtained in India, surely the works should not be closed down. Trained skill must be imported and must be imported at the price which trained skill demands and obtains in other markets besides India. My Honourable friend, the Mover, seems also not to have read the debates which took place on the floor of this House only last year. Then, the several charges which my Honourable friend, Mr. Das, made frankly against the Tatas were replied to by Sir George Rainy. The Tatas, as pointed out by Sir George Rainy, had brought down the amount of salaries paid to non-Indians to about half the amount they paid in 1926. Well, Sir, if this is not economy, if this is not reduction of salaries, I do not know what is. Then my Honourable friend said that Pandit Nilakantha Das made several charges against the Tatas in 1930 on the floor of this House and in the presence and within the hearing of one of the directors of the Tatas, Sir Purshotamdas Thakurdas. Sir Purshotamdas is a friend of mine and I know that if he had thought it necessary to answer those arguments and those allegations of Pandit Nilakantha Das, I am quite sure he would have absolutely annihilated them. If my Honourable friend had simply taken the trouble to read the charges of Pandit Nilakantha Das he would have found that the charges made by him were not against the Tatas at all ; they were made against the English officers of the Tatas for the sole reason that these English officers had committed the heinous crime of being born Englishmen. That is the sole reason why those charges were made against the English officers of the Tatas. Now, if that be the case, what is there to answer in those charges, I cannot understand. Sir, I can understand my Honourable friend bringing forward this Resolution on the floor of this House if he did not have access to the report of the Tariff Board. I can understand his bringing forward this Resolution before this House if he did not have access to the reports and the debates of this House for the last year, or the debates of the other House for the same year, or if he did not have access to the speeches of Sir George Rainy in this House or to the speeches of Sir Phiroz Sethna in the other House. Having all these materials at his command and yet bringing forward a Resolution of this character with its several charges, well, I can only say, it is scandalous. Then, I ask again what could possibly be the object of this Resolution except to insinuate against the Tatas. No doubt my Honourable friend repudiated any such idea of making any insinuations. But if he did not want to insinuate anything, I challenge him to point out how better he could have and how more insidiously he could have made charges which are contained in the Resolution than he has made them in the Resolution itself on the present occasion.

Now, Sir, coming to the Resolution itself, what does my Honourable friend seek to impress on Government? He wants in the first place that Government should control the management of Tatas. Now, Sir, I really do not know if he had first consulted the Honourable the Commerce Member on the point before he drafted his Resolution and whether he had ascertained from the Commerce Member that he is willing to accept the portfolio of the management of the Tata concern as long as he holds office.

**The Honourable Sir C. P. Ramaswami Aiyar :** Among the many matters brought forward by my Honourable friend, the Mover, that particular request was not one.

**Mr. N. N. Anklesaria :** It is impossible, Sir, for the Government of India to undertake the management of a concern like Tatas or in any way effectively to control it.

**An Honourable Member :** But they manage the railways.

**Mr. N. N. Anklesaria :** They do manage the railways, I will not say badly, but not so well as private individuals would do.

Then, Sir, I ask another question. What does my Honourable friend expect the Commerce Member of the Government of India to do? Would he expect the Tata's directors to consult the Commerce Member of the Government of India on the selling of their steel, or the employment of their clerks or would he rather expect the Government of India to lay down the broad policies of the business of Tatas? If so, if the broad policy laid down by Government results in financial loss who would be responsible to the shareholders of the company, Government or the directors? My Honourable friend is a lawyer and he ought to know that under the Companies Act the directors are the persons solely responsible to the shareholders for the management of the affairs of the company, and that responsibility cannot be delegated to any other people. Unless therefore you amend the Companies Act and relieve the directors of all responsibility I do not think you can ask Tatas to consent to Government interference. Sir, the Fiscal Commission has said that the bane of India as regards its industrial development is a certain want of confidence in owners of capital and it should be the business of Government to remove their fears. Now I ask my Honourable friend, if Government interferes with and controls private concerns would it tend to allay the fears of the capitalists or would it tend to accentuate them? Further, Sir, my Honourable friend wants to inquire whether Tatas have "Indianised". If he had only taken the trouble to read the report of the Tariff Board, 1926, on the steel industry he would have found that that was a question which the Board had specifically put before itself for inquiry and was actually inquired into, and the Board has given their views on it at pages 75 and 76 of the report. Then, as I said before, Sir George Rainy on the floor of the House stated last year that Tatas have halved the salaries paid to their non-Indian employees. One word, Sir, as regards this proposal about Indianisation just to show to the House how irresponsible criticism has been levelled against national concerns by some of the Honourable Members sitting on those Benches. Last year my Honourable friend Mr. Das said, and I think said correctly,—that Indianisation does not mean shifting responsibilities or privileges from white shoulders to black or brown shoulders, but it means lesser pay and lesser allowances. In that very same speech Mr. Das protested against Tatas turning away qualified Indians who wanted salaries on the European scale....

**Mr. President** (The Honourable Sir Ibrahim Rahimtoola) : Order, order. The Honourable Member's time is up. **Mr. Das.**

**Mr. B. Das** : Sir, when I was listening to the debate this forenoon and also this afternoon, I felt I have become the Rip Van Winkle of this Assembly. It seems as I have slept for eight long years from 1924 to 1932, and I suddenly wake up and find general interest in the scheme of protection roused all over the House. Sir, in every protective Tariff measure introduced in this House, I have taken part and I have seen how the House took very little interest in such matters, but to-day I find that there is general interest all over the House.

Sir, when I read the long text of the Resolution moved by my Honourable friend, I felt that there are certain principles enunciated which,—however welcome they may be to my Honourable friend, Mr. Joshi, who defined these very principles in 1924 and fought very hard for them,—I, as a business man and as a representative of commercial interests outside, though not in this House, cannot subscribe to, namely, Government control of our industries, simply because the State concedes a certain amount of protection. I would have welcomed a Resolution from my friend, Mr. Amar Nath Dutt, if he had aimed at discussing the whole scheme of protection, the scheme that whenever an industry wanted any protection certain conditions must be fulfilled. I am glad to see here to-day my Honourable friend, Mr. Mody, who, after his arduous labours in Bombay, has now come to enlighten us on this particular matter. He is anxious to protect the cotton industry and, at the same time, probably kill the handloom industry of India. I should have liked to have a Resolution on the floor of this House which would indicate to Government certain principles that must be fulfilled before any industry is granted protection.

Of the various amendments that I find, I am more in sympathy with what my friend, Mr. Bhuput Sing, moved and Mr. S. C. Mitra moved. Without commenting on the personnel of the committee of inquiry in my friend Mr. S. C. Mitra's amendment, I welcome that amendment, because he particularly lays stress on one point, how far the Tata Iron and Steel Works have attained stability by the said protection. That is a principle which the State and the Legislature must lay emphasis on ; and whenever industries demand protection, there should be a certain system of departmental inquiry or executive inquiry to see that those industries have become stabilised and that they do not lay further economic stress on the consumers and on the taxpayers. During the last week, we have been flooded with telegrams from Bengal and also from Bihar and Orissa. I know Bengal has taken objections to schemes of protection in the past, because Bengal happens to be a consumer province, while Bombay and Jamshedpur—which now unfortunately is going to be situated in my friend, Mr. Gaya Prasad Singh's province, and not in my own province...

**An Honourable Member** : Do you want it or do you not want it ?

**Mr. B. Das** : I would very much welcome Jamshedpur to be part of Orissa. But as I was saying Bengal always grouses to pay tariffs as she is always a consumer. I find recently there has been an agitation in Bengal against non-Bengal mill goods and piece goods and that they

want to boycott even Bombay and Ahmedabad. How far this provincial patriotism is good at this stage in our national existence, I cannot say. But, I find, there is such a feeling in existence in Bengal. I think the original Resolution is too premature. Tatas have received protection for ten years. In 1924, those of us who took part in that debate expected a scheme of protection, say, for three years. Suddenly conditions became different and, in 1927, the protection was given till 1934. Whether industries can claim perpetual protection is a thing for this Legislature and for the future Legislatures to see. Whether there will be another Legislature in 1934, I cannot say ; we all expect under the new constitution there will be a Legislature which will define and emphasise this scheme of protection. But I find that the new Legislature will not come before 1934. It is for this Legislature to define its attitude towards all demands for protection from industries. While I would like certain protection to be given to industries in their initial stages, so that they can develop, I myself would not subscribe to the principle that any industry, be it the cotton mill industry or the steel industry or the sugar industry or any other industry, should demand perpetual protection and thereby become a perpetual burden on the consumers and on the taxpayers. Therefore, I have no other alternative but to support the amendment of my friend, Mr. Mitra, because the Tariff Board, as constituted, cannot visualise what the Legislature is thinking at the time over the principle of protection, and, therefore, the Government, whenever they appoint a statutory committee, whether the present Tariff Board or any other future Tariff Board, will take the assistance of this Legislature to define the terms of reference about protection of Tata industry or any other industry for which protection is claimed from the Government or from this House.

While I do not agree with all that has been said by my friend, Mr. Anklesaria, I agree with him in one thing that the Tata management have done their best to Indianise their superior staff and knowing, as I do, that they have brought down the European staff from 125 to 72 during the last year when the Galvanised Protection Act was passed on the floor of this House, I think they have made very rapid progress and if the management go on in that way they will surely satisfy the purpose of Indianisation which this Legislature aims at. I do hope and I do appeal to my Honourable friend, Mr. Amar Nath Dutt, that he will see his way to accept the amendment of my friend, Mr. S. C. Mitra, so that the House may not be divided on the various points raised in the various recommendations of his elaborate Resolution in some of which I differ from him.

