

Tuesday, 11th April, 1939

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THE
COUNCIL OF STATE DEBATES

VOLUME I, 1939

(23rd January to 18th April, 1939)

FIFTH SESSION

OF THE

FOURTH COUNCIL OF STATE, 1939

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COUNCIL OF STATE.

Tuesday, 11th April, 1939.

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

MEMBERS SWORN :

The Honourable Sir Alan Hubert Lloyd (Nominated Official).
The Honourable Colonel Neville Godfrey Hind (Nominated Official).

QUESTIONS AND ANSWERS.

PAY AND ALLOWANCES ADMISSIBLE TO INDIAN COMMISSIONED OFFICERS.

260. THE HONOURABLE MR. RAMADAS PANTULU (on behalf of the Honourable Mr. G. S. Motilal): What are the allowances paid to the Indian commissioned officers of each rank in addition to their pay and since when ?

THE HONOURABLE COLONEL N. G. HIND : I lay on the table a statement containing the required information.

Allowances admissible to Indian commissioned officers.

Serial No.	Allowance.	Amount.	Date of sanction.
1	Outfit allowance	(a) Ex-Indian Army cadets Rs. 1,340.	(a) 1-2-1938.
		(b) Others Rs. 670	(b) 1-2-1935.
2	Camp kit allowance	Rs. 100	1-2-1935.
3	Separation allowance	(a) Rs. 40* per mensem	(a) 24-2-1935.
		(b) Sliding scale Rs. 40—120 per mensem.	(b) 23-2-1936.
4	Local allowance at Calcutta and Bombay.	Rs. 75 per mensem.	1-4-1938.
5	Mess allowance	2nd Lieuts. Rs. 40 per mensem ; Lieuts. during the first three years and nine months of their service in that rank Rs. 15 per mensem.	} 1-9-1937.
6	Charger allowance †	Rs. 500 . . . . .		May 1935.

* Admissible during attachment to a unit or during post-graduate training when an Indian commissioned officer is not allowed to keep his family with him.

† Admissible to Indian commissioned officers required to maintain a charger but not provided with one by Government.

AMOUNT OF EXPENDITURE ON THE AIR FORCE.

261. THE HONOURABLE RAJA YUVERAJ DATTA SINGH: Will Government state the amount spent by the Indian Government for the Air Force for the defence of India?

THE HONOURABLE COLONEL N. G. HIND: The required information is contained in the Defence Services Estimates, copies of which are in the Library of the House.

RESTRICTIONS PLACED ON MILITARY AND CANTEEN CONTRACTORS.

262. THE HONOURABLE MR. RAMADAS PANTULU (on behalf of the Honourable Mr. G. S. Motilal): (a) Will Government state whether there are any restrictions and limitations put upon canteen contractors for dealing in swadeshi goods? If so, what are the restrictions and for what reasons?

(b) Are there any restrictions imposed upon their selling cigarettes made in this country? If so, what are exactly those restrictions and why are they imposed?

(c) What are the rules and regulations governing the sale of cigarettes and which particular brands of cigarettes are allowed to be sold?

(d) Are cigarettes made in the United Kingdom, France, Italy, etc., allowed to be sold or not?

(e) Are cigarettes made in India by foreign firms allowed to be sold or not?

THE HONOURABLE COLONEL N. G. HIND: I refer the Honourable Member to the statement laid on the table on the 6th April, 1939, in reply to the Honourable Mr. M. N. Dalal's question No. 198 of the 20th March, 1939.

INDIAN COMMISSIONED OFFICERS.

263. THE HONOURABLE LT.-COL. SIR S. HISSAMUDDIN: Will His Excellency the Commander-in-Chief kindly state how many Muslim, Sikh and Anglo-Indian Indian commissioned officers have been taken in the army within the last three years?

THE HONOURABLE COLONEL N. G. HIND: During the years 1936, 1937 and 1938, 59 Muslims, 35 Sikhs and seven Anglo-Indians have been appointed to commissions in His Majesty's Indian Land Forces.

INDIAN COMMISSIONED OFFICERS.

264. THE HONOURABLE LT.-COL. SIR S. HISSAMUDDIN: Will His Excellency the Commander-in-Chief kindly state whether the recruitment of Indian commissioned officers in the army from the various communities is made in proportion to their present class composition in the army? If not, why are they deprived of the officers of their own class?

THE HONOURABLE COLONEL N. G. HIND: Fifty per cent. of the vacancies at the Indian Military Academy for candidates for commissions in the Indian Land Forces are filled by open competition. This is open equally to all communities and classes in India including the enlisted classes.

The remaining 50 per cent. are filled by army cadets who have passed through the ranks of the Army, Auxiliary Force (India) or Indian Territorial Force, and are therefore confined exclusively to the classes enlisted in these forces.

These classes are not therefore deprived of officers of their own class.

THE HONOURABLE MR. HOSSAIN IMAM : May we know what is the proportion of non-listed men in these Indian commissioned officers ?

THE HONOURABLE COLONEL N. G. HIND : I am afraid I must have notice of that question, Sir.

COMMUTATION TABLES FOR PENSIONS.

265. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : (a) Will Government state whether the present table of commutation value of pensions for Government servants is based on a $4\frac{1}{2}$ per cent. rate of interest ?

(b) Has the rate of interest on Government's borrowings fallen to 3 per cent.

(c) Do Government propose to revise the Commutation Tables for Pensions with reference to the present-day rate of interest ? If not, why not ?

THE HONOURABLE SIR ALAN LLOYD : (a) No ; the present tables are based on a rate of interest of $3\frac{3}{4}$ per cent. per annum.

(b) The rate for the last rupee loan was a little over 3 per cent.

(c) The commutation tables are reviewed annually and altered, if necessary, on the basis of the average yield on long dated rupee loans and India stock and not with reference to the borrowing rate of Government in any particular year.

THE HONOURABLE MR. HOSSAIN IMAM : Will the Honourable Member state when the present table was revised last ?

THE HONOURABLE SIR ALAN LLOYD : I am afraid I cannot answer that beyond stating that, if they are reviewed annually, it must have been within the last year.

RAILWAY WEIGHTS AND MEASURES.

266. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government state whether the present standard weight in pounds of a maund fixed by the railway is higher than the standard laid down in the new Bill passed by this House on the 22nd March ? Do the railway authorities propose to alter the rates of parcel and goods freight proportionately when the Act is brought into force ? If not, why not ?

THE HONOURABLE SIR GUTHRIE RUSSELL : The reply to the first part of the question is in the negative. The second portion of the question, therefore, does not arise.

NUMBER OF CASUALTIES ON THE NORTH WEST FRONTIER.

267. THE HONOURABLE RAI BAHADUR SRI NARAIN MAHTHA (on behalf of the Honourable Raja Yuveraj Dutta Singh) : Will Government

state the number of casualties in the Frontier Provinces at the hands of Waziri *lashkars* and raiders and the amount spent by Government in adopting special protective measures against their inroads into British territory ?

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD : With regard to the first part of his question, the attention of the Honourable Member is invited to the figures for the Bannu and Dera Ismail Khan districts in the statements contained in the Border Administration Reports of the North West Frontier Province for the years 1936-37 and 1937-38. It may be taken that most of the casualties enumerated were the result of raids from Waziristan.

With regard to the latter part of the question, it is impossible to separate the expenditure incurred in protective measures against raids into British territory from that incurred in dealing with the Waziristan disturbances generally. A sum of about Rs. 4½ lakhs was, however, sanctioned for additional Frontier Constabulary and Levies between the 1st December, 1938 and the 28th of February, 1939.

NUMBER OF SHAMIANAS HELD BY THE CENTRAL PUBLIC WORKS DEPARTMENT.

268. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government state the number of shamianas in the Central P. W. D. surplus stores, their purchase price, and their annual maintenance charges incurred during the years 1933-34, 1934-35 and 1935-36, also the amount of income derived in each of the above years by hiring them ? How do the hiring and relative charges (erection, demolishing and carriage, etc.) compare with such charges in the open market ?

THE HONOURABLE MR. M. S. A. HYDARI : A statement is laid on the table. A strict comparison between the rates of hire, etc., of Government and private shamianas is not possible in view of the difference in quality and price but on the whole the latter are less.

	1933-34.	1934-35.	1935-36.
Number of sham anas	11 (Out of which 9 were sold by public auction during 1933-34.)	2	2
	Rs.	Rs.	Rs.
Income derived from hire	15	65	123
Expenditure incurred on maintenance	640	582	224

The cost price of each shamiana is Rs. 1,900.

AMOUNT REALISED FROM FURNITURE AUCTIONED BY THE CENTRAL PUBLIC WORKS DEPARTMENT.

269. THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Will Government state whether furniture was auctioned by the Central P. W. D. from its surplus stores during the years 1938 and 1939 ? If so, what amount was thus realised in each year as compared with its original cost ? Was this furniture removed from Government bungalows for being replaced by modern and better furniture ? Was the original cost of the scrapped

furniture over Rs. 40,000? Will Government also state the price they paid for the modern furniture and what was the necessity for replacing the furniture so soon?

THE HONOURABLE MR. M. S. A. HYDARI: In 1938 furniture, which originally cost Rs. 72,277, was removed from Government bungalows and replaced by new furniture at a cost of Rs. 74,364. This furniture had been purchased at various times between 1919 and 1926, and being old and worn out required replacement.

Furniture, which originally cost Rs. 25,794-8-0, including some of the furniture removed from Government bungalows in 1938, was auctioned during the years 1938 and 1939, the amount realised being Rs. 1,768-5-0.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: May I know what was the total number of chairs sold by auction and what was the price realised?

THE HONOURABLE MR. M. S. A. HYDARI: I want notice of that question, Sir.

THE HONOURABLE MR. HOSSAIN IMAM: Were these sales advertised in the papers?

THE HONOURABLE MR. M. S. A. HYDARI: I should think so.

THE HONOURABLE MR. HOSSAIN IMAM: Will the Honourable Member inquire if they are published or not, and see, if this is not being done, that it is done in future?

THE HONOURABLE MR. M. S. A. HYDARI: Yes, Sir.

PRODUCTION AND IMPORT STATISTICS OF "VEGETABLE COMPOUND (VANASPATI)."

270. **THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS:** Will Government state the total quantity of production of "vegetable compound (Vanaspati)" in India, and the quantity imported from abroad during each of the last five years?

THE HONOURABLE MR. H. DOW: A statement showing the imports of vegetable product (vegetable ghi, vegetable fat, etc.), into British India (excluding Burma) from abroad during the last five years is laid on the table.

Statement showing the imports of vegetable product (vegetable ghi, vegetable fat, etc.) into British India (excluding Burma) for the five years ending 1937-38.

	Cwts.
1933-34	2,333
1934-35	3,783
1935-36	3,163
1936-37	2,506
1937-38	17,675*

* Includes 16,254 cwts. imported from the Netherlands.

COMMUNAL COMPOSITION OF THE PRINTING AND STATIONERY DEPARTMENT.

