

28th March 1939

**THE
LEGISLATIVE ASSEMBLY DEBATES**

(Official Report)

Volume III, 1939

(14th March to 28th March, 1939)

**NINTH SESSION
OF THE
FIFTH LEGISLATIVE ASSEMBLY,
1939**



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LEGISLATIVE ASSEMBLY.

Tuesday, 28th March, 1939.

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

STARRED QUESTIONS AND ANSWERS.

(a) ORAL ANSWERS.

GRANT OF RAILWAY CONCESSIONS TO MANIPURIS TRAVELLING TO NAVADWIP AND MUTTRA.

1322. *Mr. Brojendra Narayan Chaudhury: Will the Honourable the Railway Member please state :

- (a) whether any concessions in fares or otherwise are granted to pilgrims travelling to Navadwip (Bengal) by the Eastern Bengal Railway or the Assam Bengal Railway or the connecting steamer companies; if so, what;
- (b) whether any such concessions or more are particularly granted to Manipuris (i) of Manipur State or (ii) of British India; if so, what;
- (c) if the reply to part (b) be in the negative whether the Government propose to move in the matter of granting special concession fares to Manipuris, for travel to and from Navadwip and Brindaban (Muttra District);
- (d) whether the East Indian Railway authorities have received any representation from the all-Manipuri Mahasava of Imphal in pursuance of the resolution of the Mahasava passed at the fourth session; and
- (e) whether Government have considered the financial aspect, in that the concession may be advantageous to the Railway in view of the general desire of Manipuris to visit Navadwip and Brindaban whenever means permit?

The Honourable Sir Thomas Stewart: (a) Yes. The Eastern Bengal and Assam Bengal Railways issue third class return tickets available for 30 days at a special lump sum rate of Rs. 13 against the ordinary return fare of Rs. 18/12/-. Government understand that the Steamer Companies also allowed concessions for distances of 50 miles and over from Eastern Bengal Railway riverine junctions, for the last 'Churamani Jog' festival.

(b) No. The concessions are available to all passengers.

(c) and (e). It is understood that Railways concerned are already considering the introduction of third class round tour concession tickets which will include Muttra in the itinerary.

(d) No.

Mr. Brojendra Narayan Chaudhury: Is the Honourable Member aware that the East Indian Railway has received a copy of a resolution passed by the Manipuri Association of Imphal.

The Honourable Sir Thomas Stewart: I am not so aware.

MANUFACTURERS SUPPLYING FANS TO STATE RAILWAYS.

1323. *Mr. Brojendra Narayan Chaudhury: Will the Honourable the Railway Member please state :

- (a) the names of the manufacturers who supply fans for the carriages and buildings of the State Railways;
- (b) the amounts paid to the above manufacturers in the year 1937-38 for supply, fittings and repair works of fans and fan installations;
- (c) of the above, how many are Indians in the ordinary sense of the word;
- (d) whether henceforward tenders will not be called for from the Indian manufacturers in Calcutta or elsewhere; and
- (e) whether he is aware that Indian-made fans are much cheaper in price than the imported thing, quality for quality?

The Honourable Sir Thomas Stewart: (a) and (b). I lay a statement on the table showing the names of manufacturers and the amounts paid to each during the year 1937-38 on behalf of State-managed Railways.

(c) The statement which I have laid on the table also shows whether the manufacturers' concerned are registered in India or abroad.

(d) Since the introduction of the rupee tender system, tenders for State-managed Railways requirements of fans and fan fittings have been invited in India.

(e) The Honourable Member's statement is contrary to the experience of the Indian Stores Department which is interested in the purchase of fans and fan fittings for State-managed Railways.

Statement.

Name of Manufacturers.	Whether registered in India or abroad.	Value of orders placed during 1937-38.
Messrs.		
		Rs.
1. India Electric Works Limited Calcutta	India	38,782
2. Modal Industries, Dayalbagh, Agra	Do.	1,467
3. The General Electric Company Limited, England	Abroad	81,228
4. Kingston Engineering Company Limited, England	Do.	93
5. Verity's Limited, England	Do.	17,322
6. Marelli, Limited, Italy	Do.	689
7. Crompton Parkinson Limited, England	Do.	651
8. Siemens Schuckertwerke, Germany	Do.	799
9. Ravo Electric Company, Limited, England	Do.	93
10. Mitsubishi Benki Kaisha, Japan	Do.	734
11. J. Stone and Company Limited, England	Do.	24,755
12. Patent Lighting Company Limited, England	Do.	14,607
13. B. M. Singh and Son, Calcutta, for fittings only (e.g. regulators, resistances, etc.)	India	700
	Total	1,81,920
	Total Indian	40,849

Mr. Brojendra Narayan Chaudhury: Have any Indian firms responded to the tender?

The Honourable Sir Thomas Stewart: Sir, if the Honourable Member will refer to the statement I have laid on the table, he will find out to what extent there has been a response from Indian manufacturers.

Mr. K. Santhanam: Are we to understand that all the fans are purchased through the Indian Stores Department?

The Honourable Sir Thomas Stewart: That is my impression at present.

MANUFACTURE OF LOCOMOTIVES IN RAILWAY WORKSHOPS.

1324. ***Mr. Brojendra Narayan Chaudhury:** Will the Honourable the Railway Member please state :

- (a) whether the State Railways have or propose to put order for locomotives with the Ajmer workshop, Bombay, Baroda and Central India Railway;
- (b) whether the possibilities and advantages of Asansol as the site of a central workshop for State Railways' locomotive building have been or are proposed to be considered; and
- (c) whether the attention of Government has been drawn to the letter from Mr. V. S. Dubey, Professor of Geology, Hindu University, in the *Hindustan Times* of 23rd February?

The Honourable Sir Thomas Stewart: (a) The Honourable Member is referred to paragraph 12 of the speech of the Honourable Sir Guthrie Russell, Chief Commissioner of Railways, in presenting the Railway Budget for 1939-40 in the Council of State.

(b) These and other relevant considerations have been taken into account.

(c) Yes.

Mr. Lalchand Navalrai: May I know, with regard to clause (a) of the question, whether the Ajmer workshops have ever been asked by the State Railways to prepare these locomotives?

The Honourable Sir Thomas Stewart: Yes, Sir. Metre gauge locomotives have been assembled at the Ajmer works.

Mr. Brojendra Narayan Chaudhury: May I ask if Government have particularly taken into consideration the point raised by Mr. Dubey to have a Central Workshop for the manufacture of locomotives at Asansol?

The Honourable Sir Thomas Stewart: That deduction may be drawn from my answer to part (b) of the question.

WORKING HOURS OF GUARDS BETWEEN CERTAIN STATIONS ON THE ASSAM BENGAL RAILWAY.

1325. ***Mr. Brojendra Narayan Chaudhury:** Will the Honourable the Railway Member please state :

- (a) whether since the opening of the George Bridge, the number of trains between Akhaera Junction and Mymensingh, Assam Bengal Railway has increased;

- (b) whether the number of guards have been correspondingly increased since;
- (c) whether fourteen guards are now required to run fourteen trains;
- (d) whether some guards in this section have to work at a stress working 13 to 14½ hours; and
- (e) whether the maximum hours are fixed by the Railway Board as safety precaution?

The Honourable Sir Thomas Stewart: (a) Yes:

(b) No.

(c) Fourteen guards work eighteen trains.

(d) This may happen occasionally when trains run late.

(e) The maximum hours of work are regulated by the Hours of Employment Regulations on some railways and for certain categories of staff, which does not include running staff, in order to ameliorate their general conditions of service.

Mr. Brojendra Narayan Chaudhury: May I know whether it is a fact that ordinarily only one guard travels with train No. 5, 61 Up, from Akhaera Junction to Mymensingh, beginning at 4 A.M. and finishing at 6-30 P.M., thereby taking 14½ hours?

The Honourable Sir Thomas Stewart: If the Honourable Member had been good enough to give me these details when he put the question on the notice paper, I should have been much better equipped to answer him.

Mr. Brojendra Narayan Chaudhury: May I ask, with reference to part (d) of the question, whether it is not a fact that guards are required to work for more than 13 hours without collection any information whatsoever?

The Honourable Sir Thomas Stewart: I have said that the running staff on railways are not subject to the Hours of Employment Regulations because it is quite impossible to work trains if the running staff are subject to these Regulations.

Mr. S. Satyamurti: Have Government examined, or will they examine the number of maximum hours which guards are called upon to work, from the point of view of the safety of the running trains and the passengers therein, and have they fixed some limit bearing in mind all these relevant considerations?