Much has been made that subsidiary industries are not receiving protection ; but as far as my memory goes, if the Tatas are running at a loss, it is due to their original contract with one subsidiary concern, the tin-plate industry, over which Tatas are losing every year so many lakhs of rupees. So, while subsidiary industries ought to have certain concessions, in the matter of pig iron I am personally of the opinion and I have spoken on the floor of this House on various occasions, that Tatas should give to all indigenous industries pig iron at the same price as they sell in Japan or in London. This Legislature should not enforce on Tatas to enter into contracts with subsidiary companies to the advantage of those industries ; otherwise, as it has happened, in the case of tin-plate, it will lead to perpetual losses. With these words, I support the amendment moved by my friend, Mr. S. C. Mitra.



**Mr. H. P. Mody** (Bombay Millowners' Association : Indian Commerce) : Sir, my Honourable friend, Mr. Amar Nath Dutt, has placed before this House a Resolution which is in the nature of an indictment of the management of the Tata Iron and Steel Company. My first and strongest objection to this proceeding is against my Honourable friend's selection of this forum for the ventilation of the grievances he entertains against the company. In the course of the speech that my Honourable friend made this morning in support of his Resolution, my Honourable friend made various allegations against the company. I ask him, how does he expect this House to deal with the matter ? Does he expect the House to form a judgment as between himself and all those who may have a different point of view to urge ? I for my part can say a lot about the way in which the management of the company has been conducted, its treatment of labour, its attitude towards the question of Indianisation and towards subsidiary companies ; I am in a position to place a great deal of such information before the House. Am I entitled to do it ? After I had placed such information before the House, would the House be in any better position than before in coming to a right decision ? A general and rambling discussion on the floor of the House is surely not the proper means of arriving at a decision on questions of this character, and, in view of the fact that the Tariff Board are going to consider every question connected with the management of the company within the next few months, I fail to see the occasion for this Resolution.

Sir, I claim to have a fairly considerable experience of Tariff Boards and Public Committees and Commissions. I do not  
 3 P.M. know how many times I have had to appear before them and fight the case of the industry I represent. I can say with confidence that on not a single occasion have I found the Tariff Board or any committee of inquiry or commission ignoring any allegations made against the industry it is inquiring into. On the contrary, I have found the most meticulous consideration paid to even the wildest allegations which have been made, and if that is the case, I want to know from my Honourable friend what his object is in bringing the various points of his Resolution before the House. Apart from that consideration, I feel, Mr. President, that the attack levelled by my Honourable friend against the company is very unfair though I recognize the restraint he showed in the speech he made. Apart from the consideration that no facts and figures have been attempted to be placed before the House in support of the motion, my Honourable friend has not told us exactly how he got all the information which he says he has. I should have thought that, when he was making allegations against the Tata Company which, as my friend, Mr. Mitra, rightly pointed out, is a national concern, my Honourable friend would have taken care at least to ascertain the other side of the case. There is no evidence before us to show that this very useful and very necessary precaution had been taken by my friend before he launched an attack against the company, and I say, Sir, that in my view of the case, however restrained the speech of my Honourable friend may have been in supporting his Resolution, the very fact that he has made certain charges without making the least attempt to verify them stamps the proceeding as grossly unfair.

Now, Sir, I shall say a few words about the substance of the Resolution. I waited patiently to find out what my Honourable friend had to

say on each one of the numerous heads on which he has based his attack on the company. As regards Indianisation, all that my friend had to say was that he did not think that efficient men were kept by the Tata Company. How does he arrive at this conclusion? Has he told us of any single instance in which jobbery was perpetrated, in which the right man was not put in the right place? All that my friend said was that he did not think that efficient men had been kept. My answer will be a very brief statement of the facts. In 1925-26 the total amount paid to covenanted hands, both in the shape of salaries and bonus, was in the neighbourhood of Rs. 34½ lakhs. Six years later this figure was brought down to 18½ lakhs. In 1924-25, 223 covenanted officers were entertained by the company, Europeans and Americans. In June 1932, the figure has been reduced to 78.

Then, Sir, the company have instituted a system for training up apprentices which, I think, is a model to all industrial organizations. Not only are they training up people for the superior staff, for positions of foremen and mechanics, but they are also training up an intelligent class of work people, and paying them very well, too, during the process of training. In view of these facts, I do not think that it is possible for any one to contend that Indianization has not been carried out sufficiently or with that rapidity which is required in the circumstances of the case.

With regard to the relations of the company with labour, I shall say very little, for I know that the moment I touch the subject, my friend, Mr. Joshi, will get up and talk, and I shall be in the unfortunate position of not being able to answer him. All that I would like to say is, and Mr. Joshi can make what use he likes of it, that the cost incurred by the company on housing, sanitation and various other forms of welfare activities has reached the colossal figure of 1 crore and 68 lakhs (Applause), and the annual recurring cost is something like 11 lakhs.

As regards the wages paid to labour, it is unnecessary to say anything. My friend, Mr. Joshi, was on the Labour Commission, and I am sure that he must have made whatever attempts it was possible in his power to make to prove that Jamshedpur labour was not being adequately paid. However, the report says nothing about it, so as no news is good news, no criticism must be regarded as a commendation.

Then, Sir, as regards provident fund rules, leave rules, the application of maternity benefits, workmen's compensation and the like, I think that what the Tata Company have done for their labour stands on a pedestal of its own.

**Mr. K. Ahmed** (Rajshahi Division : Muhammadan Rural) : Then why do you have labour strikes very often?

**Mr. H. P. Mody** : If there were not people like my friend, Mr. K. Ahmed, there would be no strikes. If labour was left to itself and was led by people who did not put on a morning suit when going to the Viceroy's House, then labour would be infinitely happier and more contented than it is; but the unfortunate part of it is that it is led by men who have no real concern with labour. (*An Honourable Member* : "Except Mr. Joshi.")

I do not want to go over the rest of the speech of Mr. Amar Nath Dutt. I think it is rather outrageous, and I hope my friend will pardon

[Mr. H. P. Mody.]

the use of that word, that all these charges should have been made without adducing any evidence in support of the allegations. Have we got any facts and figures to show that the management of the Tata Company is carried out in anything but a satisfactory manner? Nothing at all. All that my friend did was to quote extensively from the speech of a former esteemed Member of this Assembly, to whose speech lasting for a couple of hours I had the doubtful pleasure of listening two years ago. Mr. Amar Nath Dutt forgot that it was he, and not Pandit Nilakantha Das, who was bringing up the Resolution; and he might have had something to say which was not stated in the long tirade of Pandit Nilakantha Das two years ago.

Sir, I would like now to deal for one moment with the various amendments. As regards the first amendment of Mr. Bhuput Sing, it seeks to place before the Tariff Board certain matters for their consideration. I say that such an inquiry is altogether superfluous. No Tariff Board worth the name would recommend any protection or would turn down any protection without going into every single matter covered by the amendment and by a great deal of what appears in the original Resolution. After all, on what does the Tariff Board base its proposals for protection? It has to find out whether the particular industry into which it is enquiring is conducted with efficiency; whether costs have come down; how it deals with labour; how the management is being conducted—all these things are looked into very meticulously, and no man who has ever read a Tariff Board report on any subject can possibly come forward with an amendment of this character, which is altogether superfluous.

I next come to the amendment of my Honourable friend, Mr. Mitra. I should like, first of all, to congratulate my Honourable friend on the temperate and extremely fair way in which he has dealt with the whole question. I would like, however, to point out to my Honourable friend that the sort of constitution that he requires for the Tariff Board is not possible. The whole scheme of protection for industries is based on the fact that the case of every industry must be investigated by an expert body, capable of handling the various questions arising out of the claims of that industry to protection. That body has to examine the works cost, has to find out how the management is meeting competition from abroad, how the demand for protection affects the consumer and other industries, and questions of a like character. In view of that, the demand put forward by my Honourable friend, Mr. Mitra, is not feasible at all. After all, it is not the business of a non-official committee to go into such technical questions. If it were so, we would have every industry being sat in judgment upon by non-official committees instead of by expert bodies which are capable of coming to right decisions. I say, therefore, while I appreciate greatly the spirit in which the amendment has been proposed, the House will be singularly ill-advised in accepting at any time any such constitution for a Tariff Board.

Sir, I do not think that the Resolution and the amendments require any further comment or criticism. I was expecting that things would be said which would necessitate a categorical refusal. All that we have however is a long and meaningless Resolution, and I am sorry that my

Honourable friend did not see the wisdom of withdrawing it when he found he could not say anything in support of it.

**Mr. G. Morgan (Bengal : European) :** My Honourable friend, Mr. Mody, in the latter part of his speech has put the position clearly before the House. Most of the arguments for and against the management have been put forward—that is a part on which I do not propose to touch at all. The management is a matter between the directors and the shareholders of the company, and it is not for this House to decide how the management should be run by a certain body of directors. The shareholders have their opportunities at meetings, and if they cannot arrange their own management, well, then they have to suffer for it.

**Mr. K. Ahmed :** Why did you ask for bounties ?

**Mr. G. Morgan :** The Central Legislature has every right to scrutinise and examine, and they have the power to do so, on account of the protective duties and bounties ; that must be so. Where the bounties and protection are monies paid by the tax-payers of this country, the Central Legislature certainly has a right to scrutinise the position of industry to which protection and bounties have been given, and so far as I can understand, the Tata Company acknowledge that position.