271. THE HONOURABLE MR. HOSSAIN IMAM (on behalf of the Honourable Mr. Abdool Razak Hajee Abdool Sattar): (a) Will Government lay on the table a statement showing—

- (i) the number of head assistants, assistants, junior clerks, record suppliers, duffries, and other menials in the offices of the Deputy Controller, Central Stationery Office, Calcutta, the Manager, Government of India Press, Calcutta, the Manager, Forms and Stores, Calcutta, and the Officer-in-Charge, Government of India Publication, Book Depot, Calcutta, with their scales of pay and present pay; and
 - (ii) how many of them are Mussalmans?
- (b) Will Government state—
- (i) whether orders for larger employment and fixing the minimum percentage for Mussalmans were forwarded to the above offices by the higher authorities concerned; and
 - (ii) whether there is any record showing that steps were taken to secure Mussalmans by advertisement when vacancies occurred in those offices if suitable Mussalman candidates were not available?

THE HONOURABLE MR. M. S. A. HYDARI: (a) I regret I cannot furnish the information required by the Honourable Member as its collection will involve an amount of time and trouble incommensurate with the result. Some of the particulars in respect of superior staff can, however, be obtained from the annual statements showing the communal composition of the Printing and Stationery Department, copies of which are available in the Library.

(b) (i) The relevant orders on the subject have been communicated to the authorities concerned.

(ii) The information has been called for and will be laid on the table of the House in due course.

NUMBER OF MUSLIMS IN POST OFFICES IN BENGAL SERVING AS INSPECTORS, ETC.

272. THE HONOURABLE MR. HOSSAIN IMAM (on behalf of the Honourable Mr. Abdool Razak Hajee Abdool Sattar): (a) Will Government state:

- (i) the number of Inspectors and Overseers of Post Offices in Bengal including Calcutta? How many of them are Mussalmans;
- (ii) whether there is any record that steps were taken to secure Mussalmans by advertisement when suitable Mussalman candidates for the posts were not available;
- (iii) the minimum qualifications of the persons now in service as Inspectors and Overseers of Post Offices in Bengal;
- (iv) the name of final authority for appointment of such posts;
- (v) the scale of pay for these posts;
- (vi) the dates of last three occasions when such appointments were made, and the number of persons appointed on each occasion; and
- (vii) the number of clerks, typists and menials in the offices of the Postmaster General, Bengal, Presidency Postmaster, Calcutta,

and Office of the Central Telegraph Office, Calcutta? How many of them are Mussalmans (to be stated separately)?

(b) Is there any recent Government Order stating that Mussalmans will not be given their legitimate share in these posts?

THE HONOURABLE MR. A. D. GORWALA: (a) (i), (v) and (vii) A statement containing the information asked for by the Honourable Member is laid on the table.

(ii) The question of advertising does not arise, as the posts are to be filled by promoting suitable departmental officials and not by direct recruitment.

(iii) Generally, Inspectors are appointed after a departmental examination. Out of the 54 Inspectors now working in Bengal, three, however, have not passed the prescribed examination as they were transferred from the general scale of the lower selection grade during the period 1927—1932 when appointments in both the cadres were interchangeable. Overseers are generally selected from among suitable postmen. They must be able to read and write English and the Indian language generally spoken in the district.

(iv) The Postmaster-General appoints Inspectors; First Class Postmasters and Superintendents of Post Offices appoint Overseers.

(vi) The information is not readily available. Appointments are made as vacancies occur.

(b) No. I would, however, point out that the orders regarding communal representation apply only in cases of direct recruitment.

THE HONOURABLE MR. HOSSAIN IMAM: The Honourable Member has not replied to part (v).

THE HONOURABLE MR. A. D. GORWALA: The reply to part (v) is in the statement which I am laying on the table of House.

Statement referred to in the reply to parts (a) (i), (v) and (vii) of question No. 272.

	Total.	Number of Mussalmans.		
(a) (i)—				
Inspectors of Post Offices	54	6		
Overseers of Post Offices	257	57		
			Old scale of pay.	New scale of pay.
(v)			Rs.	Rs.
Inspectors of Post Offices	160—10—250		130—6—190	
Overseers of Post Offices— in Calcutta and its vicinity elsewhere in the Circle	50—5—100 40—4—80		35—2—55	
(vii)			Clerks and typists.	Menials.
	Total No.	No- of Mussal- mans.	Total No.	No. of Mussal- mans.
Postmaster-General's Office, Calcutta	194	32	104	28
Calcutta General Post Office and its town sub-offices.	1,587	192	672	117
Calcutta Central Telegraph Office	258	22	414	159

NUMBER OF MUSLIMS IN THE OFFICE OF THE SURVEYOR GENERAL OF INDIA, ETC., ETC.

273. THE HONOURABLE MR. HOSSAIN IMAM (on behalf of the Honourable Mr. Abdool Razak Hajee Abdool Sattar): (a) Will Government state:

- (i) how many employees in the Superior Clerical Miscellaneous (below Rs. 100 and over Rs. 100 per month to be stated separately) and menials are there in the offices of—
- (a) The Surveyor General (Government of India) and its attached offices including Maps, Drawing, Photo-litho, Mathematical Instrument Departments, etc., Calcutta;
 - (b) Income-tax Department, Government of India, located in Calcutta; and
 - (c) The Meteorological Department (Government of India), Calcutta or Alipore and in the Offices situated in the Indian Museum, Calcutta, under the Government of India (including Archaeological Soc., Botanical Survey, Geological Survey, Zoological Survey, etc.)?

(ii) How many of them are Mussalmans?

(b) Is there any record to show that an attempt was made to secure Muhammadan candidates by advertisement?

THE HONOURABLE KUNWAR SIE JAGDISH PRASAD: The information asked for by the Honourable Member is being collected and will be laid on the table of the House in due course.

ALL-INDIA RADIO.

274. THE HONOURABLE MR. HOSSAIN IMAM: Will Government state:

(a) How many Biharis, Hindus and Muslims have been appointed in the Broadcasting Department in permanent and temporary posts between 31st March, 1936 and 31st December, 1938?

(b) Whether no Bihari has yet been appointed in the said department? If Government has no information, will they obtain and furnish the facts? and

(c) Whether the attention of Government has been drawn to the articles and comments thereon published in the *Indian Nation*, Patna, and *Searchlight*, Patna? If so, what action has been taken or is proposed to be taken in the matter?

THE HONOURABLE MR. A. D. GORWALA: (a) and (b). The information is being collected and will be laid on the table in due course.

(c) Yes. Recruitment in All-India Radio is made on an all-India basis, although for certain posts special consideration is given to local applicants. Government see no reason to alter these arrangements.

ALL-INDIA RADIO.

275. THE HONOURABLE MR. HOSSAIN IMAM: Have the Ministers of Bihar persistently drawn the attention of the Central Government as well as the Controller, Broadcasting, towards the unrepresentation of Biharis in the

Broadcasting Department? If so, will Government lay on the table the communications received and despatched to the Ministers of Bihar during the calendar years 1937 and 1938?

THE HONOURABLE MR. A. D. GORWALA : I have been unable to trace any correspondence on this subject either in my Department or in the Controller's office.

ALL-INDIA RADIO.

276. THE HONOURABLE MR. HOSSAIN IMAM : Will Government state :

(a) How many posts were there in each of the Broadcasting stations on the 31st March, 1936 and 31st December, 1938 showing separately the temporary as well as permanent posts ?

(b) What are the posts in the officers' rank in the Broadcasting Departments and what are subordinate ones ? and

(c) What is the salary attached to each post, viz., officers' grade, subordinate grade, etc. ?

THE HONOURABLE MR. A. D. GORWALA : (a), (b) and (c). Two statements are placed on the table of the House. I may add that all posts in All-India Radio are at present temporary.

Statement showing the number of posts in All-India Radio stations on the 31st December, 1936 and 31st December, 1938:

Delhi. Bombay. Calcutta. Peshawar. Lahore. Lucknow. Madras.

Name of post. 31st Dec. 1936. 31st Dec. 1938. 31st Dec. 1936. 31st Dec. 1938. 31st Dec. 1936. 31st Dec. 1938. 31st Dec. 1936. 31st Dec. 1938. 31st Dec. 1936. 31st Dec. 1938. 31st Dec. 1936. 31st Dec. 1938. 31st Dec. 1936. 31st Dec. 1938.

Station Director	1	1	1	1	1	1	1	1	1	1	1	1	1
Assistant Station Director	1	1	1	1	1	1	1	1	1	1	1	1	1
Director of Programmes	1	1	1	1	1	1	1	1	1	1	1	1	1
Sub-Director of Programmes	..	..	..	1*	..	..	..	..	..	..	..	..	..
Programme Assistants	4	6	4	5	4	5	2	..	4	..	4	4	4
Announcer (European)	1	1	1	1	1	1	..	..	..	..	..	..	..
Announcer (Indian)	..	3	..	1	1	1	1	1	1	1	1	1	1
European News Editor (Part time).	..	..	2†	..	..	..	..	..	..	..	..	..	..
Sub-Editor	1	..	1	1	1	1	1	1	1	1	1	1	1
Station Engineer	1	1	1	1	1	1	1	1	1	1	1	1	1
Assistant Engineer	3	5	2	3	2	3	..	..	1	..	1	1	1
Technical Assistant	11	11	6	10	8	9	3	3	3	3	3	3	4
Mechanic	2	4	1	3	2	3	1	2	2	2	2	2	2
Accountant	1	1	1	1	1	1	1	1	1	1	1	1	1
Clerk, Grade I	1	2	2	1	1	1	..	..	..	..	..	..	..
Clerk, Grade II	3	5	3	4	3	5	3	3	3	3	3	3	3
Stenographer	1	1	1	1	1	1	..	..	..	..	..	..	..
Telephone Attendant	..	2	..	2	1	1	..	..	1	..	1	1	1
Car driver	2	1	2	1	1	2	1	1	1	1	1	1	1
Cleaner driver	..	..	..	1	1	1	1	1	1	1	1	1	1
	34	46	30	39	28	39	16	..	21	..	20	..	23

Norm.—Inferior posts have not been included.

* Since abolished.

† Now kept unfulfilled.

Statement showing the gazetted and non-gazetted posts in the Broadcasting Department and the scales of pay attached to them.

Designation.	Scale of pay. Rs.
<i>Gazetted—</i>	
1. Controller of Broadcasting	2,000—50—2,200.
2. Deputy Controller of Broadcasting	1,000—50—1,250.
3. Chief Engineer, All-India Radio	1,650—50—1,850
4. Administrative Officer	1,000 (personal to present incumbent).
5. News Editor	1,000—50—1,500.
6. Editor, <i>Indian Listener</i>	500—20—700.
7. Research Engineer	300—20—600.
8. Installation Engineer	600.
9. Deputy Installation Engineer	300—20—600.
10. Station Director	(a) 750—25—900. (b) 500—25—750.
11. Assistant Station Director	350—20—450—25/2—500.
12. Station Engineer	(a) 300—20—600. (b) 250—15—450.
<i>Non-gazetted—</i>	
1. Director of Programmes	250—10—350.
2. Programme Assistants	150—10—250.
3. Announcer, European	150—10—250. 150 fixed.
4. Announcer, Indian	100—5/2—150.
5. Assistant Engineer	200—10—300 200 fixed.
6. Technical Assistants	(a) 100—10—150. (b) 100—5/2—150.
7. Mechanics	30—3—84—4—100. 60. 30.
8. Divisional Accountant	(a) 200—20—360. (b) 100—10—270—30/ 5—300.
9. Accountants	(a) 130—6—190. (b) 100—5—150.
10. Sub-Editor	(a) 300—20—500. (b) 150—10—300.
11. Translators	150—5—200.
12. Superintendent	400—20—500.
13. Assistants	140—10—280—EB— 10—310—15—400.
14. Clerks, II Division	80—4—120—5—200.
15. Clerks, III Division	60—2—80—3—95— E. B.—3—1 5.
16. Publicity Assistant	100—10—200
17. Head Clerk	100—5—150.