The Honourable Sir Thomas Stewart: That is a consideration, Sir, that, I think, is always present in the minds of the Railway Administrations.

Mr. S. Satyamurti: Will Government find out in view of this question the actual number of hours which guards are called upon to work, and see that the maximum is not exceeded beyond the safety limits, and then examine the whole question and fix some maximum time-limit in the interests of the safety of passengers?

The Honourable Sir Thomas Stewart: This subject has been examined and I would refer the Honourable Member to a Memorandum that was presented by the Railway Board to the Royal Commission on Labour.

Mr. K. Santhanam: May I ask if there is a limit of the maximum hours per week for this staff?

The Honourable Sir Thomas Stewart: I know there is no maximum prescribed though it is the endeavour of the Railway Administrations, as far as possible, to work within the limits set down in the Hours of Employment Regulations. If the Honourable Member will refer to the Memorandum I have just mentioned, he will see that the Railway Administrations have done so with a very considerable amount of success.

Mr. K. Santhanam: Has the Railway Board not examined this question after the issue of that Memorandum which is four or five years old?

The Honourable Sir Thomas Stewart: No, Sir. The circumstances in no way have altered the situation.

Mr. T. S. Avinashlingam Chettiar: Will the Honourable Member collect the information in which the hours of work for guards have actually exceeded the hours of work prescribed in the Hours of Employment Regulations?

The Honourable Sir Thomas Stewart: I am not prepared to undertake an investigation in regard to every individual guard or engine driver in India.

Mr. T. S. Avinashlingam Chettiar: The Honourable Member may not investigate into every individual case but he can ask the various Railway Administrations about it?

The Honourable Sir Thomas Stewart: This information was collected and the Honourable Member will get it if he refers to the Memorandum that I have mentioned.

WORKING HOURS OF CERTAIN LABOURERS ON THE ASSAM BENGAL RAILWAY.

1326. ***Mr. Brojendra Narayan Chaudhury:** Will the Honourable the Railway Member please state :

- (a) whether, since the introduction of the interlocking system, the superior grade shunting employees have been withdrawn from Badarpore, Assam Bengal Railway, and less number of employees of inferior grade have been placed therein;
- (b) whether, on account of the insufficiency of the lines, these employees have to work regularly for twelve hours; and
- (c) what Government propose to do to shorten the hours of the labourers in the interest of labour welfare, as well as safety of those who happen to be in the Railway premises?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) No.

(c) The question of extending the Hours of Employment Regulations to certain other Railways including the Assam Bengal Railway is under consideration.

NOTES REGARDING ACCIDENTS AND SABOTAGE ON THE EAST INDIAN RAILWAY.

†1327. ***Mr. Brojendra Narayan Chaudhury:** Will the Honourable the Railway Member please state :

- (a) whether the Chief Manager, East Indian Railway, has sent any notes to the Editor, *Illustrated Weekly of India*, Bombay, regarding accidents and sabotage on the East Indian Railway;
- (b) whether he will place on the table a copy of those notes; and
- (c) whether these notes contain the following view of the Chief Manager :

“in view of the history of sabotage and bomb outrages at other places and times it is almost inconceivable to think that these outrages are the work of any but pronounced revolutionaries whose sole idea is to embarrass ordered Government”?

The Honourable Sir Thomas Stewart: (a), (b) and (c). Any notes or any correspondence which may have been interchanged between the General Manager of the East Indian Railway and the Editor of the *Illustrated Weekly of India* must be considered as private communications. If or when an article by the General Manager of the East Indian Railway should appear in the *Illustrated Weekly of India*, I shall be prepared to answer the Honourable Member's question.

REPUDIATION BY THE BRITISH GOVERNMENT OF ITS WAR TIME OBLIGATIONS UNDER THE GENERAL ACT FOR THE PACIFIC SETTLEMENT OF INTERNATIONAL DISPUTES.

1328. ***Mr. S. Satyamurti:** Will the Foreign Secretary please state :

- (a) whether the attention of Government has been drawn to the announcement that the British Government informed the League of Nations that it cannot in future undertake to be bound in war time by the General Act for the pacific settlement of International disputes as decided on the 28th February, 1938;
- (b) whether the Government of India were consulted in the matter; if so, what was the opinion expressed by the Government of India to the British Government;
- (c) whether Lord Zetland also sent a communication to the League; and
- (d) whether Lord Zetland wrote as the Secretary of State for India with the concurrence of the Government of India; if so, the reasons why the Government of India have taken this step?

Sir Aubrey Metcalfe: (a) Yes.

(b), (c) and (d). Yes. I place on the table of the House a copy of a letter from the India Office to the Secretary-General, League of Nations,

†Answer to this question laid on the table, the questioner having exhausted his quota.

No. E. and O. 1126/39, dated the 18th February, 1939, which was based on the opinion expressed by the Government of India. Government apprehended that continued adherence to the General Act in time of war would be calculated to hamper activities essential to the successful prosecution of the war.

Copy of letter No. E. & O. 1126/39, dated the 13th February, 1939, from the India Office, London, to the Secretary-General, League of Nations, Geneva.

I am directed by the Secretary of State for India to inform you that he has had under consideration in consultation with the Government of India, and in communication with His Majesty's Government in the United Kingdom, the fact that under Article 45(1) and (2) of the General Act for the Pacific Settlement of International Disputes drawn up at Geneva on 26th September, 1928, the next period of five years for which the Act runs, in the absence of denunciation, commences on 16th August next.

In agreement with the conclusion of His Majesty's Government in the United Kingdom communicated to you in the letter from the Foreign Office of today's date, the Government of India have decided that in the unhappy event of India finding herself at war, at any time in the future, they could not continue to be bound by the Act as regards disputes arising in such conditions.

I am, therefore, directed to notify you, in accordance with the provisions of Article 45(4) and Article 39 of the General Act, that India will continue, after the 16th August 1939, to participate in the General Act for the Pacific Settlement of International Disputes subject to the reservation that, as from that date, the participation of India will not, should she unfortunately find herself involved in hostilities, cover disputes arising out of events occurring during the war. This reservation applies also to the procedure of conciliation.

I am to add that the participation of India in the General Act after the 16th August, 1939, will continue, as heretofore, to be subject to the reservations set forth in the Instrument of Accession in respect of India.

Mr. S. Satyamurti: Since I sent this question, I have seen Hitler's "achievement", and I won't put supplementary questions.

CITY BOOKING OFFICE AT SUKKUR.

†1329. ***Mian Ghulam Kadir Muhammad Shahban:** (a) Will the Honourable Members for Railways be pleased to state when the City Booking Agency was opened at Sukkur?

(b) Will the Honourable Member be pleased to lay on the table of the House a copy of the agreement executed with the contractor of the City Booking office at Sukkur?

(c) What subsidiary and other charges per maund does the contractor get from the Railway Administration for booking goods for the railway from his City Agency office?

(d) What is the average amount of maundage of goods booked from the Agency Goods Booking office?

(e) Has the contractor fulfilled the hopes of the Administration to arrest traffic formerly moving by boats and country carts to be transported now by rail? If so, will the Honourable Member be pleased to lay on the table a short statement of the success achieved by the contractor in this direction?

The Honourable Sir Thomas Stewart: (a) With effect from the 1st July, 1936.

(b) A copy of the agreement is laid on the table of the House.

† Answer to this question laid on the table, the questioner being absent.

(c) Eight pies per maund for goods carted by him. This amount is recovered from the consignor or consignee as the case may be, in addition to the usual railway freight.

(d) The average is 2,451 maunds per mensem.

(e) I have called for the information and a statement will be laid on the table of the House when received.

Memorandum of an Agreement, made this 30th day of March, 1937, between the Secretary of State for India in Council (hereinafter called the Secretary of State) and Messrs. Diwan Asa Ram and Moti Ram carrying on business in the name and style of Diwan Asa Ram & Son (hereinafter called the Contractors) in respect of Sukkur and Shikarpur City booking agencies of the North Western Railway.

Whereas the Secretary of State for India in Council has established at Sukkur and Shikarpur cities booking agencies for the conveyance of parcels and goods of all kinds between the said booking agencies and the Sukkur and Shikarpur railway stations respectively, for the purpose of giving effect to through booking arrangements from the said booking agencies to all stations on the North Western Railway and connected railways and out-agencies with which the said railway has through booking arrangements, and whereas the Contractors have agreed with the Secretary of State to carry and convey the parcels and goods as aforesaid in connection with the said booking agencies upon the terms and conditions hereinafter contained in this Agreement.