Now, Sir, with regard to my Honourable friend Mr. Amar Nath Dutt's Resolution, I am sorry to say that it is a very mixed grill. The first part of part (i) of his Resolution is, as my Honourable friend Mr. Mody has just said, naturally a part of the investigation by the expert committee. The second part with regard to the assumption of control by Government—I do not think there is anybody in this House who would agree to it. My Honourable friend Mr. Mitra has definitely said that he would not agree to it. With regard to Indianisation, that the Tariff Board has enquired into originally and will surely enquire into it again, also with regard to the firm and its labour. With regard to parts (iv), (v) and (vi), those matters are questions of management and marketing, which have nothing to do with this House at all. No. (vii) is what my Honourable friend, Mr. Mody (I am sorry I refer again to my Honourable friend), has already stated that that naturally would be a part of the enquiry by the Tariff Board.

Now, Sir, getting away from management and the side lines of this debate, we come to the position of the Tata Iron and Steel Company as an industry. I do not accept any motion suggesting an independent elected body or nominated body—there is not the slightest doubt that it must be the Tariff Board which is to carry out the enquiry. If any of my Honourable friends feel that they ought to be in a position to state their case, we all know that there is never any obstacle put up on the part of the Tariff Board against any one coming forward as a witness in any enquiry being made on industries in India. The main question is, and I am sure it is accepted by this Honourable House, that the enquiry must and will be held. It will be held, and the House is in sympathy with that. The question that seems to worry a great many of my Honourable friends is how that enquiry has to be conducted, and what are to be the terms of reference.

[Mr. G. Morgan.]

The Tariff Board carries out its enquiries on a very wide basis, but, as there seems to be so much divergence of opinion in this House, I would like to ask the Leader of the House if he could give us some assurance as to how the enquiry would be conducted and on what lines, or give any indication about the enquiry as will satisfy the two very divergent sets of opinions which have been given expression to today in this House,—with that assurance I have not the slightest doubt that my Honourable friends will withdraw the Resolution and the amendments which are before us at the moment. I would ask the Leader of the House, if when he speaks on this subject, he will give us some indication and assurance as to the terms, so that all the divergent opinions could be brought into one and the general principle accepted.

**Mr. N. M. Joshi :** Mr. President, I had absolutely no intention of taking part in this debate. Not that I am not interested in the great work at Jamshedpur ; certainly I am not interested in the shareholders of that company, but I am interested in the workers at Jamshedpur. But, Mr. President, I was not going to speak this afternoon at all, for the reason that I was more interested today in seeing that the Resolution of which I had given notice may come up, but unfortunately there is no hope now of my Resolution being reached, and so I think....

**Sir Cowasji Jehangir :** So, speak on that Resolution now. (Laughter.)

**Mr. N. M. Joshi :** So, let me say a few words on this Resolution.

I assure you, Mr. President, that on this occasion I am not going to speak much about the labour conditions at Jamshedpur. The one question which interests me very much as regards Jamshedpur is this, that for the last 8 or 9 years the tax-payers of this country and the consumers of steel in this country have paid large amounts of money to the Tata Iron and Steel Company. I would like any committee that may be appointed or the Tariff Board that may inquire into this question, to inquire and find out what amount of money has been paid by the consumers and tax-payers of this country and by Government by way of subsidies and higher prices for the steel sold by the Tata Iron and Steel Company. I am not an expert nor am I a business man but my estimate is that all these elements taken together have paid to the company more than twice or thrice their original capital. That is my estimate and I would like any committee that may be appointed or the Tariff Board to find out what amount has been paid to the Tata Iron and Steel Company not directly by way of subsidies alone but indirectly also by way of higher prices and if it is found out that the tax-payers and consumers of this country have paid twice or thrice the capital placed into the industry by the shareholders, is it not reasonable that this House should consider whether it is not a better business proposition that the Government should have a control over that industry instead of leaving that industry to the shareholders. I would suggest that it is a matter for inquiry. Let an inquiry be made into this. My friend Mr. Morgan as a business man said that all these questions are questions of management and they are questions between the shareholders and the management. If these questions had been merely questions between the management and the shareholders, this House would not have discussed

this question at all and I am sure you, Mr. President, would not have allowed this question to be discussed. It is not a question between the shareholders and the management alone. It is a question between the company or the shareholders and the management on one side and the tax-payers and consumers of this country who have helped this company on the other, and therefore they have a right to say what management should exist or on what conditions help should be given to this company. I do not wish to speak any longer on this question. I shall only say a word or two about what my Honourable and esteemed friend, Mr. Mody, said about labour. I agree there are some labour leaders like myself who put on morning suit and see the Viceroy and are not in touch with the actual conditions under which the working classes live, but certainly I was not at Jamshedpur when the strike took place and if Mr. Mody will himself investigate the facts of the strikes at Jamshedpur he will have to admit that there were very few people like myself at Jamshedpur at that time who had come from outside and who had not known the conditions at Jamshedpur that were responsible for the strikes that took place. The strikes had taken place because there was discontent at Jamshedpur. It is not because of people who wear morning suits and see the Viceroy that the strikes take place but it is because of employers who become employers without going to their factories and whose sole concern is to spend their time in their offices or in their clubs that makes for these strikes. I do not wish to say any more about it. There is one word about the committees that have been proposed. My feeling is that a proposal to appoint a committee of elected members or non-elected members would be passing a kind of vote of censure on the Tariff Board and I feel that we are not justified in doing it, and if at all we are not satisfied with the work which the Tariff Board is doing, let us bring forward a straightforward proposition that we have no confidence in the Tariff Board, but it is not right to bring forward these proposals when there is a Tariff Board appointed to look into these questions. I must hold that there is a great responsibility upon this Government in choosing men for the Tariff Board. The men selected must be above suspicion of every kind. They must be real experts and they should have absolutely no concern with the industries which they investigate, but after these men are appointed let us give them our confidence, so that they can do their work honestly and to the satisfaction of the Legislature and the Government. I have nothing more to say.

**The Honourable Sir C. P. Ramaswami Aiyar :** Mr. President, I am afraid that having regard to the very wide field covered by the Mover in his original speech and by the several Members who have spoken, I shall be a little longer than I had originally intended to be. Before I proceed any further, let me advert to the provisions of Act III of 1927, which is the Act to provide for the continuance of the protection of the steel industry in British India. The object of that Act is the fostering and developing by means of protection for a period of the steel industry in this country. I grant that there are many side issues which may arise and which may be germane to this object but the first and main thing that has to be considered is the fostering and developing of the steel industry. Those factors which would help in the fostering of that industry are to be primarily attended to. Those

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that would have the effect of hindering that development have to be guarded against and that is the sole consideration ; and let me without further delay deal with one matter *in limine* which has been referred to by more than one Member of this Honourable House. It has been suggested that certain meticulous and detailed inquiries should take place with regard to the manner in which this company markets its products, that is with regard to its sale policy and its purchase policy. Very indirectly and very incidentally those problems may arise before the Tariff Board when it initiates its inquiries but let us realise this—namely that if we interfere with the management of a commercial concern and in its marketing and its sale policy and if that commercial concern finds afterwards that its products are not capable of being sold at a profitable rate and if it finds that there is loss and if it comes again to this House and says that owing to our interference, because of our disturbance of normal conditions of trade, it has suffered loss and it wants still more protection, I would ask this Honourable House whether they would encourage that attitude on the part of that company. If the answer is in the negative, I think I am right in asking this House to leave matters to the Tariff Board for investigation to the extent to which such investigation may become absolutely necessary for the purpose of carrying into effect the main object of the Act, namely, the fostering and protection of the steel industry. Sir, what is the root idea underlying this policy ? Let me go at once to the Fiscal Commission's Report. My Honourable friend, Mr. B. Das, in the course of his remarks said that many of these reports are antediluvian. But considering that we have to work on the Fiscal Commission's and on the Tariff Board's reports, perhaps he will pardon me if I refer to them, although he may think I am labouring the obvious.

**Mr. B. Das :** I was only referring to the particular reference about Indianization in the Tariff Board Report.

**The Honourable Sir C. P. Ramaswami Aiyar :** I am gladly corrected. Mr. President, the industry must be one " possessing natural advantages, and it must be one which will eventually be able to face world competition without protection ". Protection is therefore given for the purpose, and only for the purpose, for the period, and only for the period, when the industry can stabilise its position and stand on its own legs so that it may face world competition. You must therefore regulate your policy, Mr. President, in such a way that that end may be secured ; and then, Mr. President, let us go to the 1923 Resolution of this House laying down the policy of discriminating protection. It will be found there that the requisites are to be very carefully and accurately laid down, and it was under the Resolution of 1923 that the first Tariff Board was appointed. Now let me dispose of one or two observations that fell from various Honourable Members. It will be remembered that during the statutory inquiry of 1926 many of the points which have been raised for consideration today were also discussed ; for instance, the question of depreciation, the question of labour conditions, the question of the appointment of Indians to higher posts, and the question in fact of management and general policy were all under debate. In truth it may be said that most of the points which were

made and vehemently made by Honourable Members did form the subjects of incidental inquiry—not because those points were fundamental but because the Tariff Board had to consider whether the management was efficient and whether the industry was so organised and run as would lead to the best results in the shortest time and best possible manner. In that way alone these inquiries became relevant, and I have no doubt that in the future inquiry contemplated by the Act of 1927 these investigations would be conducted with the same satisfactory results that attended the last inquiry ; I am laying a special stress on this aspect because an appeal was made to me to make it clear that the points which have arisen for discussion here would not be lost sight of in any inquiry that is started ; in fact it is impossible to conceive that they can be lost sight of, but Government cannot tie the hands of the enquiring agency or its own hands, and, Mr. President, let me now go back again to Act III of 1927. Section 3 thereof says :

“ The Governor General in Council shall, not later than the 31st day of March, 1934, cause to be made by such persons as he may appoint in this behalf, an inquiry as to the extent, if any, to which it is necessary to continue the protection of the steel industry in British India and as to the manner in which any protection found necessary should be conferred.”