Statement showing the gazetted and non-gazetted posts in the Broadcasting Department and the scales of pay attached to them—contd.

Designation.	Scale of pay.	
	Rs.	
17. Clerks, Grade I.	(a) 100—4—120.	(b) 95—4—115.
19. Clerks, Grade II	(a) 45—45—3—90.	(b) 40—40—3—85.
20. Clerks	(a) 40—2—80.	(b) 30—1—40.
	(c) 40 fixed.	
21. Stenographers	(a) 125—5—180—10—300.	(b) 75—5—125.
	(c) 50—5—150.	
22. Telephone Attendants	(a) 45.	(b) 40.
23. Draftsman	(a) 75—4—95—5—150	(b) 40—5/2—70—5/2—90.
24. Motor drivers	(a) 40—2—80.	(b) 40.
25. Cleaner drivers	30.	

ALL-INDIA RADIO.

277. THE HONOURABLE MR. HOSSAIN IMAM: Will Government give the following information about the Broadcasting Department:

(a) Have all temporary appointments in the Delhi, Lahore, Peshawar, Bombay and Lucknow stations been made without any advertisement?

(b) Have 80 per cent. of these appointments during the last two years gone to Punjabis only?

(c) Were non-Punjabis appointed temporarily mostly discharged as incompetent and are Punjabis invariably found suitable and confirmed in their appointments? If not, what are the facts? Will Government give the actual figure of Punjabis and non-Punjabis permanently appointed, discharged and continuing as temporary hands during the calendar years 1937 and 1938.

THE HONOURABLE MR. A. D. GORWALA: (a) All posts in All-India Radio are temporary but I presume the Honourable Member is referring to vacancies of short duration. These vacancies are, for obvious reasons, not advertised.

(b) Statistics are not maintained of the provinces to which officers and other staff of the Department belong as recruitment to All-India Radio is not made on a provincial basis.

(c) The appointment or discharge of an employee of All-India Radio is not made on provincial considerations and a record by provinces of such discharges is not maintained. No permanent appointments were made.

ALL-INDIA RADIO.

278. THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR : Will Government state :

(a) The number of employees in the Broadcasting Department on 31st March, 1936 in different departments with their nationality, i.e., Hindus, Muslims, Europeans and others ?

(b) The number and name of the members of each community appointed in the Broadcasting Department between 31st March, 1936 and 31st December, 1938 showing separately the temporary and permanent appointments ?

THE HONOURABLE MR. A. D. GORWALA : (a) I would refer the Honourable Member to the annual statements showing the communal composition of the establishment of All-India Radio, copies of which are in the Library of the House.

(b) All appointments in All-India Radio are temporary. Excluding mechanics, motor drivers, and inferior staff, 261 appointments were made during the period in question. Of these 155 went to Hindus, 79 to Muslims, five to Europeans and 22 to other communities. As for names, I would refer the Honourable Member to the All-India Radio Establishment List, copies of which are in the Library of the House.

ALL-INDIA RADIO.

279. THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR : Will Government state :

(a) The method followed by the Broadcasting Department in filling up temporary vacancies ?

(b) What method has up till now been adopted by the said Department in filling up vacancies of a permanent nature ; and

(c) How many permanent vacancies were filled by (i) recruitment of outsiders, and (ii) by confirmation from amongst those employed temporarily between 31st March, 1936 and 31st December, 1938 ?

THE HONOURABLE MR. A. D. GORWALA : (a) and (b). All posts in All India Radio are temporary. The higher appointments on the Programme and Engineering sides are made either from the departmental staff or outsiders on the advice of the Federal Public Service Commission, while Programme and Technical Assistants are recruited through Selection Boards appointed by Government for this purpose. Clerical vacancies in the Office of the Controller of Broadcasting are filled from amongst candidates who have passed the Ministerial Service Examination held by the Federal Public Service Commission, and vacancies in the clerical grades in the stations and subordinate offices of the Department are filled either by promotion or from candidates considered suitable by the Controller. Other appointments, such as mechanics, motor drivers, and inferior staff, are made by the Station Directors and other competent authorities subordinate to the Controller. Temporary vacancies of short duration in the different grades are filled by promotion or by probationers recommended by Selection Boards or from amongst candidates who are available and are considered suitable by the officers empowered to make the appointments.

(c) A statement giving the information asked for by the Honourable Member is laid on the table.

Statement showing the substantive vacancies filled between the 31st March, 1938 and 31st December, 1938 by (i) outsiders and (ii) by those already employed in All-India Radio.

Designation.	Outsiders.	Departmental candidates.	Remarks.
1. Station Director . . . . .	..	6	
2. Assistant Station Director	2	3	
3. Director of Programmes	2	5*	* They had to compete with outsiders and were recommended by the Federal Public Service Commission.
4. Programme Assistant	23	..	
5. Announcer	10	1	
6. News Editor	1	..	
7. Editor, <i>Indian Listener</i>	1	..	
8. Sub-Editor	5	2	
9. Assistant Editor	1	..	
10. Translator	2	1	
11. Research Engineer	1	..	
12. Station Engineer . . . . .	..	3	
13. Installation Engineer . . . . .	..	1	
14. Deputy Installation Engineer . . . . .	..	2	
15. Assistant Engineer	1	11†	† Out of these 8 were recommended by the Federal Public Service Commission.
16. Technical Assistant	54	..	
17. Accountant	8	3	
18. Head Clerk	2	1	
19. Clerk, Grade I	3	3	
20. Clerk, Grade II	34	2	
21. Stenographer	6	1	
22. Draftsman	1	..	

NOTE.—This does not include the appointments of mechanics, motor drivers, telephone attendants and inferior servants, information in respect of which is not readily available.

INDIAN TARIFF (SECOND AMENDMENT) BILL.

THE HONOURABLE MR. H. DOW (Commerce Secretary): Sir, I move :

“ That the Bill further to amend the Indian Tariff Act, 1934 (*Second Amendment*), as passed by the Legislative Assembly, be taken into consideration.”

Sir, it happens that the period of protection at present granted to a large number of industries comes to an end at the same time, on 31st March this year, and for the sake of convenience, and for the sake of convenience only, we have dealt with most of these in this Bill. We could not deal with Sugar Protection in this Bill because there is a separate Act on the Statute-book relating to sugar and it is necessary to proceed by an amendment of that Act. But in the case of other commodities, they are at present dealt with in the ordinary Tariff Act, including paper, although, as you will notice the Tariff Board did not discover that fact for themselves. The Bamboo Paper Protection Act was repealed by the Tariff Act of 1934 and is no longer on the Statute-book. There has been some misapprehension on this subject, and I notice that on Saturday last the President of the Federation of Indian Chambers of Commerce, in referring to three of these industries, Sugar, Magnesium

Chloride, and Paper, animadverted on the delay which Government had made in dealing with these industries. In the case of sugar, as Honourable Members know, we dealt with it last year for an interim period, and I do not propose to deal with sugar now. It will be coming up to us in a few days. But as regards the subjects dealt with in this Bill there has been no delay whatever. The present period of protection only expired on the 31st of March this year, and we are now bringing forward our proposals. We were also blamed because, owing to our delays we say that conditions in these industries have altered and that the recommendations are out of date. We do not say that about any of the recommendations in the reports before us. It is not part of Government's case that these recommendations are out of date. The reductions in duty which Government have made are based on demonstrable errors in the Board's own reports. We have also been blamed for setting up an expert body and then disagreeing with its findings. That again, is not a just criticism. We do not set up an expert body. The Tariff Board is not an expert body, and we are following, and always have consistently followed, the recommendation of the Industrial Commission in not making the Tariff Boards consist of experts.

Now perhaps I had better deal with the subjects treated of in this Bill in inverse order, not perhaps of their importance, but dealing first with those about which, as far as I am aware, there is likely to be least controversy.

First of all, as regards Silk, the Tariff Board's Report was only received at the end of January, some months later than we had reason to anticipate, that it would be received. It is a very bulky document, and consists of both a majority and a minority report and Honourable Members will realise that it has been quite impossible for Government during the preoccupations of a very busy season for the Commerce Department in both Houses to deal with it adequately. Therefore in the case of Silk what we propose is the imposition of the same rates for a further period of one year and we shall come up with our proposals next budget season.

The next item dealt with is Broken Rice. This has come up year by year for some time now, and we can say that the duty which is imposed has been completely successful inasmuch as it has excluded all imports of foreign broken rice. The main reason for imposing this duty is that broken rice is a waste industrial product which is used elsewhere for the production of rice flour, starch, and so on. This waste product competed unfairly with our own Indian whole rice. The kind of foreign broken rice now excluded, which formerly came from Siam and Indo-China, is a highly polished rice; and the grade which particularly came in was one known as Grade A Special Broken Siam, which consists of sifted larger fragments of a very highly polished large grain rice, of very attractive appearance but very low nutritive quality, it is deficient, I am told, in certain vitamins, and definitely encourages deficiency diseases. That seems an additional reason for keeping this out. It is markedly inferior to the low grades of Madras rice with which it competes.

THE HONOURABLE MR. HOSSAIN IMAM : What about Burma rice ?

THE HONOURABLE MR. H. DOW : Burma rice is not a highly polished rice of this kind.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Does the Honourable Member treat Burma rice as unpolished ?

THE HONOURABLE MR. H. DOW: No. I say it is not one of those highly polished grades of rice at all comparable with the rice that came in from Siam and Indo-China.

Now I do not suppose there is going to be any opposition to this duty, and if one may go by what has happened before, any comment on the proposal will probably take the form that the proposal does not go far enough, that it does not impose a duty on whole rice in the interests of the Madras growers. Well, it is not intended to do that, and I may say in advance that if that criticism is again brought forward in this Council, I do not propose to answer it later on.

Passing now to Magnesium Chloride, this product is used in the sizing of yarn before it goes for weaving, and by virtue of its hygroscopic character it has the effect of rendering the yarn pliable and soft. It is used almost exclusively in cotton textile mills. In the case of magnesium chloride we have made a certain deduction from the amount of protection recommended by the Tariff Board. In particular two items in the cost of production are considered excessive. The Board take profit at 8 per cent. and the reasons given are two, that the trade is seasonal and that the scale of production is comparatively small. It does not appear that either of those reasons are particularly valid. Nobody suggests that the pay of High Court Judges ought to be raised on the ground that they sit only for half the year. As regards the scale of production, it is true that it is not a very large industry, but it is an industry from which a reasonably good living is made, and I do not think that that is a very valid reason for putting up the rate of profit very considerably. If we took 6 per cent. instead of 8 per cent., a reduction in the rate of protection of something like 10 pies would be justifiable. But the main ground on which Government have reduced the duty recommended is that an allowance of $7\frac{1}{2}$ annas per maund for freight disadvantage is made for the whole product of this industry. It has been shown elsewhere that this is not justified. A very considerable part of the product of the industry is used in Ahmedabad and other places where, so far from their being a freight disadvantage, there is a freight advantage. On account of these two things Government have reduced the amount of protection by three annas.