Now, therefore, the parties do hereby jointly and severally covenant and agree in the manner following, that is to say :—

Mutual (General) Stipulations.

1. In this Agreement, unless a different intention appears from the subject or context the expression—

- (a) "The Secretary of State for India in Council" includes his successors and assigns;
- (b) "Railway Administration" means the Agent of the North Western Railway and his successors and assigns;
- (c) "Contractors" include the legal representatives of the Contractors;
- (d) "City Booking Agencies" mean the agencies established in Sukkur and Shikarpur cities for the conveyance of goods and parcels between Sukkur and Shikarpur cities and Sukkur Main, Sukkur Bandar and Shikarpur railway stations respectively in either direction, when such goods and parcels are consigned from or to any station on the North Western Railway or other railway or out-agency having through booking arrangements with the North Western Railway.
- (e) "Parcels" means all such articles and small packages and the like, as are ordinarily booked for conveyance by the North Western Railway at parcels rates of freight and are usually carried by mail or other trains carrying passengers of the said railway;
- (f) "Goods" means and includes all articles and packages other than "parcels" as are ordinarily booked for conveyance by the North Western Railway at goods rates of freight and are usually carried in goods vehicles by goods or mixed trains of the said railway.

II. The Contractors shall be deemed to be the agents of the Railway Administration and shall be subject to the legal liabilities of such, as are laid down or defined in the law relating to agents in force in India for the receipt and delivery of all parcels and goods which may be booked between the city booking agencies and the stations on the North Western Railway and all railway lines and out-agencies with which the North Western Railway has or may at any time, have through booking arrangements, and for the conveyance of all such parcels and goods between the city booking agencies and the Sukkur and Shikarpur railway stations in either direction.

III. The Contractors agree to supply a sufficient number of waterproof sheets necessary to protect from rain, etc., all parcels and goods booked to and from the city booking agencies while in transit.

IV. All inward parcels and goods shall be considered to be in the Contractors' possession and in their care and custody and at their risk and responsibility from the moment that such parcels and goods shall have been delivered to and signed for by the Contractors or by a person authorized to act on their behalf or shall have been loaded in motor lorries, carts, ekkas, belonging to or provided by them for the purpose, at the place where carriage by the railway ceases. All outward parcels and goods shall be considered to remain and be in the Contractors' possession and in their care and custody and at their risk and responsibility, until the same shall have been received and signed for by a railway clerk, for the time being in the service of the Railway Administration at the railway station at which such parcels and goods are to be transferred to the North Western Railway for further transit.

V. (1) The Contractors will carry on the business of the city booking agencies in strict accordance with the terms and conditions contained in this Agreement and will forthwith deposit with the Chief Accounts Officer of the North Western Railway, Lahore, the sum of rupees 1,000 as security for the due fulfilment of each and all of the said terms and conditions to be observed by them. The said sum of rupees 1,000 is hereinafter called the "Security deposit".

The Contractors will further deposit with the Chief Accounts Officer of the North Western Railway a sum of Rs. 2,000 as security to cover the average monthly outstandings such as unaccounted for or undelivered consignments. The Chief Accounts Officer, North Western Railway, Lahore, will further be empowered to retain from the current month's dues of the Contractors any sum or sums outstanding over and above an amount equal to the security plus two months' normal cartage charges in any one month.

The amount will be adjusted monthly with reference to the transaction of the month subsequent to that in which the deduction is made.

The Railway Administration shall have full power and authority at all times to apply the whole or any part of the security deposit, and any other money at any time due by him to or held by him for and on behalf of the Contractors in and towards the satisfaction, and discharge of any sums at a time due by the Contractors to the Railway Administration, or of any claims made on, or loss or damage suffered by the Railway Administration in consequence of any default, misconduct, negligence or omission on the part of the Contractors or their servants or other persons acting for or under the authority or with the permission of the Contractors in the conduct of the business of the city booking agencies in accordance with the terms and conditions of this Agreement, or in any matter arising out of or connected with or relating to any such default, misconduct, negligence, or omission as aforesaid.

(2) If the Contractors fail to supply sufficient labour or transport for the due performance of this Agreement, it shall be lawful for the Secretary of State without any notice to, but at the expense of the Contractors to engage all such labour and transport as may in the opinion of the Secretary of State be necessary to carry the traffic offering. All such expenses incurred by the Secretary of State shall be paid by the Contractors to the Railway Administration on demand and if not so paid the Secretary of State may deduct the said amount from any money for the time being owing by the Secretary of State to the Contractors.

(3) In the event of any portion of the security deposit being so applied by the Railway Administration during the continuance of this Agreement, the Contractors shall, on being informed by the Railway Administration of the amount so applied, forthwith deposit with the Chief Accounts Officer of the North Western Railway, Lahore, a sum equal to the amount so applied as to keep up the amount of the security deposit to the full sum of rupees 1,000 and failing this, the Railway Administration may make up the amount of the security deposit accordingly from any sum thereafter accruing due to the Contractors.

(4) Upon the expiry of six months next after the date on which this Agreement is in any manner determined, the Contractors shall be entitled to the refund of the security deposit, or portion thereof then standing to their credit, after fully discharging and satisfying all sums (if any), due to the Railway Administration from the Contractors under this Agreement, including claims for which the Railway Administration may be liable on account of the Contractors and all losses suffered and expenses incurred by the Railway Administration in consequence of the default, misconduct, negligence, omission or other wrongful act of the Contractors, their servants or other persons acting on their behalf:

Provided that the Railway Administration shall not be obliged to refund the security deposit or any portion thereof unless and until the Contractors shall first

deliver to him a certificate in writing certifying that the Contractors have no outstanding claims or demands under or arising out of or in any way connected with or relating to this Agreement, against the Railway Administration.

(5) Nothing contained in this clause shall be deemed in any way to limit or affect any other lawful right, remedy or relief to which the Railway Administration may at any time be entitled under this Agreement, or any law for the time being in force in respect of any breach by the Contractors of any of the terms and conditions of this Agreement, or any criminal or unlawful act of the Contractors, their servants or other persons acting on their behalf or in respect of anything discovered by the Railway Administration after the return of the security deposit or portion thereof; or in respect of any sums due to the Railway Administration by reason that the security deposit and other sums belonging to the Contractors coming into the hands of the Railway Administration are insufficient to satisfy and discharge the entire liability of the Contractors to the Railway Administration.

VI. The books and accounts of the city booking agencies shall at all proper times and places be open to the inspection and audit of the North Western Railway Accounts Establishment in the same manner as is customary in the case of the books and accounts maintained at railway stations on the North Western Railway.

VII. In the event of any loss or damage, however, caused, arising or occurring to or in respect of any parcels and goods or any consignment thereof while in transit under the through booking arrangements of the North Western Railway in connection with the city booking agencies and of the Railway Administration being unable clearly to fix the responsibility for such loss or damage or to specify the precise extent of the liability of the Contractors in respect thereof, then, and in every such case, such loss or damage shall ordinarily be divided between, and borne by the Contractors and the Railway Administration, respectively, in proportion to the freight earned by each from the goods and parcels in respect of which such loss or damage is caused:

Provided that the decision of the Railway Administration as to the extent of the liability of the Contractors for any such loss or damage shall, in every case, be final and conclusive.

VIII. No claim on account of overcharge or undercharge in connection with freight or apportionment of freight and being two annas in the case of parcels and four annas in the case of goods or less in the case of any consignment shall be made by the Contractors against the Railway Administration or by the Railway Administration against the Contractors.

IX. Save as herein otherwise provided, no claim on account of freight or other charges on traffic interchanged between the city booking agencies and the North Western Railway or on account of apportionment thereof, which the Contractors may prefer against the Railway Administration or the Railway Administration may prefer against the Contractors, shall be entertained by the Railway Administration or the Contractors, respectively, unless the same has been made within six months from the end of the week or the month, as the case may be, in which the entry giving rise to such claim has been accounted for in the returns provided to be submitted hereunder:

Provided that in the case of freight charges in connection with consignments in which claims for compensation have been paid or in which refunds have been made to the public (which term shall include government departments) on account of overcharges, and of readjustment of freight charges necessitated by the operation of the rules affecting through booking of traffic as laid down for the time being by the Indian Railway Conference Association, the Contractors shall entertain such claim, as aforesaid, if made by the Railway Administration within 12 months from the end of the week or month as hereinbefore mentioned; provided further that nothing in this clause contained shall be deemed in any way to limit or affect the right of the Railway Administration to claim freight charges erroneously credited to the Contractors for traffic not actually conveyed by them to or from the city booking agencies.