There is absolutely no limit regarding the personnel, no restriction regarding it. But let me not confound or confuse the issue. I wish to make it perfectly and abundantly clear that Government will deprecate the introduction of any but an expert element on that particular inquiry. (Hear, hear.) True it is that this House is the ultimate master of the policy underlying protection. True it is moreover that the report of the Tariff Board will come up before this House and will be open to dissection, investigation, scrutiny and condemnation if necessary ; but the actual inquiry that is made must be an inquiry which will be lifted—well, I won't use the word ' lifted ' because I too am a politician—above the political sphere, I shall say removed from the political sphere and will be entrusted mainly to persons who are experts in the particular matter and who are chosen because they are experts ; and therefore, so far as this particular inquiry is concerned, I conceive it to be the duty as well as the opportunity and right of the Government to bring into existence a Board which will be specially qualified to conduct the inquiry from the point of view of trade and commerce and the conditions of the particular industry. Therefore it is that I find myself unable to accept the amendment of my Honourable friend, Mr. Mitra. To introduce at that stage a committee composed, as he and some other Honourable Members suggest, of Members of this Honourable House and of another House, of members of the subsidiary industries and of other persons would be to make it a body of advocates, a body not of detached experts, and the effect would be also to bring in as investigators the judges who would afterwards have to give a verdict upon the policy of that intermediate inquiry. Let me expand my argument. Ultimately, it is this House which will largely have to decide, on the basis of the recommendations of the Tariff Board, whether a case has been made out for protection, and if a case has been made out for protection, in what manner that protection should be given. It is the function, it is the jurisdiction and it is the privilege of this House to decide on that ultimately as judges, and they ought



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not to enter, I submit, into a committee which is making a report to this House on this particular matter, and for that reason and for other obvious reasons I would oppose the introduction of Legislature into the committee which is contemplated under the Act of 1927. And now, Mr. President, various other questions have arisen with regard to such matters as the sale of pig iron. That, again, formed the subject of an inquiry and the conclusions of the inquiry are known to Honourable Members of this House. It was found at that time that there was no ground for the complaint that was made, and I may say that the question really is comprised in the proposition with which I started, namely, that the marketing of the products of the Tata Iron and Steel Company, although it is an important matter, is not a matter that is vital in connection with this question. I shall now take the Resolution and the various amendments. The Resolution is very comprehensive :

“ What proportion do the total assets of the Company bear to the aggregate value of the protection so far enjoyed by it by way of bounty and tariff.....”

Now what we find is this, that the total assets of the Tata Iron and Steel Company amount to about 18½ crores of rupees. It is difficult to discover the exact value of the protection and the concessions enjoyed by the company, but the aggregate of direct bounty is over two crores of rupees. Having said that, it will be obvious that when we are dealing with figures of that kind it will be impossible for us to interfere in the internal administration save to the extent which I have already indicated. To suggest, as the Honourable the Mover suggests, that some amount of supervision and control should be assumed by Government is to thrust upon Government functions and duties which Government cannot adequately and satisfactorily discharge. Sir, this is an essentially commercial proposition. The nationalization of public utility concerns has been referred to—that is a question which does not necessarily have any bearing on this matter nor is pertinent to its discussion. The first consideration is whether this country is going to be equipped so as to compete with foreign countries in this industry ? Is it going to organise itself for the purpose of that competition ? In order that an affirmative answer may be given to these questions, you must place that particular concern on most efficient commercial basis possible ; and I trust I shall be forgiven when I say that Government management, notwithstanding certain virtues claimed for it and rightly perhaps claimed for it, has got certain drawbacks. (*Mr. B. Das* : “ Hear, hear.”) I notice the implications of that cheer and realise what is meant by it. I do say that the question whether Government runs public utilities well or ill, satisfactorily or otherwise, is irrelevant. It is not the adequate, the appropriate and the proper authority and the agency for running commercial concerns, so as really to be able to cope with foreign competition and to make those concerns stand on their own feet against all the world. Government cannot take the risks and have the spirit of adventure that is essential to such an enterprise. From that point of view I would strongly urge that any attempt made either to make the Government supervise it meticulously or to control it, I must oppose.

I then come to the amendment of my Honourable friend, Mr. Dandharia. He suggests that this Honourable House which is composed

of most estimable persons and of men of great political and professional experience should constitute themselves into a kind of a committee for the conduct of the Tata Iron and Steel Works. I submit that whatever our virtues are, that particular virtue to run a business like the Tata Iron and Steel Works is not one which is shared by most of us. At all events, let me on my own behalf deprecate the possibility of my acting in any such capacity. I submit that the Legislature as such is an inapt instrument for the object which is regarded as important by my Honourable friend Mr. Dudhoria.

Then, Sir, I come to the second, third and the fourth sub-sections of my Honourable friend, Mr. Amar Nath Dutt's Resolution. So far as the question of Indianisation is concerned, it will be remembered that the last inquiry went into that matter and there is no doubt, as I said incidentally, that matter will be gone into in any further inquiry. The same remark practically applies to the other topics. There have been heated controversies and trenchant speeches have been delivered by my Honourable friend, Mr. Mody, who speaks always forcibly, and by my Honourable friend, Mr. Sarma, and it has been suggested that there have been certain currents and cross-currents in this matter. All that I can say is that assuredly there has been a certain amount of propaganda. That is obvious. But how can we reproach the Tata Iron and Steel Company for flooding the Legislative Assembly with pamphlets. I am reminded of a fable by La Fontaine wherein it is stated, referring to a fox that it was a wicked animal because when attacked it actually defends itself. Now, it appears to me that after all even the Tata Company, when it is attacked, may have some little right to defend itself. Similar rights are possessed by the other side and they have also exercised these rights. But it appears to me, Mr. President, that after all this matter must be placed above these small controversies. Government are aware that there are agencies at Jamshedpur which do not see eye to eye with each other. Government are aware that there are, so far as Jamshedpur is concerned, certain agencies and companies which do not seem to approve of Tata management and probably Tata management do not approve of these companies. Government do not wish to come into these matters. But these little quarrels have nothing to do with the essentials of the matter. What we have to find out is whether the next inquiry will go into the necessary details. The last inquiry did so and there is no reason to suspect that the next inquiry will not do so. Now, so far as the question of labour on the works is concerned, this matter again was inquired into on the last occasion and there is no reason to think that the next inquiry will not concern itself with it and it is not my purpose here and now to enquire into the causes of an old strike. High wages and good housing cannot by themselves, apparently, obviate strikes but Mr. Joshi is an expert on such things and I am not. But let me say that there is a limit, an obvious and a natural limit, to these inquiries. Supposing the Tariff Board and this House say that the company must employ so many people and you must give them so much salary and other facilities, and then it is found that they are not able to achieve any profit, you will find that you are again let in for a much bigger bounty and protection. Those who are anxious to protect the Indian tax-payers and emphasise that aspect of the matter, will realise the point of my observations.

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Then, Sir, I come to the 5th and 6th sub-sections of the Resolution which run thus :

“(v) whether and to what extent the sale of finished materials, semi-finished materials and scrap and rejected materials are being carried on in the best interests of the Company and consumers in India ;

(vi) whether the sale policy of pig iron is conducive to the best interests of the country.”

Now, Sir, with regard to that I do not wish to say more than I have already indicated. But assuming, as is evident from the previous records on the subject, that the Tata sell pig iron to country A or agency A, how can we really prevent them if this course is the most profitable ? I do not think, unless its policy is anti-national and is against the interests of the country at large, we have a right to interfere.

Then, Sir, I come to the last sub-section of the Resolution—whether the management has rendered every possible assistance to subsidiary and dependent industries, etc. Well, I have received some documents, strongly asserting that subsidiary industries are being starved and badly treated. I am in possession of other documents indicating that one subsidiary industry or another says that the Tata Firm has its knife into it and there have been duels which are not always conducted in the most peaceful manner. But we are not the forum for these discussions.

I have already spoken on Mr. Dudhoria's amendment and I am sure on further reflection he will realise that to add to his onerous responsibilities as a legislator by incidental and fragmentary scrutiny into the development of the Tata Iron and Steel Company and an endeavour to improve its balance sheets, is a greater and more troublesome task than he bargained for when he was elected to this august Assembly.

As to Mr. Mitra's amendment, my last remark is that the difficulty of constituting from the legislatures those who are to conduct this inquiry is such that he will, I hope, realise the complications of the procedure which he has indicated.

**Mr. S. C. Mitra :** May I ask only one question ? Who are the experts in this particular Board that the Honourable Member is referring to ? Are not the Members of the Tariff Board generally persons selected from this House and from the I. C. S. ?

**The Honourable Sir C. P. Ramaswami Aiyar :** I am not referring to this particular Board or to any other Tariff Board. Act III of 1927 says that the Governor General will appoint such persons as he may think fit on this behalf. You may appoint a special body of persons for that purpose. But the only thing that I was concerned to point out was that a body that is so appointed will comprise persons who are entitled to go into commercial and other details of this particular industry and are able to speak with expert authority on it. That is the only aspect that I am here concerned to emphasize. I do not for a moment say that this particular Tariff Board will be the Board which will inquire into it. As a matter of fact the term of the office of most Members of the Tariff Board will very shortly terminate—the dates I am not sure of—but however this may be, we are now thinking of an inquiry which will take place sometime in 1933-34. I

submit the proper thing is to make it perfectly clear that the Government's policy is to appoint a really expert tribunal so that on the basis of the labours of that tribunal and its finding and verdict this House as the ultimate judge of the protection, the equity and the mode of protection which is to be given, will decide as to the best policy to be pursued in the circumstances. Having said that, I think, I have dealt with all the amendments and I trust that with the assurances I have given, with the materials I have placed before the House, it will be found that it is not necessary to push this matter to a division. (Cheers.)