I should like to make it clear that we are in no sense being harsh to this industry and that a larger reduction in fact than we have made would have been theoretically justified. I consider that this industry has made extremely good use of the protection which it has been given. The industry has the advantages of abundant and cheap raw materials, sufficient labour and a reasonably large market and the industry has established itself in the face of difficulties after having once been refused protection after an inquiry by a Tariff Board. Then with the aid of protection it has captured practically the whole of the home market and established itself in the export market. At the same time it has very much improved the quality of its product and the quantity of its output, and it has reduced its expenses. It has practically ousted its foreign competitors; for the past few years at any rate it has been able to sell its product in India at a price somewhat higher than what the Board found to be the fair selling price, and a good deal higher than the fair selling price with the deductions that I have just suggested ought to be made. But at the same time Government recognise that it would be a mistake to draw the conclusion that the industry has reached a stage when it can afford to dispense with protection. The main threat now is from Japan, and I think it is a real one, not likely to materialise as long as the industry is given adequate protection, but likely to be translated into action if we were

to give any indication that we intended to leave this industry to stand alone. It is very undesirable that for this small but necessary product the mills should have to depend on foreign supplies. For that reason Government propose to continue the protection for a period of seven years. I do not think that it is likely that the industry will make excessive profits, although the industry is doing very well. The process of manufacture is comparatively simple, and the capital required is small, and I think that large profits under such conditions would evoke competition. Moreover, although the burden on the cotton industry, which is the industry's principal customer, is very small, we can trust the mills to see that they are not unduly exploited. In view of all these facts, and of the fact that there is always section 4 of the Indian Tariff Act, under which corrective action could be taken if necessary, Government think it desirable to continue protection to this industry at the reduced rate, and that it should last for another period of seven years.

I now come to the Paper and Paper Pulp industry. Government's conclusion on the facts given in the Tariff Board's Report is that no case has been made out for the further protection of the pulp industry, and still more that no case has been made for extending protection to the grass pulp industry. The figures arrived at by the Board show clearly that the ordinary revenue duty of 25 per cent. is adequate to afford the necessary protection to the paper pulp mills. I should here point out that under the Bill as introduced in the Legislative Assembly Government proposed that the duty on pulp should be a revenue duty of 25 per cent. *ad valorem*. The Board went on the assumption that the price of imported pulp might be as low as £9 c. i. f. Calcutta. At £9 c. i. f. Calcutta and a duty of 25 per cent., the cost of imported pulp at the mill would be Rs. 156 a ton. The Board have found that the cost of making bamboo pulp at the mill is Rs. 111, and that even in case of grass pulp it is Rs. 140, so that there would still be a very considerable margin.

But in the other House, however, Government accepted an amendment making the duty a protective one instead of a revenue one. It was urged that there might be a very great drop in the imported price. Here I may say that in order to equate the price of pulp which paid the ordinary duty to the cost of pulp produced at the mill it would be necessary for the drop in price to be rather catastrophic; it would have to come down to Rs. 84 c. i. f. Calcutta. Still it was argued that there might be a very large drop in price, and the main fear of the industry was that with a low price for imported pulp there might be new mills starting to make paper in this country without making pulp. They would use imported pulp and would not have the heavy overhead costs for expensive pulp making machinery. It was to meet these fears that Government agreed to make the duty a protective one. The result of making the duty protective will be that at any time, if this threat to the industry materialises, Government will be able to take action under section 4 of the Indian Tariff Act. Honourable Members will remember that the operation of that section is limited to protected industries. If it had been a revenue duty, Government would not have been able to take action quickly, and it was to meet this apprehension on the part of the trade that Government accepted the amendment.

Later on in the course of debate a further amendment was carried against Government which added to the words in the fourth column of section 2 the words " or rupees thirty-five whichever is higher ; " so that, instead of Government's proposal that the duty should be a revenue duty at the rate of 25 per cent. *ad valorem*, the Bill as now before you imposes a protective duty of 25

[Mr. H. Dow.]

per cent. *ad valorem* or rupees thirty-five whichever is higher. While I am speaking on that particular point, I had perhaps better refer to the amendment of which I have given notice, and which proposes to reduce this figure of thirty-five to thirty. I should explain that this amendment is being moved here as the result of a compromise come to between parties in the other House. Under this compromise it was agreed that subsequent amendments increasing the rate of duty proposed by Government should not be pressed, and it is intended that, if the amendment which I move is acceptable to this House, it will be accepted without comment when the Bill goes back to the other House.

Now leaving for the moment the question of Pulp, and coming to Paper, in view of what I have just said perhaps I need not go in very great detail into the reasons for which Government are proposing their reductions. Government's case for these reductions is based entirely on serious errors of calculation in the Board's Report and if I do not go into these in detail now, I hope Honourable Members will realise that it is through no desire to shirk the issue—

THE HONOURABLE THE PRESIDENT: You can go into the details at the time when you move the amendment.

THE HONOURABLE MR. H. DOW: If in the course of the debate, any desire is expressed that I should justify any of these details I am quite prepared to do so, but all I need perhaps say at this stage is that Government have reduced, entirely on a consideration of the facts, the duty recommended by the Board from 11 annas to 9 annas, and that the Assembly have accepted this duty of 9 annas instead of 11 annas as part of the compromise to which I referred.

That, Sir, I think is all I need say in introducing this Bill. With these words, Sir, I move that the Bill be taken into consideration.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU (United Provinces Northern: Non-Muhammadan): Mr. President, this Bill has been subjected to criticism partly because of the delay in the publication of the Reports of the Tariff Board regarding the protection that should be given to the magnesium chloride and the paper and paper pulp industries. My Honourable friend Mr. Dow, in dealing with these points, claimed that since the protection given to the industries that I have just named would expire only on the 31st March, it could not be said that Government had been guilty of any delay in dealing with the matter. My Honourable friend is quite right in claiming that these industries will not be left for a day without protection, but he certainly knew when he spoke that the complaint was not with regard to the want of protection that these industries would suffer from but the undue delay in the publication of the Reports of the Tariff Board. My Honourable friend has not said one word to justify the procedure adopted by Government in this respect.

THE HONOURABLE THE PRESIDENT: I think he did say something. He said it was a very bulky Report and the Government wanted time to go through it.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Well, Sir, the Magnesium Chloride Report was certainly not a bulky one, and as Reports

of the Tariff Board go, it cannot be said that the Report on the Paper Industry either was a bulky one. Considering the decision that Government have come to, it seems to me to have been a very simple matter in the eyes of Government. In any case, Sir, I personally do not see what would have been the harm if Government had published the Reports that we are dealing with without waiting to make up their minds on the recommendations contained therein. I would not dwell at length on this question as it was referred to by more than one speaker in the other House and there appears to be some hope from the reply given by the Honourable the Commerce Member that Government might adopt a different procedure in the future. No categorical assurance has been given on this point but nothing was said to justify the non-publication of the Reports by Government for nearly 10 or 11 months.

THE HONOURABLE THE PRESIDENT: That may be true but the industry has not been prejudiced.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I am not saying that. But what I want to know is why it was necessary to keep the Reports from the public so long. Take, Sir, the questions relating to coal mining. The Report of the Coal Mining Committee was published some time ago. It might not have been circulated to us but Government did not wait to make up their minds with regard to its recommendations before allowing the Report to be published. Why should a different procedure have been adopted in this case? Would the interests of the different industries have been prejudiced in any way if the Reports had been published earlier? Would the Government have been in any way hampered in arriving at a decision by adopting the course which appears to me to be more natural? It does not seem really that there were any valid reasons at all for not placing these Reports before the public for nearly a period of one year. And now, Sir, these Reports have been thrown at our heads and while Government have taken nearly a year to make up their minds, we are asked to deal with these Reports on the basis of such consideration as we have been able to give it, say, during the last week. Surely, if Government wants so much time in order to make up their minds, it is not right that they should allow us so little time to follow the arguments adopted in these Reports and to understand the justification for the recommendations that have been made.

Sir, even the delay that has taken place would have had some justification had all the recommendations of the Tariff Board been dealt with in the Government Resolution that has been recently published. One of the most important chapters of the Report relating to the paper and paper pulp industries is that which deals with the scientific work that ought to be done by the Forest Research Institute in future in connection with these industries. I personally think that the recommendations relating to research work and the opportunities that ought to be given to the Forest Research Institute for extending its work are of even greater importance to the future of these industries than the protection recommended by the Tariff Board. If Government are really anxious that the interests of the consumer should be protected and that the protection should be as small as could be justified by the circumstances of the case, then it is obviously incumbent on them to hasten to provide for the extension of research work on the lines recommended by the Tariff Board. Yet, we are told in the Government Resolution that the question regarding the extension and equipment of the Forest Research Institute will receive separate consideration. Government have had enough time for the consideration of

[Pandit HirJay Nath Kunzru.]

this question. They need not have indicated their views regarding those recommendations of the Tariff Board which I am for the moment dealing with in this Resolution. They might have issued a separate Resolution. But I do think that that Resolution too should have been published at least simultaneously with that which states the views of the Government on the other points raised by the Tariff Board. I only hope, Sir, that there will be no further delay in dealing with this important matter and that the importance of research work would be adequately recognised by Government.

Coming to the Bill itself, I propose to deal only with the question of protection to be granted to the paper pulp industry. It is this question that was the main bone of contention between Government and the non-official Members in the other House. Government claim that it was not legitimate in view of the past Reports of the Tariff Boards to ask for protection for pulp manufactured from grass. It is undoubtedly true that when the question of protecting the paper industry was first considered, it was thought that the future of the industry depended on the availability of bamboo pulp. Nevertheless, it is to be recognised that the policy hitherto followed by Government has enabled those mills which depend either partly or wholly on grass pulp to continue their business for nearly 14 years. In the second place, it ought to be realised that grass pulp constitutes nearly 33 per cent. of the pulp manufactured in this country. It is obvious, therefore, that in the present state of things, the need for protecting the grass pulp industry is important from a practical point of view. Apart from this, Sir, I should state that there are at least four mills today depending for their operations either partially or completely on grass pulp, two use both bamboo and grass pulp and two depend entirely on grass pulp, and among the new concerns that have been projected one will use grass pulp only. All these facts go to show the importance of protecting that section of the industry which depends on grass pulp. It was pointed out by the Commerce Member in the other House and it has been re-stated by the Honourable Mr. Dow here today that the difference in the cost of bamboo pulp and grass pulp is so much that it would not be economically justifiable to continue to protect the grass pulp industry. In view of the facts that I have placed before the House it seems to me that whatever policy might be followed in the future, in the immediate present it is necessary to see that the interests of the mills depending on grass pulp are not unduly prejudiced. The time may come, and may come soon, when the mills both in consequence of the work done by them and with the aid of the scientific work done by the Forest Research Institute may be able to extend the production of bamboo pulp to such an extent as to be able to do without other kinds of pulp. But, till such time comes, I think it would be admitted, at any rate by the non-official Members here, I hope, that it would be desirable to continue to use pulp made from indigenous materials rather than purchase foreign pulp even though the latter might be cheaper than the indigenous pulp. But, Sir, these are not the only grounds on which I think the case for the protection of grass pulp ought to be considered. We have to see whether the protection enjoyed by the grass pulp industry in the past has led to stagnation in the industry. Reading the Report of the Tariff Board on the Paper and Paper Pulp Industries, it does not seem that things have remained as they were in any section of the industry. Things have moved forward and continuous attempts have been made during the last 14 years to bring down the cost both of the production of pulp and the manufacture of paper. It seems to me from this that there need be no reasonable apprehension that if protection is continued to be granted to the grass pulp industry, it would cease to

make progress and that the interests of the consumers would be permanently prejudiced. Again, Sir, take the protection that has been suggested by the Tariff Board. It is not such as to cover the entire difference between the price of the imported article and the price of the grass pulp made here. The protection that has been granted is such as to leave the grass pulp industry at a disadvantage as compared with imported pulp. Here again there will be an incentive to the grass pulp industry to make further progress. In these ways, Sir, it seems to me that the Government though they took nearly 11 months to make up their minds with regard to the recommendations of the Report did not adequately appreciate the factors involved in the decision of this matter, and came to a conclusion which I fear was influenced partly by the pronounced views held by the late Finance Member on the protection that our industries should enjoy.