X. The Contractors shall not sub-let, assign or in any manner transfer to any other person the whole or any part of the rights or obligations conferred or imposed upon them by this Agreement or any of the business connected with the city booking agencies hereby constituted.

XI. (1) In the event of any breach of any of the terms and conditions of this Agreement by the Contractors, their servants or any persons acting for and on their behalf or under their authority or with their permission, or of the Contractors at any time failing to perform all or any of the services required of them by this Agreement within a time deemed reasonable by or in a manner satisfactory to the Railway Administration, the Railway Administration may, without prejudice to any other right, remedy or relief to which he may otherwise be entitled under this Agreement or any

law for the time being in force, revoke and determine this Agreement after the expiry of one week's notice in writing to be given to the Contractors of his intention of doing so.

(2) Either party to this Agreement shall be at liberty to terminate the agreement on giving one month's notice in writing to the other party without assigning any reason.

XII. Any notice, letter or other communication which shall be sent by the Railway Administration by registered post addressed to the Contractors at their head office at Wallis Road, Sukkur, shall be deemed to have been delivered to the Contractors.

XIII. This Agreement shall be deemed to have come into force in regard to the Sukkur City Booking Agency from 1st July, 1936, and in regard to the Shikarpur City Booking Agency from 1st August, 1936.

Special Stipulations to be observed by the Contractors in carrying on the business of the City Booking Agencies.

XIV. The Contractors shall comply with and observe each and all of the terms and conditions hereinafter set forth and provided for carrying on the business of the city booking agencies, that to is say :

(1) The Contractors will maintain proper books and accounts to the satisfaction of the Railway Administration of the entire city booking agencies, business carried on under this Agreement, and will duly account to the proper officers of the Railway Administration for all parcels and goods and moneys received on account thereof or in connection, therewith, such books and accounts shall be, at all times, open to inspection by the Railway Administration or any officers deputed by them.

(2) The Contractors will appoint their dals to canvass for and collect parcels and goods from the merchant's godowns for booking them by rail.

(3) The Contractors will convey with reasonable diligence and speed to the satisfaction of the Railway Administration all parcels and goods received for transmission between Sukkur and Shikarpur city booking agencies and Sukkur and Shikarpur railway stations respectively on the North Western Railway in either direction, according to the true purport and intent of this Agreement and of the city booking agencies business carried on thereunder.

(4) The Contractors will, at all times, keep up such type and number of conveyances, as may, in the opinion of the Railway Administration be sufficient for the purpose of efficiently carrying on the business of the city booking agencies and will at all times maintain the conveyances so kept up in good and serviceable condition to the satisfaction of the Railway Administration.

(5) The Contractors will appoint, and at all times maintain competent clerks to the satisfaction of the Railway Administration at the city booking agencies to conduct the business of the city booking agencies at their own sole risk and on their responsibility and will provide good and suitable office and storage accommodation, furniture fittings and other things at these places, to the satisfaction of the Railway Administration.

(6) The Contractors will observe and comply with the instruction for the working of the city booking agencies contained in Appendix "A" (signed by the parties) and annexed hereto, and the said Appendix "A" shall be read with, and taken as part of this Agreement.

(7) The Contractors will be responsible for all errors, oversights and under-charges made by the staff maintained by them at the city booking agencies or elsewhere.

(8) The Contractors will be responsible for the collection of all freight and other charges on consignments of parcels and goods booked Inward "To-pay" and Outwards "Paid" and will be further responsible for the collection of all freight and other charges, including the agency charges as aforesaid on "Paid" parcels and for depositing the total amount received in full daily in the Imperial Bank and the Treasury Office at Sukkur and Shikarpur, respectively.

(9) The Contractors will be responsible for and will make good and will save harmless and indemnify the Railway Administration for and in respect of all loss or damage of whatever kind and from whatsoever cause arising which may occur to, or in

respect of, any parcels and goods while in their possession, care or custody (as provided in Clause IV) and will refund to the Railway Administration all payments which the said Railway Administration may lawfully make to any persons in respect of any such loss or damage as aforesaid.

(10) The Contractors will charge the public using the city booking agencies and will receive payment from the Railway Administration for performing the services hereby agreed upon in connection with the said city booking agencies according to the scale of rates and charges prescribed in Appendix "B" (signed by the parties) annexed hereto or such other rates and charges as may from time to time hereafter be mutually agreed upon between the parties in place thereof. If the Contractors shall at any time charge any person a higher rate than that prescribed in Appendix "B" or for the time being in force thereof they shall, without prejudice to any other penalty, prosecution or proceeding to which they may be liable under this Agreement or any law for the time being in force, be deemed to have committed a breach of the Agreement. The rates and charges for the time being in force under this Agreement will be duly notified from time to time by the Railway Administration in the tariffs and departmental circulars of the North Western Railway Administration and all alterations in such rates and charges shall take effect and come into force from such date as is notified in such tariffs and circulars and not before.

(11) The Contractors will make no charges of any kind whatsoever to the consignor or consignee for the booking or carting of any parcels and goods or for any duty which they should perform in pursuance of this Agreement, or of the city booking agencies' business carried on thereunder, beyond the ordinary freight, wharfage or demurrage charges prescribed in the aforesaid Appendix "B" or for the time being in force as hereinbefore provided.

(12) All or any of the powers and functions reserved to the Railway Administration by, and provided for, in sub-clause (3) and (5) of this clause of this Agreement, may from time to time be discharged by the Divisional Superintendent for the time being of the Karachi Division of the North Western Railway. Similarly, the Chief Accounts Officer, North Western Railway, or any officer deputed by him, is empowered by the Railway Administration to carry out the inspection of the books and accounts referred to in the last sentence in sub-clause (1) of this clause of this Agreement.

(13) The Contractors shall at all times indemnify the Secretary of State against all claims which may be made under the Workmen's Compensation Act, 1923, or any statutory modifications thereof or otherwise for or in respect of any damages or compensation payable in consequence of any accident or injury sustained by any workman, labourer or other person in the employment of the Contractors and shall take all risk of accidents or damages which may cause a failure of the performance of the works from whatever cause arising and the entire responsibility for the sufficiency of all the means used by them for the fulfilment of the contract.

(14) The Contractors will not compete with the Railway Administration in any way, whatsoever, whether directly or indirectly by carrying parcels or goods over any section of road that is an alternative route to any portion of the rail route.

(15) The Railway Administration will supply a weighing machine for each booking office opened in the city. The weighing machine will remain the property of and will be maintained by the Railway Administration. The Contractors shall be liable for any damages caused thereto by the neglect of Contractors.

Stipulations by the Railway Administration.

XV. For and in consideration of the terms and conditions of this Agreement to be observed and performed by the Contractors, the Railway Administration will pay to the Contractors for the carriage of parcels and goods between the city booking agencies and Sukkur and Shikarpur railway stations and in either direction the rates specified in the aforesaid Appendix "B", or such other rates as may for the time being be in force, in place of those contained in Appendix "B", under sub-clause (10) of clause XIV of this Agreement.

XVI. The Railway Administration will supply at the cost of the Contractors movable boards marked "North Western Railway" to be hung on all vehicles carrying the city booking agencies' parcels and goods.

XVII. All payments to be made to the Contractors shall ordinarily be made monthly, and usually not later than the 25th of the second month following that for which the payments are due on presentation of bills by the 10th of the following months in duplicate in the form attached and prepared separately for local and foreign traffic to the Chief Accounts Officer, Traffic Audit Branch, Lahore and the Director, Railway Clearing Accounts Office, Delhi, respectively.

In witness whereof the parties have hereunto subscribed their names at the places and on the dates hereinafter mentioned, respectively.

Signed for and on behalf of the Secretary of State for India in Council by V. O. Raynor, Esq., Deputy Chief Commercial Manager, of the North Western Railway, acting in the premises by order of the Governor-General of India in Council at Lahore, on 30th March 1937. } V. O. RAYNOR, Deputy Chief Commercial Manager, North Western Railway.

Signed by Diwan Assa Ram, at Sukkur in the presence of — } ASSA RAM, for Diwan Assa Ram & Son, Contractors.

Witnesses. { (1) Hashmet Singh J. Ajwani, Assistant Engineer, Sukkur. Dated 11th December 1936. } A. K. HOMAN, Divisional Superintendent, N. W. R.
{ (2) Daya Ram K. Ajwani, Advocate, Sukkur. Dated 11th December, 1936. }

APPENDIX A.

Rules for the working of the City Booking Agencies.