**Mr. Amar Nath Dutt :** I appreciate the very sympathetic spirit in which the Honourable the Leader of the House has accepted almost all the items of my Resolution (hear, hear), and in those circumstances, I will not be justified in pressing the Resolution to a division. At the same time I wish to reply to some of the remarks of some Honourable Members of this House lest they should think that their remarks go unchallenged. While appreciating the kind sympathies of my Honourable friend, Mr. Sarma, I must join issue with him when he made insinuations about the genesis of this Resolution, he will pardon me if I also give the genesis of his speech here which was arrived at probably at the bridge-table where Mr. Mohindra, of Mohindra-Hayman punch fame and my Honourable friend, Mr. Sarma, were sitting at the same bridge-table till late hours at night, and I hope Mr. Sarma will not deny the incident which was narrated by Mr. Mohindra himself to an Honourable Member of this House. I was informed by that Honourable Member about the genesis of my Honourable friend, Mr. Sarma's speech. I have received several telegrams about this subject and I need not mention every one of the telegrams I received. I need only mention three associations. The *British Indian Association*, the oldest political association which was established in the early part of the nineteenth century by such eminent men as Prince Dwarkanath Tagore and others, has supported the Resolution. Then, again, another telegram has come from the *Indian Association* with the foundation of which the memory of one of the greatest men of this country is associated and to whom my Honourable friend, Mr. Sarma, is also to a certain extent grateful, I mean the late Sir Surendra Nath Banerjee.

**Mr. R. S. Sarma :** With regard to this particular matter of the Indian Association, I may say that I am not only a member of the Indian Association, but also a member of the Committee, and, so far as I know, no Resolution was passed about this and I do not know how my friend got this telegram.

**Mr. Amar Nath Dutt :** About the remarks of my Honourable friend, Mr. Mody, that the Resolution was superfluous, I beg to inquire, if the Resolution is superfluous, then why so much vehemence in opposing it ?

**Mr. H. P. Mody :** I said one of the amendments was superfluous.

**Mr. Amar Nath Dutt :** There is a saying in English that 'conscience makes cowards of us all'. There is nothing in the Resolution which insinuates as my Honourable friend over there would seem to make out. My Honourable friends seem to be afraid that, if an inquiry is held, many dirty things would come out. I do not want to take up the time of the House by giving all the facts once more, but I will say that every one of the items of the Resolution are real charges. I only want an inquiry and I am glad the Honourable the Leader of the House admits that every one

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of the items in the Resolution will be gone into. Then, Sir, coming to my friend, Mr. Anklesaria, no doubt he has crossed the seas to learn companies law and other things and I have never crossed the seas. But I know that the Industrial Commission recommended that concerns which get Government aid may have a Director nominated by Government on its Board. Therefore, my suggestion does not at all militate against the provisions of the Companies Act with which my Honourable friend may be more familiar. Then, of course, as regards the remarks of my friend, Mr. Das, I excuse him for his fling against the Bengalis, for they say, we taught them language and they know how to curse.

**Mr. B. Das :** I protest against this.

**Mr. Amar Nath Dutt :** I am not one of those who want to flatter anybody, and there may be some reason for certain gentlemen here to praise the present Tariff Board. What is the reason one can easily see, because the next inquiry is in their hands. Any hard thing said about the present Tariff Board may go against their interests. That was the reason why even my Honourable friend, Mr. Joshi, was not exempt from it, not to speak of Mr. Mody. These are all disinterested people ! As I have already said, I have ample materials in my possession, but I will not trouble this House with these things at the present moment. I want to reserve them for another time when probably they will have to come here again for protection for corrugated sheets and then this House will hear more of these charges. With these words, I beg leave to withdraw the Resolution.

**Mr. President** (The Honourable Sir Ibrahim Rahimtoola) : The question is that leave be granted to Mr. Amar Nath Dutt to withdraw his Resolution.

(Some Honourable Members objected to the leave being given.)

Leave having been refused, the Chair will have first to put the amendments in their proper order.

**Mr. K. C. Neogy :** (Dacca Division : Non-Muhammadan Rural) : On a point of order, Sir. The motion that you, Sir, put was whether the Honourable Member had the leave of the House to withdraw his Resolution. I think the voting should first take place on that and not on the amendments or the Resolution itself.

**Mr. President** (The Honourable Sir Ibrahim Rahimtoola) : It is a well recognised parliamentary practice that if there is even a very small number of Members who oppose the withdrawal of a Resolution after it has been discussed then leave cannot be granted for its withdrawal.

**Mr. K. C. Neogy :** At any rate that has not been the practice in this House.

**Mr. President** (The Honourable Sir Ibrahim Rahimtoola) : The question will arise again when the Resolution will be put to the vote. I will first put the amendment of Mr. Nabakumar Sing Dudhoria :

“ That in clause (1), for the word ‘ Government ’ the words ‘ the Central Legislature ’ be substituted.”

The motion was negatived.

STATUTORY INQUIRY INTO THE WORKING OF THE TATA IRON AND STEEL 765  
WORKS.

**Mr. President** (The Honourable Sir Ibrahim Rahimtoola) : The next is the amendment of Mr. Mitra.

**Mr. S. C. Mitra** : I beg leave to withdraw my amendment.

**Mr. President** (The Honourable Sir Ibrahim Rahimtoola) : The question is that leave be granted to Mr. Mitra to withdraw his amendment.

The motion was negatived, and leave was not granted.

**Mr. President** (The Honourable Sir Ibrahim Rahimtoola) : The  
4 P.M. question is :

“ That for the original Resolution the following be substituted :

‘ This Assembly recommends to the Governor General in Council that, when the statutory enquiry laid down in section 3 of Act III of 1927, regarding the Tata Iron and Steel Works is held, the Committee to be appointed for the said enquiry may be so constituted as to consist at least of three elected Members of this House, one elected Member of the Council of State, one representative from the labour organisations in Tatanagar and one representative of the Tata Subsidiary Concerns, and that the terms of reference to the said Committee should include amongst others the question as to how far the main object of giving protection to this basic industry since 1924 has succeeded in the fostering and development of the subsidiary industries and also how far the Tata Iron and Steel Works have attained stability by the said protection ’.”

The motion was negatived.

**Mr. President** (The Honourable Sir Ibrahim Rahimtoola) : The question is :

“ That for the original Resolution the following be substituted :

‘ This Assembly recommends to the Governor General in Council that the Committee when appointed for the purpose of statutory enquiry as laid down in section 3 of Act III of 1927, may be asked to enquire as to how far the Tata Iron and Steel Works have achieved the object of the protection granted to it since 1924 and also to enquire how far they have succeeded to help the subsidiary Indian industries and cottage industries, the development of which depended solely on the better working and management of the parent industry ’.”

The motion was negatived.

**Mr. President** (The Honourable Sir Ibrahim Rahimtoola) : The question is :

“ That the following Resolution be adopted :

‘ This Assembly recommends to the Governor General in Council that at the forthcoming Statutory Enquiry under section 3 of Act III of 1927, the following be included among the points to be investigated and reported upon by the Tariff Board in regard to the working of the Tata Iron and Steel Works, Jamshedpur :

- (i) what proportion do the total assets of the Company bear to the aggregate value of the protection so far enjoyed by it by way of bounty and tariff, together with the value of the various concessions, such as reduced railway freight for raw materials and manufactured products, enjoyed by the Company ever since it started its operations ; and whether in view of the large contributions thus made by the State and the people towards the maintenance of this firm, some amount of supervision and control should not be assumed by Government over its management in the event of the policy of protection being further continued ;

[Mr. President.]

- (ii) whether and how far the process of Indianisation is being carried on, and how far this policy has succeeded in finding employment for the best talents in the country, and whether there has been any favouritism at the cost of efficiency ;
- (iii) what relations have subsisted between the firm and the labour employed by it ;
- (iv) whether and to what extent the purchase of raw materials and machinery is being conducted on economic lines ;
- (v) whether and to what extent the sale of finished materials, semi-finished materials and scrap and rejected materials are being carried on in the best interests of the Company and consumers in India ;
- (vi) whether the sale policy of pig iron is conducive to the best interests of the country ; and
- (vii) whether the management has rendered every possible assistance to subsidiary and dependent industries, directly and indirectly, so as to help in the growth and expansion of such industries, and particularly to eliminate the necessity of protection to those subsidiary concerns that may now be enjoying it.'''

The motion was negatived.

#### RESOLUTION *RE* CONSTITUTION OF A BOARD FOR THE PURCHASE OF COAL AND LOOKING AFTER THE STATE RAILWAY COLLIERIES.

**Mr. A. H. Ghuznavi** (*Dacca cum Mymensingh* : Muhammadan Rural) : Sir, I beg to move the Resolution standing in my name which runs as follows :

“ This Assembly recommends to the Governor General in Council that a permanent Board be constituted under the Railway Board, with the Chief Commissioner of Railways or a Member of the Railway Board as Chairman, and the Chief Inspector of Mines in India, a Loco. Superintendent of each State Railway in rotation and a gentleman with experience of the Commercial side of Colliery work but not actually in the coal trade, as Members of the Board, for the purpose of making all purchases of coal which is now being done by the Railway Board and for looking after the State Railway Collieries and running them on commercial lines.”