THE HONOURABLE THE PRESIDENT : Have you any grounds for such surmises ?

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : If there are no grounds I have no doubt the Honourable Mr. Dow will deal with the matter. But as I read the Report it does not appear to me that there is sufficient justification for the policy adopted by Government. And consequently it seems to me that they have arrived at the decision embodied in their recommendations on grounds other than those justified by the facts contained in the Report of the Tariff Board.

12 NOON.

Sir, there remains yet the question of the amount of protection to be granted to the paper pulp industry. I am glad to see the Government do not want to go back on the decision of the other House. But the Honourable Mr. Dow said that as regards the specific duty agreed to by the Assembly the other day he would now propose that it should be lowered to 30 per cent., and that he would do so owing to a compromise arrived at between Government and the non-official Members of the other House. I have no doubt that he will place before us the facts justifying the conclusion that has now been arrived at when he rises to propose his amendment. I would however like to say one word before I sit down. My Honourable friend said that the recommendation contained in the Tariff Board for the continuance of protection to the grass pulp industry was not justified in view of the price at which imported pulp was sold. Now, I appreciate the importance of his argument, but I should like him to explain himself a little more clearly than he has done. The figures that he has quoted with regard to the costs of bamboo pulp and grass pulp seem to relate to the works cost, while the Tariff Board stated that what ought to be taken into account was not the works cost only, which was Rs. 111 per ton for bamboo pulp and Rs. 144 per ton for grass pulp, but the total cost which would include the overhead charges also. It was only after the inclusion of the overhead charges that it came to the conclusion that both kinds of industry would stand in need of protection. I raise this point only because it does not appear that the Honourable the Commerce Member referred to it in the other House, at any rate the published summary of his speeches gives no indication of it. My Honourable friend Mr. Dow also took only the figures relating to the works cost and not those relating to the total cost. Perhaps when he gets up to move his amendment he will throw some further light on the matter and tell us why it was that notwithstanding the very clear reasons given by the Tariff Board for proceeding on the basis of the entire cost and not that of the works cost only, he has omitted to take notice of the former and contented himself with considering only the latter item.

THE HONOURABLE MR. RAMADAS PANTULU (Madras : Non-Muhammadan) : Sir, this Bill comes here with an understanding with the Assembly after it is passed. In connection with the Motor Vehicles Bill we were also confronted with an understanding with the other House. Sir Thomas Stewart told us when we moved some amendments in this House that as a result of some understanding between the Parties in the other House and the Government he could not accept the amendment though he considered it reasonable on its merits, I find that procedure to be very inconvenient to this House. I think the Government should have negotiated with the Parties in the Assembly before the Bill reached its third reading and was passed. The only conclusion to which a person like myself who has made an independent study of the question can come to is that either the Assembly recorded a very hasty vote when it made the modification that the duty should be either 25 per cent. *ad valorem* or Rs. 35 per ton, whichever is higher, or subsequently by reason of further discussions with the Government discovered their mistake and are now content to modify their opinion or—

THE HONOURABLE THE PRESIDENT : That does not prevent you from revising the decision of the Assembly here.

THE HONOURABLE MR. RAMADAS PANTULU : Technically that is so. But we are entitled to know whether the Government have offered them some consideration in the form of other concessions as a *quid pro quo* or the amendments rest on their own merits.

THE HONOURABLE MR. H. DOW : I hope I did not imply that Government admitted that they had made a mistake. Government occasionally think it wise to do things out of deference to the opinions of Honourable Members on the other side.

THE HONOURABLE MR. RAMADAS PANTULU : All I can say is the position is very inconvenient. I think when Government comes here it should come with the final decision of the Assembly and not with understandings subsequently arrived at after a Bill is passed. On the merits of the amendment I wish to say a few words if I am in order.

THE HONOURABLE THE PRESIDENT : It will be better to say them when the amendment is moved.

THE HONOURABLE MR. RAMADAS PANTULU : Then, Sir, with regard to protection for rice, I must voice the feeling of the people of Madras who consider that protection should be given not only for broken rice but also for whole rice. Burma is a great competitor and the prices in Madras are greatly repressed by imported rice. A great deal has been said in the Legislative Assembly of Madras and the debates of that House are available to the Government. I hope they will read those debates and find out whether we have a case or not. I feel that Madras has a legitimate grievance, that 12 annas on broken rice alone is not enough and there ought to be protection against imported rice itself. It is a standing grievance. Rice is the only staple crop in Madras and agriculture is not very prosperous and unless you give protection I think the price of Madras rice will suffer further depreciation and the position of the agriculturist will become worse. Therefore, I appeal to Government to examine the question of giving adequate protection to rice in Madras especially in respect of rice imported from Burma.

Sir, I entirely associate myself with the remarks made by the Honourable Pandit Kunzru regarding the way in which the Tariff Board's Reports were placed before us. We have got the Reports only about three or four days before the end of March. It is true the protection continued till the end of March but we would like to have an opportunity of studying the subjects a little more carefully. We are not experts but laymen, and Government should remember that while they have expert advisers we have to depend on our own wits, on the debates in the other place and such other information as we can gather from the trades concerned. Therefore, Sir, we would appreciate the Government giving these Reports a little earlier. For instance, the Coal Mining Committee's Report was only handed over to us last night, and some of us who arrived this morning after spending Easter elsewhere found the Report on our tables. When that Bill comes up I will have to make a real complaint that it ought not to have been placed before the House for consideration until we had had at least a day in which to study the Coal Mining Committee's Report.

These are my general observations, Sir, which I hope the Government will remember in futuro and give us better facilities and more time to study these reports and prepare our case. With these words I support the Motion.

THE HONOURABLE SIR DAVID DEVADOSS (Nominated Non-Official) : Sir, I have much pleasure in supporting the Motion. One observation I want to make. This is not the first time when the people of Madras bitterly complained that the Government of India did not take better steps to protect its interests. Rice is the only commodity—there are other commodities also, but this is the chief—which is raised in the Madras Presidency, and after a good deal of effort we were able to secure some sort of protection so far as broken rice is concerned. That was damaging the whole of the Madras Presidency and this protection no doubt has done some good, but we still complain that this 12 annas is not enough, it ought to be at least one rupee and also we must have protection against the importation of Burma rice free of duty.

THE HONOURABLE MR. H. DOW : The duty is surely entirely effective. Even at 12 annas no broken rice has come in. It could not do more than keep out the whole of the foreign broken rice. It is now two years since any foreign broken rice has come in.

THE HONOURABLE SIR DAVID DEVADOSS : I certainly thank Mr. Dow for the information he has given. I understand that last year the crop in Siam and in French Indo-China was so low that they could not export anything. That is my information ; I may be wrong. But now very little is imported. But with regard to the import of rice from Burma, it is doing great harm to Madras. Speaking from personal experience, rice growing is not at all a profitable concern. In many parts of the Presidency paddy which is raised does not fetch as much as the cost of raising it. Then the Government revenue, agent's costs, overseer's and servants' wages have to be borne by the landlords. Madras, as many people know, is a place which has got the ryotwari system ; most of the country is under the ryotwari system, that is to say, the people pay taxes direct to Government and the taxes are very heavy. We pay sometimes as much as Rs. 22 per acre. Then there are cesses, such as railway and other cesses. That being so, I think the Government of India ought to take some trouble in studying the question and in protecting the main industry of the country. I hope, Sir, as my Honourable friend Mr. Ramadas Pantulu said, Government will consider this question and give us some relief it not now at least at a future date.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) : Sir, I rise to endorse all that my Honourable friend Mr. Kunzru has said on this subject. Sir, reports from the Tariff Board or other Committees reach us so late that it is impossible for us to go through them carefully and make up our minds. For instance, the Coal Mining Committee's Report reached us last night after 8 O'Clock and the relative Bill is before us today to consider. Is it possible, Sir, to go into that big volume in the night and be prepared for a debate the following morning ?

THE HONOURABLE THE PRESIDENT : It was published in the newspapers some months ago.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Sir, you yourself have observed many times that reports from newspapers ought not to be taken as an authority.

THE HONOURABLE THE PRESIDENT : That is quite a different thing—You could not read from newspapers here, but you can use the information.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : They are not after all authoritative reports and further one may or may not get hold of and read any particular paper in which the Report is published. Sometimes we, business people, are on tour and we fail to read paper's for days and sometimes such reports are not read by us. Sir, when the Government have taken 11 months to consider the Report, they cannot expect us to consider the same in a few days.

Now, Sir, as regards the increase in the tariff duty on bamboo pulp, if you will allow me I will take up that point after Mr. Dow has made his speech, and put forward the reasons which led the Assembly leaders to accept the compromise.

THE HONOURABLE THE PRESIDENT : You may take it up now.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : Sir, we have not been given reasons as to why the Government wanted the duty to stand at 25 instead of 35 which was recommended by the Tariff Board.

THE HONOURABLE THE PRESIDENT : It was partly my fault : I stopped him and told him to deal with it later.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS : After hearing reasons from the Honourable Mr. Dow, I shall begin my observations on this subject.

THE HONOURABLE MR. H. DOW : Sir, I was first taken to task by the Honourable Mr. Kunzru who pointed out that the real complaint was against the delay in the publication of the Tariff Reports about which I had said nothing. It is true, Sir, that I said nothing about that, for that was not the complaint with which I was dealing. I was dealing with a specific complaint made by a very prominent commercial body that as a result of our delay in dealing with those Reports we have brought forward the excuse that conditions in the industry had entirely altered and so rendered the Board's recommendation out of date. I pointed out with reference to that particular criticism that it was completely unjustified, that we had not said that the recommendations were out of date, and that there was no delay in giving effect to the recommendations of the Board at the proper time.

I am quite prepared to deal with the point that the Honourable Mr. Kunzru has raised, *viz.*, the delay in publication of Tariff Board Reports. It is a matter in which Government's position has been made clear very many times. If you get a Tariff Report produced, say, six months before action is to be taken to give effect to its recommendations, it is quite clear that if you publish the Tariff Board Report (for example recommending that the duty on sugar should be reduced by Rs. 3), the publication of that document is going to have a very serious and disturbing effect on trade. People will say, "Probably Government will accept that" and they will wait before they bring in imports of sugar, and Government revenues may suffer very badly. There will be gross dislocation in the market in every way. There is absolutely no change in Government's policy or procedure with regard to publication of those Reports. Government so far as I can recollect never have published a Tariff Board Report in advance of publishing their decisions upon it, and those decisions have not been published more than a very short time in advance of the legislation to give effect to them. On this particular occasion I quite realise Honourable Members' difficulties, and they are the sort of difficulties that I suffer from perhaps more than anyone else in this Council. That is the inconvenience of having a very large number of highly important things flung at you, and having to make up your mind in a very short time. It does happen that on this occasion Reports on Sugar, Paper, Magnesium Chloride and various other things all happen to synchronise, and I quite realise that Honourable Members feel that they have not really been able to devote as much time to them as they would have liked. But I hope that they will realise that there has been no change in Government policy in this respect, and that it is really not practicable to publish Tariff Board Reports a long time in advance of the action to be taken on them, or before Government have made up their minds.