1. *Booking and despatch of outward parcels and goods.*—(a) The Contractors will arrange to book direct all parcel and goods traffic offered for despatch at the city booking agencies, subject to the conditions and exceptions provided for in Appendix "B".

The booking will be done direct from the city booking agencies to all stations and out-agencies open for receipt of such traffic.

The booking will be done on the forms prescribed for railway stations, i.e., parcel way-bills and invoices, and in strict accordance with the rules laid down by the Railway Administration in the books, circulars, notices and other publications referred to in para. 4.

(b) The accounting of parcels, way-bills and invoices will be done at the city booking agencies submitted to the Accounts Office, in the forms and books prescribed for Railway stations.

(c) All such parcels and goods on arrival at the station *via* which the city booking agencies are worked will be carefully compared by the railway clerk with the connected parcel way-bills and invoices and entered in the transhipment register (form Sn. 52). The railway clerk will sign in the column headed "Signature", and record in the column "Remarks" any defective conditions, etc., of the packages. All such remarks will be countersigned by the Contractors' representative.

2. *Receipt and disposal of inward parcels and goods.*—(a) All parcels and goods booked to the city booking agencies on arrival at the junction station with the city booking agencies will be entered in the transhipment register (form Sn. 52), and made over along with the connected way-bills and invoices [see para. (b) below] to the Contractors' representative, who will sign for the same in the transhipment register in the column headed "Signature", and record in the column "Remarks" any defective conditions, etc., of the packages.

(b) The Contractors' representative will, however, receive any consignment marked for the city booking agencies even where the connected way-bill or invoice has not been received. A copy of the way-bill or invoice will be prepared from the railway receipt and taken to account, subject to any undercharge being recovered on receipt of the original or a certified copy thereof from the forwarding station. This should be called for when not received.

(c) On arrival of parcels or goods at the city booking agencies the parcel way-bills or invoices will be taken into account, and the traffic and documents dealt with, in

strict accordance with the rules laid down by the Railway Administration in the books, circulars, notices and other publications referred to in para. 4.

(d) Inward parcel way-bills or invoices must be taken to account immediately upon receipt in the accounts then in hand, even when the consignment has not been received, the amount being shown outstanding until the parcels or goods have been delivered, or orders received for the outstanding to be cleared otherwise.

3 *Responsibility of the Contractors for freight and other charges.*—The Contractors will be responsible for all undercharges and collection of freight charges on parcels and goods traffic in accordance with the rules applicable for similar traffic on North Western Railway stations.

4. *Books and forms.*—The Contractors will maintain all such books and forms as may be required from time to time by the Railway Administration, for the proper booking and accounting for all traffic booked to and from the city booking agencies in accordance with the rules appearing in the North Western Railway Commercial Manual, State Railway Open Line Codes, Manual of Instructions for the Monthly System of Accounts, Coaching and Goods tariffs, and similar other publications, also such other instructions as may be issued from time to time by the Agent or Chief Accounts Officer of the North Western Railway. One copy of each such book, etc., as are required to be maintained, will be supplied free of charge by the Railway Administration, on the Contractors indenting for them on the divisional superintendent, Books, etc., required to replace those lost or otherwise destroyed, or in addition to those supplied free of charge, will be supplied only at the expense of the Contractors.

5. *Returns.*—The Contractors will arrange to submit complete returns relating to parcels and goods traffic dealt with at the city booking agencies to the Chief Accounts Officer, North Western Railway, for the local traffic, and to the Director, Railway Clearing Accounts Office, Delhi, for the through traffic, showing separately the agencies' and railway proportion, also balance-sheets in connection therewith, in the manner prescribing in the books referred to above and in any supplemental, general or special instructions, issued by the Chief Accounts Officer or the Agent, North Western Railway.

6. *Refunds.*—Under no circumstances will the Contractors allow a refund of freight or any other charges on consignments booked to and from the city booking agencies and all such claims will be forwarded to the Agent, North Western Railway. Overcharges due to errors in classification or computation of freight discovered prior to the delivery of consignment will, however, be refunded by the Contractors at the time of delivery, the consignee being asked to acknowledge the refund on refund list (form Sn. 40). The form bearing the acknowledgment will be sent to Chief Accounts Officer, North Western Railway, along with the connected balance-sheet.

7. *Remittance of cash.*—The Treasury Remittance-note Book (form C. O. 15), which is in trefoil, will be kept by the Contractors. In this book the total cash collections will be entered and sent by the Contractors, along with the two outer foils, to the Imperial Bank and Treasury Office at Sukkur and Shikarpur, respectively, as laid down in Clause XIV (8) of the Memorandum of Agreement. The said Imperial Bank and the Treasury Office will sign both outerfoils, and return them to the Contractors, who will submit one outer foil to the Chief Accounts Officer by the same day's post, together with Cash Remittance-note (Sn. 61), the other outer foil will be pasted to the counterfoil of the book. Credit-notes and vouchers will also be entered in form Sn. 61, which will show the earnings on account of goods and coaching separately. One Cash Remittance-note (Sn. 61), only for remittance of cash and vouchers will be prepared daily and if there be no cash collections on any such day a "Nil" Cash Remittance-note (Sn. 16) will be prepared and submitted to the Chief Accounts Officer.

ASSA RAM,
for Diwan Assa Ram & Son,
Contractors.

Dated 11th December, 1936.

V. O. RAYNOR,
Deputy Chief Commercial
Manager, North Western
Railway, Lahore.

Dated 30th March, 1937.

APPENDIX B.

City Booking Agencies at Sukkur and Shikarpur City.

General conditions applicable to the city booking agencies.

1. The Railway Administration will not under-take any liability on behalf of the Contractors under the Common Carriers Act, III of 1865.

2. Coal, offensive goods, explosives dangerous goods, arms and ammunition will not be booked. Small consignments of safety cartridges and ammunition for private individuals, will, however, be accepted, and will be carried over the city booking agencies at owner's risk under risk-note form C.

3. Goods liable to damage by rain must be packed in waterproof coverings.

4. Goods carried over the railway at owner's risk will be carried over the city looking agencies also at owner's risk.

5. In the case of parcels and goods liable to leakage, breakage or deterioration by wet, booked at owner's risk (risk-note form B) over the railway portion of the journey and for which no owner's risk rate is quoted over the city booking agencies, risk-note form A will be taken so far as the agencies' portion of the journey is concerned.

6. The maximum weight of any single package will not exceed five maunds in case of parcels and 25 maunds for goods, except when special arrangements have been made.

7. Actual weight will be taken as the basis for the calculation of charges, except where otherwise specified. The rules as to fractions of weight and charges obtaining on the North Western Railway will also apply.

8. Parcels charged by measurement on the North Western Railway will be similarly charged over the city booking agencies.

9. Wharfage will be charged under the rules and at the rates applicable over the North Western Railway.

10. The insurance charge will be Rs. 2 per cent. or fractions thereof on the declared value subject to a minimum of Rs. 2. Rates for goods and parcels traffic between Sukkur and Shikarpur city booking agencies and the railway stations will be as follows :

	Rs.	s.	p.	
1. Goods	0	0	8	per maund or part of a maund.
2. Parcels	}	0	1	0 for one maund or fraction thereof.
		0	0	6 for every additional 20 seers of fractions thereof.

NOTE.—The above charges will be shown separately on the railway receipts paid or to-pay according as freight is "Paid" or "Topay".

ASSA RAM,

for Diwan Asa Ram & Son,
Contractors.

Dated 11th December, 1936.

V. O. RAYNOR,

Deputy Chief Commercial

Manager, North Western
Railway, Lahore.

Dated 30th March, 1937.

APPENDIX C.

Bill No.

Dated.....193

To

(Here give name).....
 city booking agency Contractor(s).....for
 charges for carting and handling Inward/Outward goods /Parcels booked to/from.....
Out-agency during the
 month of.....as per details given below :—

Date.	No. of invoice/ way-bill.	Station		Weight.	Rate.	Out- agency charges due.	Remarks.
		From.	To.				
				Mds. s.		Rs. a. p.	

Place.....

Name of Contractor(s).

N. B.—Separate bills will be prepared in duplicate for local and through traffic. The bill for local traffic will be sent to the Chief Accounts Officer, Traffic Accounts Branch, and will show the total amount claimed on through traffic also and a grand total for both local and through traffic. The bill relating to through traffic will be submitted direct to the Railway Clearing Accounts Office.

OPENING OF THE CITY GOODS AGENCY AT SUKKUR.