Sir, Honourable Members are aware that in the last Delhi Session of this Assembly, I raised a debate on Government's coal purchase policy and their administration of the Railway collieries which are under the control of Mr. Whitworth. Mr. Whitworth in Bengal is known as the Nawab of the coal kingdom. He controls the management of the collieries with his gallant lieutenant, Surendra Nath Banerjea. Sir, I showed that this policy involves a loss of 50 lakhs a year to the taxpayers, firstly for buying coal at higher rates in preference to lower ones without any justification whatsoever, and secondly for extravagant working of the collieries in violation of the accepted principle of Government calling for public tenders, with the result that the cost of raising was two rupees higher than the price at which they could purchase coal in the open market. Sir, I must apologise to the Honourable Members for raising the same debate by way of a Resolution again in this House. I find that although I was gagged and stifled by Government I eventually succeeded in demonstrating to this House that through patronage, undue favouritism and corruption the public exchequer was depleted to the extent of 50 lakhs of rupees per year which went, as I said, to the pockets of Messrs. Whitworth and

Company. In spite of the disclosures I had made, in spite of the irrefutable facts that I had placed before this Honourable House, I find, Sir, that all that I had said had been thrown to the winds and that I had cried in wilderness. Sir, I charge the Railway Board with utter lack of supervision inasmuch as they have winked over the favouritism and corruption that prevail in the Chief Mining Engineer's office. One could reasonably expect that Government would not shut their eyes to these indisputable facts, that they would at any rate set up an investigation to satisfy themselves if these serious allegations had any foundation to stand on. But what do we find? Government have swallowed these allegations without, in the least, being perturbed, and things are going on as merrily as ever. Deaf ears sometimes respond when you make a loud sound and I have, therefore, resolved to make that loud sound to make the deaf hear. Sir, after my return to Calcutta from Delhi last April I set about investigating into these matters very carefully, and would the House be surprised to hear that I have been receiving letters after letters making startling disclosures. But not a single soul in the coal trade ventures to come forward, for according to a responsible correspondent of mine, Mr. Whitworth wields more power than the Viceroy of India, and if he can know his name he will kill his trade outright.

Sir, it is Mr. Whitworth who rules the destiny of colliery owners. In giving protection to their officers, as Government invariably do to maintain prestige, the Honourable the late Railway Member took all the responsibility on the shoulders of the Board for the purchase of coal, but one would fain ask, what do they know of coal? I maintain, Sir, that Mr. Whitworth has the predominant voice, nay, he has the last say in the matter, and the Board only act as "His Master's Voice". Sir, with your permission, I shall read what the *Capital* said in their issue of the 21st April, 1932, in this connection. It said :

"The Honourable Member for Commerce in replying to Mr. Ghuznavi as to the charge he made against the Chief Mining Engineer regarding favouritism, stated that the Chief Mining Engineer only recommended, but that tenders were carefully scrutinised by himself and the Financial Commissioner."

"This was a weak reply and helped Mr. Ghuznavi's case, for neither the Honourable Member nor the Financial Commissioner know the heating value of any of the coals that are offered, or their commercial value, for not being experts they have no further say in the matter than to accept what the Chief Mining Engineer recommends."

I would also quote here from a letter I have received from one in the coal trade. It says :

"To say that the tenders are passed by the Railway Board is ridiculous. They are all cut and dried by Whitworth and placed before the Board who pass them without asking any question. Who is there on the Board that understands coal? Whitworth wields more power in coal than the Viceroy does in India. He can make or break a colliery owner and there is no one whom the aggrieved party could appeal to."

It will be a revelation to the House that it is Whitworth's lieutenant, S. N. Banerjea, who classifies and tabulates the tenders just as he chooses, that the remarks against each coal tender is typed by the shorthand typist who is his relative and that these remarks "satisfactory", "unsatisfactory", "indifferent in quality" are made by Banerjea according to his interest in each tender. With your permission, Sir, I shall quote a few passages from one of the letters referred to above to give some idea



[Mr. A. H. Ghuznavi.]

to the Honourable Members of the doings of the Chief Mining Engineer. It says :

“ I dare not disclose my name, being interested in coal myself, nor can any one else dare to say a word against the Chief Mining Engineer, Railway Board, and his department, if he ever hopes to get an order from him. Tenders were not called and contracts were and are being given for the raising of coal at very high rates to insignificant men of no standing at all. It was a case of who could pay the biggest commission in getting the contract. He gave some biggest coal raising contracts to a Kutchie who was an ordinary mason by the name of Mepa and to others who all still keep filling his pockets. Mr. Harrison's peon by the name of Ram Bilas Singh was made a coal raising contractor. He is still working as a contractor and is worth lakhs of rupees. It strikes one as very strange why 99 per cent. of the contractors are Guzeratis ; the reason is plain : because they can give the biggest..... (I won't say the word).”

“ When tenders for the supply of coal are called, these State Railway coal raising contractors who own collieries always are successful in spite of their rates being higher than others, *vide* results of the tenders.”

“ Whitworth's Assistant Banerjee, has made tons of money out of orders for coal for P. W. D. and others and by getting coals graded by the Grading Board higher than they should be.”

“ Remember once you burst the bubble all who are in favour of Whitworth will turn against him. It is only the fear of ruining their business that is in the way of their coming forward and for this they cannot be blamed.”

Sir, malpractices can only be stopped if tenders are received by the Board direct, tabulated in their office and opened publicly. And inflated tenders, offering quantities beyond capacity with a view to receive orders for the maximum quantity they can deliver, *e.g.*, offering 50,000 tons when they can, under ordinary circumstances, deliver only 10,000 tons with this object in view that even if they are favoured with one-fifth of their offer, it will be up to the maximum quantity they are capable of raising and delivering, *viz.*, 10,000 tons. To put a stop to all this I suggest a 10 per cent. deposit with the tender. Sir, the House may not be aware that formerly 12 per cent. deposit was all along the condition of the tender. I only ask for 10 per cent. while formerly it was 12 per cent.

I dealt exhaustively in the last debate on the coal purchase question. Honourable Members, if they wish to interest themselves in this matter, will only have to read the debate that I had raised, and I shall have great pleasure in furnishing them with a reprint of that debate for easy reference should they desire it. I would only draw the Honourable Members' notice to the fact that the Railways have bought this year 16 lakhs of tons of coal, and I submit that but for the favouritism and corruption, they could have bought this 16 lakhs tons at least one rupee cheaper per ton than they have done, if not 1-4 to 1-8 per ton ; and this alone would have saved Government 16 lakhs of rupees on the purchase side. All figures were carefully worked out in my last debate and the figures stated therein were collected from the official records. My misfortune is that when I last addressed this House, I was addressing to the Railway Member who was vacating his office in about a fortnight's time, and today also I am addressing my friend, the Honourable the Railway Member, who will be vacating his office in a fortnight's time. Then also the late Financial Commissioner of Railways, the Honourable Sir Alan Parsons, left the Railway Board and his successor, Mr. Rau, I am sure, not being fully acquainted with the history of these transactions, must have been placed in a most

unenviable position. Sir, in making my observations I mean no reflection on Mr. Rau—I want to make that perfectly plain—for I sincerely believe that he is perfectly innocent with regard to the happenings in the coal Kingdom.

Sir, the Chief Mining Engineer's department was created in the year 1911 to stop the alleged bribery and corruption prevalent at the time when the coal was used to be purchased by Loco. Superintendents. Instead of stopping the malpractices the present system has made Mr. Whitworth the monarch of all he surveys. Honourable Members may not be aware that originally the tenders used to be opened and tabulated in Delhi in the Railway Board by the Railway Board's Secretary, but it was Whitworth who contrived to have this work transferred to his office at Calcutta for obvious reasons.

The suggestion for the constitution of a Board has not emanated from me for the first time. In the *Commerce* of the 3rd December, 1927, page 1109, it advocated the removal of the Mining Engineer's office and subsequently suggested about the appointment of a Board to purchase coal of which no notice was taken by Government.

I shall not take more time of the House on this question of Coal purchase. I shall close it by showing from record how Whitworth interests himself in coal purchase even outside India through his proxy, Amritalal Ojha. The Rangoon Corporation called for tenders and Ojha put in his tender. He gave analysis of coal he tendered for, and his estimate was then higher than the lowest by 14,000. But he sent sample of different coal which reduced his estimate by over 20,000; and when he was caught, Whitworth came to his rescue by giving him an unsolicited certificate as President of the Grading Board that this quality was ideal quality. Of course Ojha's tender was rejected and a member was inclined to put Ojha's firm on the black list. With your permission, Sir, I shall read a few passages from the proceedings of the Rangoon Corporation meeting held on the 5th April, 1932. . . .

**The Honourable Sir C. P. Ramaswami Aiyar** (Member for Commerce and Railways) : Will my Honourable friend say what document he is reading from? I did not hear him.

**Mr. A. H. Ghuznavi** : It is minutes of the proceedings of a meeting of the Rangoon Corporation held on Tuesday, the 5th April, 1932. U Tun Aung, who was a supporter of Mr. Ojha said :

“ Among the papers that had been circulated that day was a letter from the President of the Indian Coal Grading Board, Mr. Whitworth. Mr. Whitworth described Victoria coal as a high volatile, low volatile series, and said that a mixture of Deshergur coal and Victoria coal would be ideal.”

Sir, with your permission, I shall here read the letter of Mr. Whitworth : I wrote to the Chief Engineer, Rangoon Corporation, to send me a copy of that letter and he, in sending that letter to me, writes as follows : I shall only read the last paragraph which says :

“ You will note that it is not stated for what purpose the mixture of Deshergur and Victoria coal would be ideal.”

This is Whitworth's letter written for the firm of Amritalal Ojha and Company, Limited. It says :

[Mr. A. H. Ghuznavi.]

“ True Copy.

DEAR QUAMBY,

Regarding Victoria : Although it is classed amongst the Barrakur Low Volatile coals, it is what I should describe as a high volatile, low volatile series. The volatiles run to 20.90 per cent. as against many ‘ Deshergur and Puniatia ’ which are just over 30.00 per cent. A mixture of Deshergur, Victoria to my mind would be ideal.