Another point is that, if these Reports were published a long time ahead, they would inevitably become a matter of extreme controversy, and various interests would be organising their forces to bring pressure in this direction and that direction. It is very much better that Tariff Board Reports should at any rate be dealt with in a calmer atmosphere than that.

I will now deal with the matter of grass pulp. I am afraid that the Honourable Mr. Kunzru was not himself very clear on this subject. He said that he thought that Government might have given more consideration to the fact whether protection "should continue to be given to the grass pulp industry". I gather from that that he is under the impression that at present the grass pulp industry does enjoy protection. But Government never have given protection to the grass pulp industry, and it is not a question of continuing protection to that industry. The present Board has gone out of its way to recommend protection to an industry which hitherto has not had it.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: May I explain? What I meant to say was that that thing had in practice enjoyed protection because of the protection given to bamboo pulp which cost considerably more than grass pulp. This is in the Report.

THE HONOURABLE MR. H. DOW: Well, I am pleased to hear that that is what the Honourable Member meant. I took down his words. Well, in so far as he means that, I may say that the grass pulp industry will continue to enjoy this protection in the same way that it has done before. We are in no way excluding grass pulp from the enjoyment of the protection which we give to the bamboo pulp mills. We could only do that really by abandoning tariff protection, and substituting a system of bounties. This we have not done,

[Mr. H. Dow.]

and one of the earlier Boards deliberately set aside this method in order that the grass pulp mills might enjoy the protection given to bamboo pulp mills. They will still do that.

But I gather that the Honourable Member would like me to deal, in rather more detail than I did in my opening speech, with the subject of the grass pulp mills. There have been two Tariff Board Reports dealing with this industry, one in 1925 and one in 1931, and both of these Boards were emphatic that no case could be made out for the protection of grass pulp. The 1925 Board were quite clear that no claim could be made out for protection on the past performances of the mills using grass. They said (I can give Honourable Members the references if they wish) that the paper mills which used grass had no natural advantage in competition with imported paper, but on the contrary they were at a disadvantage. And the Board said that it was no part of their object to adjust the scheme of protection so as to permit the grass mills to survive, and that their disappearance would not ultimately endanger any national interest; and the most that the 1925 Board envisaged was a mere possibility that some of the grass mills might survive for another five years, and certainly not beyond the time when the intensive development of the paper and pulp industries were likely to be profitable. They made it perfectly clear that in their opinion the development of the paper industry was wholly dependent on the bamboo pulp industry, and that the fate of the grass mills was, nationally speaking, a matter of indifference.

The 1931 Board confirmed the finding of the 1925 Board on these matters. They stated:

“that any extension of the output of paper composed chiefly of grass will make it more difficult for the industry to dispense with protection and that the Indian market will be unable to absorb larger quantities of such paper”.

They said:

“Our examination of the evidence in this inquiry has confirmed the findings of the Tariff Board on the subject of Sabai grass in 1925”.

and they went on to say that they regarded bamboo and grass as supplementary rather than competing materials, and for that reason while basing the amount of protection on the cost of making bamboo pulp, they recommended that both bamboo and grass mills should be treated alike (as we are doing now) and it was for that reason that they recommended that protection should be given by way of a tariff and not by way of bounties.

Now, the present Board, while accepting the previous Board's estimate of grass as a supplementary rather than a competing material, draw the entirely unwarranted conclusion that it is necessary to base the rate of protection on the cost of making pulp with this supplementary and relatively expensive material, and I can find in the 1931 Report absolutely no grounds for the present Board's suggestion that that Board did not take the cost of production of grass pulp into account “presumably because the cost of production of bamboo pulp was higher”. They did not do so because they had already decided on other grounds, agreeing with the 1925 Board, that no case for the protection of the grass mills had been made out. And indeed the case for the protection of grass pulp is now not stronger but a good deal weaker than it was in 1931. The Board themselves have shown that bamboo pulp is by far the cheaper material and that it has made headway at the expense of grass (paragraph 18 of the Report) and that with further improvement in the quality of

bamboo pulp, mills will continue to substitute bamboo pulp for grass on account of its relative cheapness. The Board state, too, that in those areas where, owing to the absence of bamboo, grass will continue to be the principal raw material :

“ There is no reason why grass mills should be unable to operate economically allowing for the fact that there is a demand for paper manufactured mainly from grass ”.

There is confirmation of this in the fact that there are new grass mills being erected which were already under construction at the time the Board was sitting : they certainly could not have had any idea that the Board would depart so far from the principles of the last two Boards as to recommend special protection in favour of grass.

Another thing is that, if you are going to base the protection for the paper industry on the price of grass pulp, it means definitely accepting the position that the industry would never be self-supporting. The Board themselves do not think that the figure of Rs. 35 per ton for grass is likely to be reduced, and at anything like that figure it can obviously never hold its own against bamboo pulp and still less against imported pulp. So that to fix the rate of duty with reference to grass pulp would be accepting the position of giving perpetual high protection to the industry, and it is quite clear that the Board is aiming at a rate of duty which will effectually exclude imports on the ground, as they say, that—

“ it is a *prima facie* desirable that pulp made from indigenous raw materials, which cannot be utilised for any other purpose, should be used in preference to imported pulp ”

The Board really have not gone into the question at all as to whether the grass pulp industry deserves protection. They have at a certain stage in their Report gone on the assumption that it should get protection.

One other point I was asked to deal with specifically by the Honourable Mr. Kunzru was the question of the inclusion or otherwise of overhead costs. It is quite true that when I quoted figures, I gave the works cost of pulp and compared that with the cost of imported pulp. I was following the method which was adopted by the 1931 Board. If you will refer to the Report of the 1931 Board, you will find that they worked out the works cost of pulp to be Rs. 186. They found the cost of imported pulp at mill to be Rs. 140. They deducted that from the works cost and got the figure of Rs. 46, and on that they recommended that the rate of duty should be Rs. 45, and that was the duty that was actually imposed. If the 1931 Board had followed the procedure which the present Board have adopted and added overhead costs, it is quite clear that they would have added a further figure of something like Rs. 40 on that account, and we should have had to impose a protective duty of something like Rs. 85. I suggest that since, as a matter of fact, the duty calculated without taking overhead costs into consideration has proved more than effective, it leads to some presumption that the former Board were right ; and I think they were right. You have to remember that the mills do not sell pulp. The production of pulp is merely a certain phase in the production of paper. The thing the mills sell is paper. The Board allow for the whole of the overhead charges in working out their cost of paper in order to calculate the duty that should be charged on paper. You will find that they have taken the whole of the overhead costs into consideration in doing that. The position is that the mills are in a position, at the appropriate stage, of being able to use the pulp which they have manufactured at works cost of Rs. 111 instead of the imported pulp for which they would have to pay a duty-free price of Rs. 126.

[Mr. H. Dow.]

I am quite sure that the Board have entirely erred in abandoning the method adopted by the 1931 Board and taking overhead charges into account in working out the cost of paper. It is of course quite clear that if the present Board are right in adding the overhead charges, the last Board must have been wrong in leaving them out.

I do not propose to deal with the suggestion, perhaps rather the insinuation, that Government have been influenced by the alleged anti-protectionist views of the Finance Member. The reductions that Government have made are based entirely on the Reports before them, and it is by an analysis of the figures given, and by the previous history of the matter, that Government have been influenced.

Two Honourable Members referred to Rice—

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Before the Honourable Member deals with rice, may I ask him whether he can say anything with regard to the recommendations of the Board about further research work at Dehra Dun ?

THE HONOURABLE MR. H. DOW : I am not in a position to deal with that. In fact, even if I were, I think I should probably be ruled out of order as the matter would be irrelevant to this Tariff Bill. The matter before us simply deals with the tariff action to be taken on the Board's Reports. But I am not in a position to say anything more about the recommendations on research work.

With regard to Rice, I can only repeat that this Bill has done, and we think it will continue to do, all that it is expected to do. It really is not a criticism of this Bill to complain because it is not some other Bill. The question of any action that may be possible or profitable to take with regard to Rice generally is one that is under the consideration of Government. It would be out of place to deal with it in this discussion.

The other points that were raised by the Honourable Mr. Pantulu and the Honourable Rai Bahadur Lala Ram Saran Das I have dealt with incidentally in replying to the points made by the Honourable Pandit Hirday Nath Kunzru. That, Sir, is all that I need say.

THE HONOURABLE THE PRESIDENT : The question is :

"That the Bill further to amend the Indian Tariff Act, 1934 (*Second Amendment*) as passed by the Legislative Assembly, be taken into consideration."

The Motion was adopted.

THE HONOURABLE THE PRESIDENT : Clause 2.

THE HONOURABLE MR. H. DOW : Sir, I move :

"That in sub-clause (c) of clause 2 of the Bill, in the fourth column of the proposed Item No. 43, for the letters and figures 'Rs. 35' the letters and figures 'Rs. 30' be substituted".

THE HONOURABLE MR. RAMADAS PANTULU : Sir, I rise to oppose this Motion. My reason is very simple. No very convincing reasons are given to us why we should differ from the decision of the Legislative Assembly which is itself in complete accord with that of the Tariff Board. The Tariff Board has recommended precisely the same protective duty as is now found in the Bill as passed by the Legislative Assembly. Unless there are very good grounds,

I think the Government should not bring forward amendments in this House. Not that they are not entitled to do so for special reasons. But they must normally give effect to the recommendation of the Tariff Board, particularly when that recommendation has been assented to by the Assembly.

THE HONOURABLE THE PRESIDENT : You must not take notice of the result of arguments of the Members of the Assembly.

THE HONOURABLE MR. RAMADAS PANTULU : The Assembly has recorded its vote and we do not know whether it has changed its opinion afterwards.

THE HONOURABLE THE PRESIDENT : I think you always had great respect for the opinion of the Assembly.

THE HONOURABLE MR. RAMADAS PANTULU : Yes; but, if the Assembly wanted to revise its opinion, it ought to have done it, before the Bill was passed, at the Third Reading, by allowing the Government to bring in an amendment in time in the Assembly instead of saying here that the leaders of the various parties have since come to an understanding and therefore they are bringing in the amendment here.

THE HONOURABLE THE PRESIDENT : I may tell you that there is nothing to prevent any understanding being arrived at at any stage between the Assembly Members and the Government.

THE HONOURABLE MR. RAMADAS PANTULU : There is no legal impediment, I quite agree. But an understanding being arrived at after the Bill was passed is a very inconvenient procedure for this House. For instance, we are not in a position to know what induced the Members of the Assembly to change their views in regard to the vote they recorded fixing a protective duty of Rs. 35 per ton, if that was higher than 25 per cent. *ad valorem*. Nor has the Honourable Member given us the reasons for the Assembly changing its mind. He assured us that if we accept this amendment the Assembly is not likely to raise any dispute, but I cannot really accept that statement. (*An Honourable Member :* "What does your Party say?") I did not consult them, nor have I received any information from my Party in the Assembly. Therefore I do not wish to make any statement on behalf of my Party.

THE HONOURABLE THE PRESIDENT : I would advise you not to press the point.