†1330. ***Mian Ghulam Kadir Muhammad Shahban:** (a) Will the Honourable Member for Railways be pleased to state if it is a fact that there are already two goods offices at Sukkur?

(b) Is it a fact that small consignments of goods cannot be booked from Sukkur Bunder Goods office?

(c) Is it a fact that the merchants and public of Sukkur have demanded the opening of Sukkur Bunder Goods office for booking of small consignments? If so, how was this request disposed of?

(d) Are Government aware that Sukkur Bunder Goods office is situated near the business quarters which are on Bunder Road at Sukkur? If so, do Government propose to direct the North Western Railway to give necessary facilities to the mercantile public of Sukkur by the opening of Sukkur Bunder Goods office for the booking of small consignments, in addition to full wagon loads? If not, why not?

(e) Is it a fact that at one time Sukkur Bunder Goods office did book small consignments also, but the facilities to the mercantile community were stopped? If so, why?

† Answer to this question laid on the table, the questioner being absent.

(f) Is it a fact that this work has now been transferred to the City Goods Agent?

(g) Is it a fact that the public has not appreciated the opening of the City Goods Agency and the merchants, Mukhies of various business communities, and cartmen, etc., had petitioned to this effect to the Railway Administration?

(h) Is the Honourable Member prepared to direct the North Western Railway Administration to consult the public opinion at Sukkur, whether they need a City Goods Agency or opening of the Sukkur Bunder Goods office for booking of small consignments, and act accordingly? If not, why not?

(i) What steps do Government propose to take to conciliate the hostile public opinion against the City Goods Agency at Sukkur leased to an ex-railway servant, and to meet public wishes?

The Honourable Sir Thomas Stewart: (a) and (b). Yes.

(c) Government understand that certain representations were received, to which, however, the Administration was unable to agree.

(d), (e), (h) and (i). Government understand that Sukkur Bunder Goods Office is situated near some business quarters. This Bunder Goods Office was closed for the booking of "smalls" in May, 1933, for the following reasons:

- (i) that Sukkur Bunder is not suitable for the booking of "smalls";
- (ii) that it is very congested and there is no possibility of its expansion;
- (iii) that the restriction saves loading of duplicate wagons and results in better loads being obtained per wagon;
- (iv) that the restriction results in considerable savings in shunting and detention to wagons.

Government do not propose to take any action in the matter, as it is entirely one for decision by the Railway Administration concerned.

(f) and (g). No. It is understood that the public generally have appreciated the opening of the City Booking Agency, but a few petitions have been submitted against this Agency.

OFFICERS OFFICIATING IN LOWER GAZETTED SERVICE ON THE NORTH WESTERN RAILWAY.

†1331. *Mian Ghulam Kadir Muhammad Shahban: (a) Will the Honourable Member for Railways be pleased to state the number of officers on the North Western Railway who are officiating in lower gazetted service, and the duration for which each of them has so officiated?

(b) Is there any proposal to make direct recruitment to the lower gazetted railway service on the North Western Railway? If so, why?

The Honourable Sir Thomas Stewart: (a) I would refer the Honourable Member to the reply I gave to parts (a) and (b) of Haji Chaudhury Muhammad Ismail Khan's starred question No. 1178 on the 20th March, 1939.

(b) The reply to the first part is in the negative: the second part does not, therefore, arise.

INTERLOCKING OF THE HYDERABAD (SIND) RAILWAY STATION.

†1332. ***Mian Ghulam Kadir Muhammad Shahban:** (a) Will the Honourable Member for Railways be pleased to state whether it is a fact that Hyderabad (Sind) station on the North Western Railway, is four-side junction, having connection with Jodhpur Railway?

(b) Is it a fact that this situation is not fully interlocked, with the consequence that the train operations are in the hands of inferior staff and there is no direct or effective control by the Assistant Station Master on duty?

(c) Is it a fact that as early as 1926, funds were provided by the Jodhpur Durbar for the interlocking of Hyderabad (Sind) Station, which is a joint junction of the Jodhpur and North Western Railways? If so, what happened to these proposals during the last thirteen years?

(d) Are there any stations on the North Western Railway equally important as Hyderabad (Sind), which are non-interlocked or partially interlocked?

(e) If the reply to part (d) above be in the affirmative, will Government be pleased to state the names of such stations? If the reply to part (d) be in the negative, do Government propose to take early steps to have Hyderabad (Sind) station completely interlocked? If not, why not?

(f) Are Government aware that the Railways in western countries have many mechanical devices to avoid accidents, if human agency fails to take necessary precautions in time? If so, why have not the elementary precautions of interlocking been taken at such an important junction as Hyderabad (Sind) to ensure against accidents?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) The station is partially interlocked: but the rules governing the reception and despatch of trains ensure safety in operation.

(c) I have not been able to trace any papers bearing on this point.

(d) and (e). Details relating to stations which are now interlocked or partially interlocked are not readily available. The necessity for interlocking a station may not depend entirely on the traffic handled at the station, though this is the general criterion for determining the importance of a station. Stations are interlocked when this is considered necessary in the interests of the safety of the travelling public.

(f) Yes. Similar devices have also been adopted in India when this has been necessitated by operating conditions. I would also refer the Honourable Member to paragraph 34 of the Report of the Indian Railway Enquiry Committee, 1937.

† Answer to this question laid on the table, the questioner being absent

DAILY ALLOWANCE OF MEMBERS OF THE ASSAM BENGAL RAILWAY ADVISORY COMMITTEE.

†1333. *Prof. N. G. Ranga: Will the Honourable the Railway Member be pleased to state:

- (a) if his attention was drawn to the suggestion made by the Assam Bengal Railway Advisory Committee that a member's daily allowance be raised to Rs. 32;
- (b) if so, whether he has also considered the fact that the allowance of members of the Central Legislative Assembly is only Rs. 20 and that of members of Provincial Assemblies is often much less;
- (c) if he is also aware of the desire expressed by the same Advisory Committee to have more frequent meetings and that it is more desirable in the interest of the travelling public and commercial interests that these Advisory Committees ought to be enabled to meet more frequently; and
- (d) if so, whether he is prepared not to raise the daily allowance but to make it possible for such Committees to increase the number of their meetings?

The Honourable Sir Thomas Stewart: (a) and (c). Yes.

(b) The answer to the first part is in the affirmative. Government have no information regarding the allowances to members of Provincial Assemblies.

(d) The majority of the Central Advisory Council were in favour of the fee being fixed at Rs. 32 per day. Government do not propose to make any reduction. The number of meetings is not governed by the fees paid to members.

PROVISION OF LATRINES IN THIRD CLASS CARRIAGES ON RAILWAYS.

†1334. *Prof. N. G. Ranga: Will the Honourable the Railway Member be pleased to state:

- (a) whether the railways keep a census of all the third class carriages in use on their lines which do not contain latrines;
- (b) if so, what is their proportion to the other carriages;
- (c) whether any steps are being taken either not to use them, or fit them up with latrines, or replace them by better carriages;
- (d) if so, what are those steps;
- (e) in how many years it is expected that such carriages will go out of use and allow third class carriages to be provided with latrines; and
- (f) whether any attempt is being made to restrict their use only for short day-time journeys?

The Honourable Sir Thomas Stewart: (a) and (b). The Honourable Member is referred to Appendix E of the Report by the Railway Board on Indian Railways for 1937-38, Volume II.

(c) to (f). The Railway Board insist on latrines being provided by Railways in all carriages excluding suburban services and those used on a

†Answer to this question laid on the table, the questioner being absent.

run of less than one hour's duration. Only a small number of old carriages on Class I Railways are not fitted with latrines. These are either being provided with latrines to a definite programme or are relegated to suburban services. All new carriages built whether as additions or in replacement of old carriages are provided with latrines. A definite date by which all old carriages without latrines will be replaced by new carriages with latrines cannot be indicated.

DACOITIES AND TRAIN ROBBERIES ON RAILWAYS.

†1335. *Prof. N. G. Ranga: Will the Honourable Member for Railways be pleased to state:

- (a) if dacoities and train robberies are on the increase on Indian railways;
- (b) what is the trend of such happenings during the last five years;
- (c) what the steps are which have been taken by railways to prevent such thefts, dacoities and robberies;
- (d) whether any payment is made by the railways concerned to the Local Governments for lending police assistance; and
- (e) whether any negotiations are being carried on with the Local Governments to see that better police patrolling of stations and their waiting rooms and platforms and on the trains are being carried on?

The Honourable Sir Thomas Stewart: (a) and (b). Information received from railways would indicate that, generally speaking, there has been no increase in the number of thefts or robberies on either passenger or goods trains.