Yours sincerely,

(Sd.) O. S. WHITWORTH.”

Here he goes out of his way to support this man Ojha, and I shall presently show why he supports him :

“ Dr. Murray said that since his name had been mentioned in the matter, he would have to say something. He thought it was very refreshing to note the absolute honesty with which his friend, Dr. Dugal, had pointed out the fault of the contractor whose case he had placed before the Corporation.”

“ From the note of the Chief Engineer it would be seen that the sample submitted by Messrs. Amritlal Ojha and Company was a mixture of two coals, 75 per cent. Deshergur coal and 25 per cent. Victoria coal. Victoria coal was listed as low volatile coal. The result of this was that their tender which was about Rs. 15,000 higher than the other tenders was about Rs. 5,000 lower when it came to economic value.”

“ Mr. Rafi said that the tenderer undertook to supply Deshergur coal but had submitted a sample of entirely different coal. They had asked for peas, but had been supplied with beans. U. Tun Aung said that after the tenders had been opened, the tenderers were called upon to submit samples of the coal tendered. Messrs. Amritlal Ojha and Co., submitted their tender and an analysis for high volatile coal only. When Messrs. Amritlal Ojha & Co., found that their tender was not the lowest, they submitted a mixture of coal as a sample when called upon to do so. At that time they did not state that they had sent in a mixture. Only when the actual tests were made and the engineers became suspicious, that Mr. Mann took steps to find out what coal had been sent as a sample, and had been informed that a mixture of Deshergur and Victoria coals had been submitted”. “ He had half a mind to propose that this firm be placed on the black list. This firm did not stop at that. When it was found that the sample was not in accordance with their tender, they circulated a letter which placed a sort of conundrum before them. They were asked to believe that Victoria coal was a coal which was described as a high volatile, low volatile series. He thought they were being treated like little school children. Messrs. Amritlal Ojha were obliged to send in a particular kind of coal. Instead of sending the best possible sample of that coal they sent in a mixture and made good by way of economic value. He thought that this firm was playing a double trick on them, and a tenderer who had recourse to such a trick was more dangerous than the highest tenderer.”

Sir, turning to the working of the Railway collieries Honourable Members will be surprised to hear that ever since their purchase of these collieries,—and I must say there is a great history behind these purchases,—I gave a short notice question, and they refused to answer. I received this letter from Mr. Gupta :

“ With reference to your letter....”

**The Honourable Sir C. P. Ramaswami Aiyar** : May I ask the Honourable Member to kindly speak up a little ? I cannot hear him.

**Mr. A. H. Ghuznavi** : Sir, I gave a short notice question, and it was returned to me saying that the Honourable Member was not prepared to answer it....

**The Honourable Sir C. P. Ramaswami Aiyar** : The reason why it was returned was that the Honourable Member went into so much detail that I could not answer the short notice question.

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**Mr. A. H. Ghuznavi :** Sir, I only wanted the number of collieries that were purchased. Surely they have got all those figures in their office.

**Mr. President** (The Honourable Sir Ibrahim Rahimtoola) : The Honourable Member cannot raise that issue now. It is entirely at the discretion of the Honourable Member in charge whether to accept a short notice question or not to accept it. That is a special privilege conceded to Honourable Members of Government under the Rules and Standing Orders. It would be very desirable if the Honourable Member proceeded with the remarks which he wishes to make now that he has had an opportunity, irrespective of the short notice question, to have his full say.

**Mr. A. H. Ghuznavi :** I bow to your ruling, Sir.

Ever since their purchase of these collieries, they never called for any tender for raising contracts. In these long, long years, the raising contracts have been given to Messrs. Amritlal Ojha and Company,—Mr. Whitworth's favourite No. 1,—and some insignificant contractors, one of whom was Mr. Harrison's chaprasi, at rates varying from Rs. 1-12-0 to Rs. 2 per ton. What does my Honourable friend, Mr. S. C. Sen, pay to his raising contractor, may I ask ?

**Mr. S. C. Sen** (Bengal National Chamber of Commerce : Indian Commerce) : What does your patron pay for his raising contracts ?

**Mr. A. H. Ghuznavi :** The best English firms, that I know of, pay only Rs. 1-2-0 per ton.

**Mr. S. C. Sen :** Not a single company pays Rs. 1-2-0. They pay much more than that.

**Mr. A. H. Ghuznavi :** The best of the European firms do not pay more than Rs. 1-2-0 per ton, but Nawab Whitworth must pay to his favourite Begums Rs. 2 per ton. Sir, would the House be surprised that Government did call for tenders recently for raising of Joint Argada Collieries, and, I am glad, my exposure stirred them to this action. And what did they discover ? They were paying Rs. 1-6-0 per ton, while they got offers for Re. 0-13-0 per ton. Thanks to Mr. Rau for taking this step. Is there any room for doubt then that public money is being robbed ? Call for public tender to-day and you will get respectable raising contractors tendering for between Re. 0-13-0 and Re. 0-14-0 per ton. Is it, therefore, at all strange that the so-called Mining Federation which Ojha and Company dominate are raising such a hue and cry over this exposure of their Ma'Bap, Nawab Whitworth and his Wazir Surendra Nath Banerjee. Sir, about this wonderful Mining Federation, I have received several telegrams, and one of which I will, with your permission, read now. It runs :

“ Actual number of colliery proprietor members of Indian Mining Federation is about fifty some of these persons have more than one colliery consequently membership according to number of collieries is below one hundred moreover there are some petty coal merchants as members all such members combined present about five per cent of whole output according to Blue Book published by Inspector of Mines number of collieries is 795 out of which Federation may claim to represent 100 or so only, whereas 700 colliery owners are not represented by it consequently you are representing seven times more than what is represented by Federation \* \* \* ”

**The Honourable Sir C. P. Ramaswami Aiyar :** Who sends this telegram ?

**Mr. A. H. Ghuznavi ; Chandanmull Indrakumar.** Sir, of the 13 members of the Executive Committee of this Federation, as many as seven are in the closest ties of friendship with and in obligation to Mr. Whitworth ; and is it any wonder that the Mining Federation is up in arms against me for this earnest effort of mine to introduce reforms in the Chief Mining Engineer's Office and purge that office of its impurities. Sir, Government dare not bluff this House by saying that a saving of 16 lakhs of rupees could not have been effected if Mr. Whitworth had called for tenders for the raising contracts. This alone is sufficient to excite a reasonable suspicion as to why the raising contract is given to Ojha and Co. The profit would be four annas on a raising contract of fourteen annas per ton. What would be the profit in a raising contract of Rs. 1-12-0 to Rs. 2 per ton ? It must be near about a rupee a ton. This Rs. 16 lakhs of public money goes to Ojha and Co. every year. Thanks to the fifty-fifty arrangement. (*An Honourable Member* : "What is that arrangement ?").

Will the Honourable Members be surprised that Mr. Whitworth got about Rs. 40,000 last year over and above his monthly pay of Rs. 3,500, by way of commission for purchasing coal for non-State Railways being six pies per ton ? Non-State Railways bought 12 lakhs of tons last year.

**The Honourable Sir C. P. Ramaswami Aiyar** : Who gets Rs. 40,000 ?

**Mr. A. H. Ghuznavi** : Mr. Whitworth gets six pies per ton for purchasing coal for non-State Railways and other public departments.

**Mr. P. R. Rau** (Financial Commissioner, Railways) : May I correct the Honourable Member's statement ? The commission of six pies per ton is credited to the State Railway Revenues.

**Mr. A. H. Ghuznavi** : I stand corrected if that is so. I have shown, Sir, that a saving of at least Rs. 16 lakhs could be made on the purchase side and a saving of another Rs. 16 lakhs on the raising contracts. This brings the loss of public money to the round figure of Rs. 32 lakhs. Then comes the top-heavy administration of the collieries. Government in showing the raising cost do not show the interest on the capital, nor is the depreciation accounted for. Royalty on the weigh-bridge is also not accounted for ; it is debited to the "Charges general". If you take all these into account, it would add another loss of Rs. 16 lakhs to the public exchequer. The total loss incurred on these three counts comes to Rs. 48 lakhs a year. And what about the good years, when 25 to 30 lakhs of tons of coal were purchased and similar quantity raised ? The loss was greater still in those years. Is it, therefore, anything to be surprised at when the *Business* points out that a loss of Rupees nine crores has been sustained by the public exchequer during this regime of Mr. Whitworth ?

With your permission, I shall read a few extracts from the letters. This is the file of the original letters and-I am reading a few extracts only which alone will prove my contentions. The first letter says : "Every one interested....."

**Mr. P. R. Rau** : May I ask the Honourable Member who is the writer of that letter ?

**Mr. A. H. Ghuznavi** : I will not disclose his name, but if you undertake to make an investigation, I will certainly give you all these letters.

**The Honourable Sir C. P. Ramaswami Aiyar** : May I rise to a point of order that letters from an undisclosed person cannot be referred to on the floor of the House ?

**Sir Hari Singh Gour** (Central Provinces Hindi Divisions : Non-Muhammadan) : Was not my Honourable friend the other day referring to a letter and when he was asked the name of the writer he would not mention his name ?

**The Honourable Sir C. P. Ramaswami Aiyar** : My Honourable friend is completely inaccurate. What I said was that a certain person gave me information. I did not refer to a letter, and my Honourable friend can credit me with so much knowledge of the procedure of legislative bodies.

**Dr. Ziauddin Ahmad** (United Provinces Southern Divisions : Muhammadan Rural) : The Honourable Member is in a position to give the name to a few of us.