THE HONOURABLE MR. RAMADAS PANTULU : I have to oppose this amendment for the reason that we are entitled to know on what grounds the Assembly has changed its mind. Is it because they thought their first decision was wrong, or because Government offered them some consideration in the form of other concessions either in regard to this Bill or other Bills? I have had to deal with this matter at some length because on a former occasion in connection with the Motor Vehicles Bill, when I moved an amendment Sir Thomas Stewart said it was quite reasonable and if it had not been for an understanding with the Leaders of Parties in the other House he would have accepted it. But when I said the Government ought to have the courage of their convictions and ought not to oppose an amendment in this House simply because of an understanding in the other House, he said it was not because they were wanting in moral courage but because they had to recognise the realities.

[Mr. Ramadas Pantulu.]

of the situation and advised us to adopt a give and take policy and cultivate friendly relations with the Assembly. If so, we must be taken into confidence in regard to such understandings. In the absence of any explanation as to the change it is proposed to make, I am afraid I must oppose the amendment.

My objection rests on the merits also. I have read the Tariff Board's Report on the paper industry with some care. I have also listened to the arguments of Mr. Dow, who is generally very clear and who has been very clear this time too, in regard to some of the conclusions of the Tariff Board. Sir, I think the conclusions arrived at by the Tariff Board are not vitiated by reason of one or two of their premises being wrong. Their recommendation is the result of the cumulative effect of various considerations to which they have adverted in their report. In paragraph 43 they point out :

" Assuming that some proportion of pulp other than bamboo pulp is necessary for the manufacture of paper, it is *prima facie* desirable that pulp made from indigenous raw materials, which cannot be utilized for any other purpose, should be used in preference to imported pulp ".

They go on to say :

" For the purpose of comparison between the cost of production of pulp and the price of imported pulp the correct criterion is not the works cost of production, but the total cost including overhead charges since the price of imported pulp includes both ".

After saying this and giving us fluctuations of prices of pulp and adverting to other circumstances, the final conclusion is expressed in these words :

" Taking all points into consideration, we do not think that it would be safe to fix the minimum rate of duty at anything less than Rs. 35 per ton ".

Rs. 30 per ton would in practice mean no more than 25 per cent. *ad valorem*.

Having read that Report and the final conclusion that the minimum protective duty should be Rs. 35 per ton or 25 per cent. *ad valorem*, whichever is higher, I think there is no reason to differ from the Tariff Board. The present duty is Rs. 56-4-0 per ton, and that proposed now, Rs. 35 a ton, is Rs. 21-4-0 less than the existing duty. It is a very substantial reduction in the existing protection to this industry, and having regard to the various considerations which the Tariff Board had in mind and to the course of the Bill in the other House and the Assembly's vote on it, and as there is no material before us to show why they have come to any other conclusion afterwards—for all these reasons I think the recommendation of the Tariff Board, as assented to by the Assembly and incorporated in the Bill as passed by the Assembly, should stand. Therefore I cannot record a vote in favour of the amendment moved by the Honourable Mr. Dow.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Mr. President, the question of the quantum of the protective duty on imported pulp is of great importance. There is no difference as far as the 25 per cent. *ad valorem* duty is concerned ; should the price of the imported pulp rise, the specific duty will not interfere with that. It is only when the price falls that the specific duty comes into effect. For instance, if the price falls to Rs. 100 per ton, then the duty of Rs. 35 per ton will be effective, but when the price is, say, Rs. 150, it is the *ad valorem* duty which will take effect. Now, my concern is only to look at the effect which it will

have on the consumers of finished goods the producers of the raw material. The reductions in the cost brought about by the industry are mainly on the price paid to the growers of the raw material. As you will find, Sir, the reduction in the total cost of manufacture has been Rs. 86, from Rs. 464 to Rs. 378 per ton. Out of this more than 50 per cent. has been brought about by a reduction in the cost of the raw material. The cost of bamboo in 1931 was Rs. 38. This year the average has been taken as Rs. 17-4-0. 2·27 tons of raw material are required to make a ton of pulp; so there is a reduction of Rs. 47 in the price paid to the bamboo growers, and a material reduction of Rs. 23 has been due to the fact that the basis of interest has been changed from 8 to 6 per cent. So practically the whole of the reduction has been brought about by a fall in the rate of interest and a fall in the price of the raw material. No improvement in the manufacturing method or in reduction of the overhead costs is responsible for this reduction.

Now, Sir, I find that the c. i. f. cost of imported pulp between 1931-32 and 1936-37 has fallen very little. In table V on page 20 we find that for unbleached sulphite, the lowest kind, it has fallen from £9-13-0 to £8-13-0, and easy bleaching sulphite from £10-4-0 to £9-4-0. So that there is practically a fall of one pound only in the price, whereas there is this material reduction of Rs. 47 in the price of raw material of the paper pulp manufacturers of India. A betterment of Rs. 34½. So it is necessary that part of this reduction at least should pass to the consumer. It is only very recently, as a matter of fact on the 8th instant, that the Leader of the Congress Party in the other House addressing industrialists at a public function appealed to them that they must be prepared to pass on part of the benefits of protection to the consumers. But how can they pass on unless you are prepared to reduce the import duty? After all it is undeniable, and has been accepted even by the Tariff Board, that in the last analysis it is the price of imported things which regulate prices in India, except when there is an uneconomic internal competition as happened in the case of the sugar industry due to over production. The Government, Sir, is guilty of having given too much protection. The Tariff Board had demanded Rs. 45 per ton protection, but by means of the 1931 Supplementary Finance Bill an additional Rs. 11½ was given on account of 25 per cent. surcharge. That is the reason why there has been so much trouble about this duty.

THE HONOURABLE THE PRESIDENT: You are making up for your lost opportunity. You ought to have spoken all this on the main Bill.

THE HONOURABLE MR. HOSSAIN IMAM: This is the most contentious point, Mr. President, in this Bill.

THE HONOURABLE THE PRESIDENT: This does not arise out of the amendment.

THE HONOURABLE MR. HOSSAIN IMAM: I will speak on the Third Reading.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Sir, the Honourable Mr. Ramadas Pantulu and the Honourable Mr. Hossain Imam have made my task easy. They have dealt with the subject very well.

THE HONOURABLE THE PRESIDENT: I cannot hear you; will you please speak louder?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: The Honourable Mr. Hossain Imam and the Honourable Mr. Pantulu have made my task easy today as they have dealt with the question so well. Sir, we all know that paper made from materials other than bamboo pulp is strong and durable and is not so brittle as paper from bamboo pulp. We see from the Report of the Tariff Board that owing to the imposition of a high duty on bamboo pulp which worked to Rs. 56-4-0 per ton the imports of pulp from abroad during the past six years have decreased. The quantity of bamboo pulp used has increased in six years from 5,228 tons to 19,281 tons, of grass pulp from 9,049 tons to 11,510 tons and other pulps from 5,992 to 7,919 while imports have decreased from 20,081 tons to 10,976 tons in the same period. This shows that this high import duty had effect upon the encouragement of the local pulp being made. We also find that there is sufficient material in India to meet the requirements of the bamboo pulp. Therefore, Sir, it is imperative that the import duty should be such as to encourage local production of bamboo as well as other pulps. I was rather surprised to find that Honourable Mr. Dow when he moved his amendment did not make any speech at all. We all expected, as the Honourable Mr. Pantulu has also observed, that he will give us reasons as to why the Assembly accepted the compromise presumably suggested by the Government of bringing down the duty from Rs. 35 to Rs. 30 per ton. I think it is unfair to this House that in such compromises this House is never consulted.

THE HONOURABLE MR. H. DOW: If I may say so, I think this is a little unfair. I got up to speak just now, and I understood that the Honourable Member expressed his desire to speak in front of me and you called on him, Sir; and then for him to complain that he has not heard me is really a little unfair.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: I think the Honourable Member when he moved his amendment ought to have explained his views. Had he been allowed to explain now, apparently no other Member would have been allowed to speak afterwards. He lost his opportunity, to use your words, Sir.

THE HONOURABLE SIR DAVID DEVADOSS: You asked him, Sir, not to go into the matter. You said he might deal with it afterwards. That is the reason.

THE HONOURABLE THE PRESIDENT: You can speak again according to the rules.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: After the Honourable Member makes his speech in reply, we are not allowed to speak. We all expected that the reasons in support of his amendment ought to have been given by Mr. Dow when he rose to move his amendment. He gave his opinion, not the reasons which led to the compromise. I said, and I still hold that it is unfair to us that the reasons should not be given to us when the Motion was moved and reserved to be given in the reply, after which no Honourable Member of this House could speak.

THE HONOURABLE THE PRESIDENT: If you think it is very necessary and expedient that you should speak after Mr. Dow has spoken, I will give you an opportunity of speaking.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Then I may be allowed to reserve my remarks till after his speech.

THE HONOURABLE MR. H. DOW: Sir, I am sorry that there should be any misunderstanding about this matter. In introducing the Bill itself I referred generally to the nature of the amendment, and really I have very little to add to what I said then. For example, the Honourable Mr. Ramadas Pantulu wants me to explain what was in the minds of various people in the Assembly in agreeing to a compromise.

THE HONOURABLE THE PRESIDENT: He indirectly charged the Government with offering bribes.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Without reasons it does look perilously like a deal.

THE HONOURABLE MR. H. DOW: Sir, I am afraid I cannot do more than state what was the result of this compromise. I cannot say what was in the minds of various people when they agreed to accept it. I think it was a famous fourteenth century Judge who said "The mind of man is not triable, for the devil himself knoweth not what is in the heart of man", and I certainly cannot pretend to explain why the compromise was agreed to. But what I can say is that as a result of an arrangement made between the leaders of Parties in the other House they agreed not to press various amendments, which were down later on the Order Paper, for raising the duty on paper. It seems to be generally agreed that Government's decisions as to what should be the duty on paper were on the whole fair, and that, in view of Government having agreed to make the pulp duty protective they were quite satisfied that the figure of Rs. 30 as an alternative duty was adequate instead of Rs. 35; and having come to that decision, it was suggested that the way to adjust the matter would be for me to move this amendment in this Honourable Council, on the understanding that when the Bill went back altered to the Assembly it would be accepted.

THE HONOURABLE THE PRESIDENT: It is a perfectly legitimate understanding.

THE HONOURABLE MR. H. DOW: Yes, Sir, and that is all I can say, and all that I think could be said, with regard to the arrangement. But it is a matter that I am perfectly prepared to justify on the figures. The figure of Rs. 30 is quite adequate to give the protection that pulp is likely to need over the period of the next three years. It is in fact a great deal higher than the figure which the Board themselves have found to be necessary in the case of the bamboo pulp mills. You will find that they have taken as their figure for imported pulp £9 c. i. f. Calcutta, which admittedly is a very low figure. They say that they consider it a low figure, and Government do not dispute it. At

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£9 c. i. f. Calcutta, the revenue duty would be about Rs. 30, which means that at the time this imported pulp was delivered at mills its price would be Rs. 156, compared with the Board's own findings of a working cost of Rs. 111 for bamboo pulp. The Board's figure even for grass pulp only comes to Rs. 140. So that the protection which is proposed at Rs. 30 is abundantly able to protect not only bamboo pulp but grass pulp, unless there is an absolutely catastrophic fall in the price

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of imported pulp. And needless to say, if such a catastrophe did take place, we have means to deal with it under section 4 of the Indian Tariff Act, and we should, if we found it necessary, take action. So that, even on the merits of the case, this figure of Rs. 30 is quite adequate to afford all the protection that the industry is likely to require.