(c) This would appear to be a matter for the Police authorities.

(d) The cost of police required for maintenance of order in railway premises is paid by Railways to Provincial Governments. The cost of police staff employed on train patrol is borne by Provincial Governments.

(e) Government have no information of any negotiations between individual Railway Administrations and Police authorities concerned regarding patrolling arrangements mentioned by the Honourable Member.

IMPROVEMENTS IN LATRINES OF THIRD CLASS CARRIAGES ON THE BENGAL NAGPUR AND MADRAS AND SOUTHERN MARHATTA RAILWAYS.

†1336. *Prof. N. G. Ranga: Will the Honourable the Railway Member be pleased to state:

- (a) if he is aware of the complaint made and answer given to the Bengal Nagpur Railway Advisory Committee on the 16th May, 1938, that water taps in the latrines should be in front of the person using the lavatory;

†Answer to this question laid on the table, the questioner being absent.

- (b) if so, whether he is prepared to bring to the notice of all the railways the need for this reform being made and also to see that in every new carriage built hereafter, the water tap is placed in front of the person using the lavatory in a third class compartment;
- (c) if he has noticed the suggestion made by the South Indian Railway Advisory Committee on the 6th May, 1938, to improve the latrines in third class carriages by some device so as to minimise the stink therein and the answer given by the Chairman, referring to the Madras and Southern Mahratta Railway experiment with a removable latrine and also the South Indian Railway experiment with sanitary blocks;
- (d) if so, what is the result of the Madras and Southern Mahratta Railway experiment; and
- (e) whether he is prepared to bring to the notice of all other railways the results of these experiments of the Madras and Southern Mahratta Railway and South Indian Railway, so as to minimise the stink in the latrines of third class carriages of our trains?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) Particulars of the meetings of all Local Advisory Committees are already circulated to other Railways. The position of the water tap referred to by the Honourable Member is governed by several considerations and its location directly in front of the person using the lavatory in existing stock will not always be possible. The position in respect to new stock will be examined.

(c) Yes.

(d) and (e). The results of experiment referred to are not yet known. Should they prove successful the question of standardising such arrangements will be taken up.

EDUCATIONAL ASSISTANCE ON THE NORTH WESTERN RAILWAY.

1337. *Mr. Lalchand Navalrai: (a) Will the Honourable Member for Railways be pleased to state the total amount given as educational assistance to:

(i) Indians,

(ii) Europeans and Anglo Indians,

on the North Western Railway, during the financial year 1937-38?

(b) Is it a fact that there are two sets of Educational Assistance Rules (i) of 1921 and (ii) 1930?

(c) Will the Honourable Member please state the amount of assistance given on the North Western Railway under the 1921 and 1930 rules separately in the financial year 1937-38?

The Honourable Sir Thomas Stewart: (a) (i). Rs. 8,679.

(ii) Rs. 1,50,781.

(b) Yes, except that the first set of rules referred to were issued in 1924, and not 1921.

(c) Government do not consider that the labour involved in separating the large number of items in the manner suggested is justified.

Mr. T. S. Avinashilingam Chettiar: May I know the reason for this abnormally large sum spent on European and Anglo-Indian education compared with the very small amount spent on Indians?

The Honourable Sir Thomas Stewart: I would be sorry to admit that it was abnormally large sum. Presumably the reason for the differentiation is that there are in most stations facilities for the education of Indian children which do not exist for the education of Anglo-Indian and European children.

Mr. T. S. Avinashilingam Chettiar: May I know whether Government will consider the advisability of suggesting that these Anglo-Indian children should study in the schools which are provided for Indians in view of the admitted declaration by the Anglo-Indian community that they are children of the soil and that they want to identify more and more with the people of the land.

The Honourable Sir Thomas Stewart: That is an educational question which perhaps the Honourable Member can propound to the Secretary to the Department of Education, Health and Lands.

Mr. K. Santhanam: May I know whether the Honourable Member is aware that, under the Government of India Act, there are special provisions for providing adequate educational facilities for Anglo-Indians and Europeans by the Provincial Governments?

The Honourable Sir Thomas Stewart: I am aware of that.

Mr. K. Santhanam: In view of those provisions, will the Honourable Member consider the desirability of eliminating this extra expenditure from the railway revenues?

The Honourable Sir Thomas Stewart: The Honourable Member may rest assured that the railway administrations will not spend any money on education unnecessarily.

Mr. Lalchand Navalrai: May I know if the same kind of education is being given to Indians and Europeans and Anglo-Indians also, or is there any difference?

The Honourable Sir Thomas Stewart: This is a question relating to education codes of the various provinces and I would refer my Honourable friend to the Education Secretary.

DISCHARGE AND RE-INSTATEMENT OF CREW STAFF ON THE EAST INDIAN RAILWAY.

1338. *Shaikh Rafuiddin Ahmad Siddiquee: (a) Will the Honourable the Railway Member be pleased to state how many men out of the 218 men discharged on the abolition of the Crew System on the entire line of the East Indian Railway on the 1st June, 1931:

- (i) were re-instated by the East Indian Railway before Court of Enquiry 1931;
- (ii) were re-employed by the East Indian Railway before the Court of Enquiry 1931;
- (iii) were re-instated on the recommendation of the Court of Enquiry 1931; and
- (iv) were re-employed on the recommendation of the Court of Enquiry 1931?

(b) Are temporary Crew Staff who were discharged on reduction of establishment, entitled to re-instatement under Fundamental Rule 54? If not, under what Fundamental Rules were their cases dealt with?

(c) Were staff, re-instated and re-employed by the East Indian Railway prior to the Court of Enquiry, allowed to appear before the Railway Court of Enquiry 1931?

(d) Is it a fact that one man out of the above 218 men has been re-instated by the General Manager after eight years, i.e., 1938?

(e) Under what Fundamental Rules was his fixation after eight years opened and dealt with?

The Honourable Sir Thomas Stewart: (a) to (e). I would refer the Honourable Member to the reply given to Qazi Muhammad Ahmad Kazmi's question No. 882 on the 26th February, 1936.

CERTAIN STAFF IN THE POSTS AND TELEGRAPHS DEPARTMENT.

1339. *Shaikh Rafuiddin Ahmad Siddiquee: (a) Will the Honourable Member for Communications state:

- (i) the total number of departmental approved candidates, *vis.*, Inspectors of Post Offices and Railway Mail Service and Head Clerks to the Superintendents of Post Offices (1) Hindus, (2) Mussalmans, (3) others, separately, for 50 per cent. reserved posts of Superintendents of Post Offices and Railway Mail Service according to the recent revised orders;
- (ii) the total number of Inspectors of Post Offices and Railway Mail Service and Head Clerks to the Superintendents of Post Offices (1) Hindus, (2) Mussalmans, (3) others, separately, in each circle on the 1st February, 1939;

- (iii) the total number of clerks (1) Hindus, (2) Mussalmans, (3) others, (each community to be shown separately) recruited from (1) outsiders, and (2) departmental candidates, separately, on each occasion in each Circle by competitive examination from the time of issuing orders in force at present on the subject;
- (iv) the total number of Boy peons, (1) Hindus, (2) Mussalmans, (3) others, separately, in each Circle on the 1st February, 1939; and
- (v) the total number of Engineering Supervisors of Telegraph, (1) Hindus, (2) Mussalmans, (3) others, separately, recruited before and after giving effect to the new system of recruitment (i.e., 50 per cent. outsiders and 50 per cent. departmental candidates) separately, on the 1st February, 1939?

(b) Is it a fact that the posts of packers of the Postal Department have been reserved for Boy peons of the Telegraph Traffic Branch and those of the postmen for packers and those of the 50 per cent. clerical posts for postmen and packers? Does it mean the reserving of 50 per cent. of the posts in the clerical cadre and all the posts of postmen and packers of the Postal Department for the Boy peons of the Telegraph Department? If so, how is the communal representation in each of the above classes of appointments, which are separate from one another, going to be given effect to?

The Honourable Sir Thomas Stewart: (a) (i) Hindus 17, Mussalmans 6, and others 4.

(ii) to (v). Two statements giving the information asked for by the Honourable Member are placed on the table.

(b) As regards the first part, the fact is not as stated. A boy peon of any Branch of the Department who has passed the test for appointment to posts of inferior servants is eligible, in preference to outsiders, for an inferior servant's post in any Branch of the Department selected by him. Similarly, an inferior servant of any Branch of the Department who has passed the necessary test is eligible in preference to outsiders, for appointment as postman or mail guard according to his choice. All posts of inferior servants and postmen, for which qualified departmental officials are not available, are filled by recruitment of qualified outside candidates.