**The Honourable Sir C. P. Ramaswami Aiyar** : Apparently, more than one Member knows the name of the writer.

**Mr. President** (The Honourable Sir Ibrahim Rahimtoola) : The Honourable Member can either disclose the name on the authority of which he relies, or he can take the responsibility himself and say that he has received from a friend certain information and put it in his own words. He cannot read anonymous letters—they are anonymous in view of the fact that the Honourable Member is not willing to disclose the name of the writers.

**Mr. A. H. Ghuznavi** : Well, Sir, I have received letters, and if I disclose the names, I know that from to-morrow.....

**Mr. President** (The Honourable Sir Ibrahim Rahimtoola) : There are, as I pointed out, two alternatives before the Honourable Member.

**Mr. A. H. Ghuznavi** : I have received this information and I will put the information exactly in the words that I received it.

**Mr. President** (The Honourable Sir Ibrahim Rahimtoola) : The Chair would like to draw the Honourable Member's attention to the fact that his time is up.

**Mr. A. H. Ghuznavi** : With your permission, I would put in these letters.

**Sir Hari Singh Gour** : You can give them in your reply.

**Mr. S. C. Sen** : Sir, I had no intention of rising at the stage to answer the various allegations, vague, wild, and wandering allegations, of my Honourable friend, Mr. Ghuznavi. During the course of the half hour which he took in this House, the Honourable Member has not produced a single piece of evidence against Mr. Whitworth or his assistant Mr. Banerjea, to substantiate the vague allegations that he has made against them. The Resolution before the House is for the appointment of a committee for certain purposes. The grounds given are that tenders, when received, are altered by Mr. Whitworth and his assistant, Mr. Banerjea. In this connection, probably, Mr. Ghuznavi being a new man in the trade, not having any practical knowledge of the same, and having been put into directorship of some moribund companies and concerns of H. V. Low and Co., Ltd., has been made to pose here as an expert in coal contracts, in coal purchases and in collieries. He does not know how the tenders are received, how the tenders

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are opened, what procedure obtains in the office of the Chief Mining Engineer, nor does he know personally how these tenders are dealt with in that office....

**Mr. A. H. Ghuznavi** : My Honourable friend is one of the favourite begums of Mr. Whitworth.

**Mr. S. C. Sen** : I am sorry that you have not become one, although you attempted to be one of the begums. I am very sorry for your disappointment, Mr. Ghuznavi, although you have become the begum of many other persons....

**Mr. President** (The Honourable Sir Ibrahim Rahimtoola) : I trust Honourable Members will be careful in the choice of language they use when addressing the House.

**Mr. S. C. Sen** : It was not begum by me, Sir.

**Mr. President** (The Honourable Sir Ibrahim Rahimtoola) : I did not refer to the Honourable Member alone ; I made a general observation for all.

**Mr. S. C. Sen** : Had Mr. Ghuznavi ever attended the Chief Mining Engineer's office when tenders are opened, he could not have made those wild allegations which he has made here. Tenders are called for for the quantities which the various railways want. They are published in the papers, and tenderers are asked to submit their tenders to the office of the Chief Mining Engineer. A box is kept there, a sealed box, in which the tenders are required to be put in. A day is fixed, publicly announced, when the tenders are to be opened, and persons interested in the tenders and coal trade generally are required to be present there. The tenders are opened in their presence, the seal is broken, tenders are taken out, the seals on those tenders are checked in the presence of the persons present. There are representatives of other interests also present including those of newspapers, namely of *Commerce* and of *Capital*. Each tender is opened and read out. The name of the tenderer, the quantity of coal tendered, the quality or Seam of the coal tendered and the rate of the tender and the price of coal—all these are tabulated by the officers in charge of the department. How can there be any opportunity for any person to change these tenders after they have been opened publicly in the presence of all the persons concerned, I cannot understand. It is because Mr. Ghuznavi does not know the procedure that he has been led to make all these charges. The tenders after tabulation are considered by the office of the Chief Mining Engineer with the help of experts, namely, Loco. or Fuel Superintendents who come from the different railways, who state their requirements and the quality they want. They then put forward another tabulated form signed by these Loco. Superintendents and by the Chief Mining Engineer. So there also there is no opportunity of altering them. After they have been tabulated in the office of the Chief Mining Engineer, they are brought to the office of the Railway Board in Delhi or Simla. What then happens has been told by Sir George Rainy last year during the course of the debate on the budget. That will be found in Volume III, No. 4, dated the 17th March 1932. From the speech of Sir George Rainy it appears that these statements are examined in the office of the Railway Board by the Financial Commissioner and the Stores Member. Then they are put before the whole Board and the Commerce Member. Then

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the Commerce Member approves of what quantity is to be taken and from whom. In the words of Sir George Rainy, this control is a real control, not an imaginary control. I do not know what right Mr. Ghuznavi has for not accepting the statement of Sir George Rainy given in this House as regards the procedure. He now wants a Board to be framed consisting of a Member of the Railway Board. At present, the procedure is that two Members of the Railway Board have to go through it and the Commerce Member has also to go through it. Will the Board that Mr. Ghuznavi wants function better than the present system. Then he has mentioned the name of the Chief Inspector of Mines. What does the Chief Inspector of Mines know about the commercial side of the coal trade? He only knows about the technical side of the coal trade. His duty is to see whether the collieries are worked according to the rules, to the safety of the collieries, the safety of the coal miners and to the observance of the rules framed for the purpose of working the mines. He has absolutely no idea of the business of the coal trade. Then Mr. Ghuznavi says that one Loco. Superintendent of Railways will be on the Board in rotation. I do not know whether that will be an improvement over the present system in which all the Loco. Superintendents come to Calcutta and go through the list. Then, Sir, the procedure that is now followed is approved by the whole coal trade, not only by the Indian Mining Federation about which Mr. Ghuznavi has said so much but also by the Indian Mining Association, an association consisting of all the European colliery owners of Bengal and Bihar. In this connection, Sir, I may be permitted to read a statement circulated by the Committee of the Indian Mining Federation to the various Members :

“ Far different is the consideration on which the Committee of the Federation are opposed to the suggestion for the constitution of a Board as the coal purchasing authority of the Government and the abolition of the office of the Chief Mining Engineer to the Railway Board. The suggestion that the purchasing authority should be a Board created *ad hoc* rather than an officer of the Government acting under and responsible to the Railway Board seems to ignore the fundamental facts under which the Government can with advantage to themselves tap the coal market. Nothing is more erroneous than to assume that such purchases can be made without a very close, intimate and day-to-day contact with the market, even though the purchase is made only once a year in respect of each consumer or each group of consumers. What the Committee of the Federation must emphasise is needed is a study of the results of individual coals in boilers, a complete and up-to-date information about the quality and workings of mines as well as a very full knowledge of the coal market by which is meant a thorough knowledge of the standing and conditions of individual firms, their business dealings, their capacity to supply and generally their reliability or otherwise as suppliers.”

I need not read further but I shall read a letter which has been addressed to the Indian Mining Federation by the Secretary of the Indian Mining Association. The remarks which have been made by Mr. Ghuznavi regarding the Indian Mining Federation cannot be made against the Indian Mining Association. The letter runs thus :

“ The Committee of the Indian Mining Association have seen the draft of the circular which you propose to send to the members of the Legislative Assembly and I am directed to inform you that the Committee approve of the contents of the circular.”

Sir, the circular represents the views not only of the Indian Mining Federation but also of the Indian Mining Association. So much, Sir, for the Resolution which says that a new Board should be appointed. As I said before, what would be the function of the new Board? Should they go to Calcutta and purchase coal? If Mr. Ghuznavi has no confidence in



[Mr. S. C. Sen.]

two Members of the Railway Board and the Commerce Member, how can he have confidence in one Member? I do not see that that will improve matters much.

As regards railway collieries, the Resolution says that they should be run on business lines. Here Mr. Ghuznavi's ignorance has been fully exposed. If these collieries are run on business lines, then where would Mr. Ghuznavi or any other member of the coal trade be in Bengal? The railway collieries have been fitted up to raise 50 lakhs of tons of coal every year. They can do that.

**Mr. A. H. Ghuznavi :** Under the convention they cannot.

**Mr. S. C. Sen :** It is only out of kindness to the trade that they have restricted their raising to about one-third or one-fourth of the quantity required. They can raise 50 lakhs of tons of coal to-day. The railway requirements are only about 33 lakhs. If the railway collieries are asked to be run on business lines, then all the coal required for the railways could be got from the railway collieries themselves. Sir, my time is up and although I have much to say on the subject, regarding raising contracts and the allegations against Mr. Whitworth and his assistant who, I understand, has nothing whatever to do with the Railway collieries and about the charges against Mr. Harrison, I cannot take up any more time of the House.

(At this stage the Honourable the Home Member was called upon to make a statement.)

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STATEMENT *RE* INTENTIONS OF GOVERNMENT WITH REGARD TO MR. GANDHI.

**The Honourable Mr. H. G. Haig** (Home Member) : Sir, with your permission, I should like to make a brief statement to the House as to the intentions of Government with regard to the treatment of Mr. Gandhi. Mr. Gandhi has made it clear by his correspondence with the Prime Minister that he is proposing to starve himself to death, not as a protest against his detention nor with the object of securing his release, but on a point of principle which is not related to the civil disobedience movement. It has been decided that as soon as Mr. Gandhi actually begins his fast, he should be removed from the jail to a suitable place of private residence, and the only restriction that will be imposed upon him there, as at present contemplated, is that he should be served with an order directing him to remain there. We hope it will prove unnecessary to impose any further restrictions on Mr. Gandhi, but this is a matter that will depend primarily on whether the liberty accorded to him is found to lend itself to the promotion of the civil disobedience movement or any similar agitation directed against the Government or to affect the maintenance of law and order. (Applause.)

The Assembly then adjourned till Eleven of the Clock on Friday, the 16th September, 1932.