Sir, I move.

THE HONOURABLE THE PRESIDENT: Are you satisfied with the explanation?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: No, Sir, I am not satisfied.

THE HONOURABLE THE PRESIDENT: Do you want to make a speech on the point?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, the Honourable Mr. Dow has observed that under section 4 in case there is a heavy fall in the price of the imported pulp, the duty can be raised. Sir, in practice we find that once a duty is adopted it takes a long time for the Government to increase that duty. We had such experience, Sir, in the case of the import duty on wheat and to be quite safe, Sir, I would say that, as the foreign countries have got great resources to manufacture things cheaper and cheaper every year, I expect that from the countries which contribute to most of our imports, their Governments might give their exporters bounties to enable them to export at a cheaper price. Therefore, Sir, the import duty which the Tariff Board has recommended after full consideration ought to be maintained.

THE HONOURABLE THE PRESIDENT: The Question is :

"That in sub-clause (c) of clause 2 of the Bill, in the fourth column of the proposed Item No. 43, for the letters and figures 'Rs. 35' the letters and figures 'Rs. 30' be substituted."

The Motion was adopted.

Clause 2, as amended, was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. H. DOW: Sir, I move :

"That the Bill, as passed by the Legislative Assembly and as amended by the Council of State, be passed."

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU: Sir, I should like to take this opportunity of replying to a few observations made by the Honourable Mr. Dow. Let me first deal with the reduction of the specific duty which has been passed by the House. My Honourable friend Rai Bahadur Lala Ram Saran Das complained that he had given no reason for proposing this amendment; he thought the complaint was unfair but when he got up to make his much-expected explanation, he came perilously near saying that he could not explain the reasons for it because it was a bargain between his Chief and the non-official Members. He, however, ventured on

an opinion of his own which had nothing whatsoever to do with the so-called compromise arrived at in the other House.

THE HONOURABLE THE PRESIDENT : No, he said he could not explain the psychology of the Members of the Assembly. It was a psychological question.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : That is what I was just going to refer to. Perhaps had he been left free to express his innermost sentiments here, he would have said : " Well, the Members of the Assembly made fools of themselves during the discussion of the Bill. They have realised their mistake and are prepared to make reparation for it to some extent ".

THE HONOURABLE THE PRESIDENT : Any man can revise his opinion.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Then why not say so ? Admit that the facts were placed before the Assembly Members again and that in private discussion they were willin to accept what they were not willing to accept in the Assembly itself . I can understand that being said frankly but I do not appreciate our being asked to pass an amendment for which no reasons are given. The Honourable Mr. Dow has certainly attempted to give certain reasons but in doing so he has put forward only his own opinion and not the considerations that actually led to the so-called settlement which he asks this House to ratify.

Now, Sir, there are two other points that I should like to deal with before this Motion is put to the vote. My Honourable friend doubted the advisability of taking the selling price into consideration. Now, it is true, as he said, that the previous Tariff Boards did not do so. But there were other Tariff Boards, for instance, the Tariff Board dealing with the protection to be granted to steel, which proceeded not on the basis of the works cost but on the basis of the selling price. After all, it is the selling price of the imported article that has got to be compared with the selling price of the indigenou article. And although the earlier Tariff Boards may in this particular instance, that is, in respect of paper and paper pulp, have followed a different procedure, I cannot see that there is anything wrong in the procedure actually adopted in the Report under consideration.

In the second place, my Honourable friend said that the Tariff Board made the mistake of adding the entire overhead charges to the works cost of production of the pulp.

THE HONOURABLE MR. H. DOW : Not the entire cost—a proportion of it.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : I thought my Honourable friend said the entire overhead charges had been added. Well, I am glad to know that I did not understand the Honourable Member aright. However, he will permit me to say—

THE HONOURABLE MR. H. DOW : What I said was that when they came to work out the duty for *Paper* they had taken the whole overhead costs into consideration. Not for Pulp.

THE HONOURABLE PANDIT HIRDAY NATH KUNZRU : Well, so far as paper is concerned, I did not deal with the question at all. I did not doubt

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the advisability of the rate proposed by Government in respect of paper. So far as I am concerned, therefore, that point was not relevant.

Lastly, Sir, I should like my Honourable friend, when he speaks of the future of the paper industry being bound up with bamboo pulp, to realise what the position of those provinces is which do not contain an adequate supply of bamboo. My own province, the United Provinces, is one of those unfortunate provinces. We have already a mill which is working with grass pulp and another mill will soon be established at Saharanpur which also will use grass pulp. It is also quite possible that research work done at the Forest Research Institute may enable these mills to utilise other kinds of grass and thus enable them to bring down the cost of production of pulp. If my Honourable friend will bear these human considerations in mind, I am sure he will not be quite as ready to condemn the recommendations of the Tariff Board as he has been. Even on strictly economic grounds it does not seem to me that the recommendation of the Board for the protection of grass pulp is as indefensible as the Honourable Mr. Dow thinks it to be. Till we know what are the other kinds of grass that can be utilised and how the cost of manufacture of pulp might be reduced by further scientific work I do not think that it is fair to condemn the Tariff Board for having proposed to protect grass pulp for a short time. In fact, taking all things into consideration, it seems to me that for the period of the present Act, it is right to give protection to the grass pulp industry and in the meanwhile to take energetic steps in order to find out whether the industry can be helped to reduce its cost of production in the ways suggested by the Tariff Board.

THE HONOURABLE MR. HOSSAIN IMAM: Mr. President, I welcome the resolution of the Government of India on this Report because, in the first place, it has refused to accept the findings of the Tariff Board as Gospel truth. Secondly, Sir, it has come forward with a measure which materially relieves the consumer of part of the burden of protection. And thirdly, it has in a way tried to give help even to those industries which have not yet been established. I mean they have recommended that a further inquiry should be made into the conditions of those industries and the new companies that are being formed. Much has been made of this duty on imported pulp. The difference between the Government and the public is not so much as to what should be the policy but as to what should be the quantity of the protection to be granted. Even after adding the overhead charges the bamboo industry is fully protected; because after adding those charges it comes to Rs. 144 per ton, whereas the cost of the imported pulp at the rate of £9 per ton would come to Rs. 156. That shows that there is ample protection. The only question that arises is, how to deal with the grass pulp. Up till now, most of the mills have dealt with all three kinds of pulp, namely, bamboo pulp, grass pulp and the imported pulp. If people want to specialise in grass pulp, they can do so, but the question is whether we are prepared to make a present to the industrialist of the difference between the cost of grass pulp and bamboo pulp. If you do not provide for an excise duty on bamboo pulp, what will be the result? Your protection will be based on the higher cost of the raw material. To that extent, the users of the lower priced goods are getting a free present from the consumers merely on account of the fact that they are using a certain kind of raw material. The bamboo pulp manufacturer will have an initial advantage and a present. In addition to this, there will be keen competition and the grass pulp mills will be out of the market. The bamboo pulp

manufacturers will bring down the price and oust the grass pulp manufacturers and so you should impose an excise duty on bamboo pulp. You cannot give protection to the grass pulp without having a countervailing excise duty on the bamboo pulp manufactured goods. Mr. President, as I said when I was dealing with the amendment, Mr. Bhulabhai Desai has at last realised the truth and given the good lead that the consumer's interests must always be kept in view. That, Sir, is one of the reasons for the reduction by the Government of the duty recommended by the Tariff Board of 11 pies per lb. to 9 pies, and this has not evoked any protest from the non-official Benches. The non-official Benches have realised that perhaps the Tariff Board was deluded by the facts and figures supplied by the industries concerned. That, Sir, is an indication which way the wind is blowing. At the moment, the duty on paper was $1\frac{1}{4}$ annas. Now it has been reduced to $\frac{3}{4}$ anna. That means a 40 per cent. reduction. To that extent it is a welcome measure. As paper is one of the articles required for the dissemination of knowledge, any reduction in the cost of paper would help the spread of knowledge.

With these words, Sir, I support the Motion.

THE HONOURABLE MR. H. DOW : Sir, I shall be very brief in my remarks. I do not think, in spite of what the Honourable Pandit Kunzru has said, that I can add anything profitably to what I have already said regarding the reason for bringing this amendment in this House.

With regard to the point about adding the overhead costs to works cost I dealt with it fully before, and there is no escape from the position that if the present Board was correct in adding those charges, then the last Board was wrong in leaving them out. That being so, the duty for the last seven years ought to have been about Rs. 85 instead of Rs. 45, and we have found by actual experience that Rs. 45 has been affording the industry an ample margin of protection. I suggest that that at least affords a *prima facie* reason for thinking that the previous Board was right and that this one is wrong. Further, if you will go through those two Reports and compare figure by figure, I think you will have no doubt left in your mind as to which Board has followed the correct method, not only in this matter but throughout the whole of their calculations.

Lastly, I was a little surprised to hear the Honourable Pandit Kunzru suggesting that at any rate this was a little unfair to certain provinces, and particularly to his province. Is it seriously suggested, Sir, that we ought to have separate rates of duty for different provinces, according as they can compete or cannot compete in a particular industry? I suggest that the fact that he brought forward, that certain new mills were actually establishing themselves in his province, shows—for certainly those mills could have had no idea in advance that this Board would so far depart from the practice of previous Tariff Boards as to recommend special protection for grass mills—the mere fact that they established themselves in advance, or were prepared to do so, is an ample indication that no special protection is required for the grass mills. And while I am on that point, it is obviously completely unscientific for the Board to say that the protection required for bamboo being Rs. 18 and the protection required for the grass mills being Rs. 47, we will take a rough average, split the difference and make the duty Rs. 35. It must be quite clear to Honourable Members that the result of this is that to the bulk of the industry, the bamboo pulp mills, you are thus committed (as the Honourable Mr. Hossain Imam pointed out), to giving double the protection that they require, whereas, if the Board's facts as to costs are correct, you are still not giving adequate protection to the grass mills. The Board really entirely failed to answer the

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question whether, if one takes into account the great disparity between the cost of grass pulp and the cost of bamboo pulp, internal economic forces are not bound to drive the more expensive material out of competition in the long run. And under those conditions to try and fix the rate of duty at a figure which takes into account the most expensive material instead of the least expensive is, as I said before, committing the country not only to the grant of perpetual high protection to the industry, but to the unwarrantable exploitation of the consumer.

With these words, Sir, I resume my seat.

THE HONOURABLE THE PRESIDENT: The Question is :

“That the Bill, as passed by the Legislative Assembly and as amended by the Council of State, be passed.”

The Motion was adopted.

STATEMENT OF BUSINESS.

THE HONOURABLE KUNWAR SIR JAGDISH PRASAD (Leader of the House): Sir, several Honourable Members approached me this morning and complained that the Report of the Coal Mining Committee had only been handed over to them yesterday and that therefore they found themselves in a difficulty about discussing the Coal Mines Safety (Stowing) Bill. Sir, as I do not wish in any way to discourage Honourable Members from reading the reports which we present to them, I have no objection to the discussion of the Bill taking place on Friday. But I should like to remind Honourable Members that this Report was published in the year 1937 and that six copies had been placed in the Library. But this is only for their information. As I said, I have no objection to the Bill being taken up on Friday.

Then, Sir, I suggest that on Saturday we meet at 11-30 A.M. in order that any Bill that may have been passed in the meantime in the Assembly may be circulated to Honourable Members here.

The Council then adjourned till Eleven of the Clock on Friday, the 14th April, 1939.