50 per cent. of the vacancies for clerical posts are reserved for departmental officials of all classes below the rank of clerks, provided they secure qualifying marks in the competitive examination for recruitment. If the number of successful departmental candidates in the examination falls below 50 per cent. of the vacancies, the balance is made up by recruiting additional outside candidates.

The requisite number of qualified departmental candidates for posts of inferior servants, postmen and clerks is, in practice, rarely available, so that, generally, there is considerable direct recruitment for these appointments.

The reply to the second part is in the negative and the third part does not arise.

Statements.

Circles.	Part (a) (iii) Number of candidates selected by competitive examination.												Part (a) (iv) Number of boy peons.				
	Part (a) (ii) Number of Inspectors of Post Offices and Railway Mail Services and Head Clerks to Superintendents of Post Offices.						Held in 1938.						Held in 1937.				
	(1) From outsiders.			(2) From departmental candidates.			(1) From outsiders.			(2) From departmental candidates.			(1)	(2)	(3)		
	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)	(1)	(2)	(3)					
Hindu.			Muslimans.			Others.			Hindu.			Muslimans.			Others.		
Bengal and Assam	81	6	1	111	16	4	4	4	2	175	67	12	9	3	163	82	3
Bihar and Orissa	45	3	...	73	10	1	...	...	...	32	10	2	1	2	100	21	2
Bombay	63	1	7	284	10	23	10	1	1	20	18	8	1	...	301	85	9
Central	40	9	...	110	19	5	1	...	...	40	5	6	...	...	112	33	2
Madras	72	...	12	184	4	14	1	...	...	102	43	40	12	1	54	19	17
Punjab and N.W. F.	40	26	9	57	62	12	...	...	...	25	41	6	...	1	44	71	19
Sind and Baluchistan	10	4	...	36	6	1	...	1	...	30	20	2	1	...	12	25	4
United Provinces	33	23	1	70	9	2	3	...	...	34	21	5	2	...	113	45	5

Statement showing the number of Engineering Supervisors recruited during the three years prior to the introduction of the method of recruitment (50 per cent. outsiders and 50 per cent. departmental) on the 1st January, 1929.

Year.	Hindus.	Mussalmans.	Others.	Total.
1926	15	1	17	33
1927	3	..	9	12
1928	3	1	11	15

Statement showing the number of Engineering Supervisors recruited after the introduction of the existing method of recruitment.

Year.	Hindus.		Mussalmans.		Others.		Total.
	Out-siders.	Departmentals.	Out-siders.	Departmentals.	Out-siders.	Departmentals.	
1929	29	8	2	..	5	3	47
1931	8	9	2	..	2	1	22
1935	20	3	1	..	2	..	26
1936	17	10	1	..	3	..	31

ROBBERY AT VERKA STATION ON THE NORTH WESTERN RAILWAY.

1340. *Sardar Sant Singh: (a) Will the Honourable Member for Railways be pleased to state if it is a fact that a woman passenger was robbed at Verka Railway Station, (North Western Railway) on the 19th February, 1939, and deprived of her trunk containing jewellery and other valuables?

(b) If so, is it a fact that the robbers threw down the trunk out of the moving train, when the father of the woman passenger jumped down and caught one of the robbers, while the communication cord was pulled and the train stopped?

(c) Is it a fact that while the robbers were assaulting the father of the woman, police rendered no help?

The Honourable Sir Thomas Stewart: (a) to (c). It is understood that the facts are substantially as narrated by the Honourable Member. It would appear that the communication cord was pulled, but the train which had just started was stopped by the driver on hearing the hue and cry. It is also understood that the robbery and decamping of the dacoits was so quick that there was no time for any one to render assistance.

POST OF THE DIRECTOR, RAILWAY CLEARING ACCOUNTS OFFICE.

†**1341. *Dr. P. N. Banerjee:** (a) Will the Honourable Member in charge of Railways please state whether it is a fact that the post of the Director, Railway Clearing Accounts Office, has been reduced to that of a

†Answer to this question laid on the table, the questioner being absent

Deputy Chief Accounts Officer, and that it is the biggest accounts charge in India with an establishment of about 1,200 persons?

(b) Is it also a fact that the Chief Auditor, Railway Clearing Accounts, attached to the Railway Clearing Accounts Office, is also of the same status, and that he is in charge of an establishment of about 60 persons?

(c) If the reply to parts (a) and (b) be in the affirmative, will Government state the special reasons for this large disparity in the charges under these two officers?

The Honourable Sir Thomas Stewart: (a) The reply to the first part of the question is in the affirmative, with the qualification that the Director of the Railway Clearing Accounts Office draws special pay of Rs. 100 per mensem. This is given in recognition of the additional responsibility attaching to this post as compared with that of the ordinary Deputy Chief Accounts Officer. In regard to the second part of the question, the Railway Clearing Accounts Office is not the biggest accounts charge in India.

(b) The Chief Auditor does not draw the special pay alluded to in the reply to part (a) of the question. Government have further decided that the present post of Chief Auditor should be downgraded. The Honourable Member is correctly informed as to the strength of his establishment.

(c) In view of the replies to (a) and (b), this does not arise.

POST OF THE DIRECTOR, RAILWAY CLEARING ACCOUNTS OFFICE.

†1342. ***Dr. P. N. Banerjee:** (a) Will the Honourable the Railway Member please state the reasons why the post of Director, Railway Clearing Accounts Office, has been reduced to that of a Deputy Chief Accounts Officer?

(b) Is it a fact that such reduction was not considered necessary during the last nine years?

(c) Are Government prepared to consider the desirability of re-converting the Directors post to that of a Chief Accounts Officer, or of reducing the latter post to a post equivalent to that of the Director?

The Honourable Sir Thomas Stewart: (a) and (b). Administrative requirements in regard to this post have considerably changed since the institution of the Railway Clearing Accounts Office and the downgrading in question has now been found to be a practicable measure of economy, without loss of efficiency.

(c) Government do not recognise any necessity for equating the status of the two posts referred to.

DUTIES OF SUB-HEAD AND CLERKS RETAINED IN THE ESTABLISHMENT SECTION OF THE RAILWAY CLEARING ACCOUNTS OFFICE.

†1343. ***Dr. P. N. Banerjee:** (a) Will the Honourable the Railway Member please state whether it is a fact that one Subhead and a few clerks were retained in the Establishment Section of the Railway Clearing Accounts Office at the time of the breaking up of the Efficiency Section in February, 1938?

†Answer to this question laid on the table, the questioner being absent.

(b) Will Government please state what duties were allotted to them, and whether they were provided with sufficient work?

(c) Is it also a fact that the Subhead has particularly been required by the Deputy Director to go through most of the files submitted to him by the various section officers, before orders, etc., are passed on them?

(d) If the reply to parts (a) to (c) be in the affirmative, will Government please state why the Director could not adopt the same procedure, thereby dispensing with the post of the Deputy Director, Railway Clearing Accounts Office?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) They were retained partly for the inspection of certain local offices, viz., those of the Chief Auditor, Railway Clearing Accounts Office, the General Secretary, Indian Railway Conference Association and the Central Publicity Office, and partly for dealing with general questions of procedure or specially important cases requiring co-ordination of the work of several sections. The staff have sufficient work.

(c) No. Cases dealing with general questions of procedure or specially important cases requiring co-ordination of the work of several sections are sometimes sent to this staff for examination.

(d) The question does not arise in view of reply to (c) above.

ASSISTANT SURGEONS ON THE NORTH WESTERN RAILWAY.

†1344. ***Mr. Muhammad Ashar Ali:** (a) Will the Honourable the Railway Member state the number of Assistant Surgeons employed on the North Western Railway?

(b) Is it a fact that a certain number of the posts has been reserved for military Assistant Surgeons of the Indian Medical Department? If so, how many, and what is the reason for such a reservation?

(c) How many posts of Assistant Medical Officers are there on that Railway? Are they all reserved for the military Assistant Surgeons?

(d) Is it a fact that all the posts of Assistant Medical Officers are held by military Assistant Surgeons? If so, why? What are their qualifications? Do they hold any foreign degrees?

(e) Is it a fact that the Indian Medical Department, Assistant Surgeon Branch, is not open to Indians, but only to Anglo-Indians?

(f) Are the Railway Department bound to have a certain number of military Assistant Surgeons? If so, why, and how is that number fixed? How is their seniority fixed in the Railway Department *vis-a-vis* the Indian Assistant Surgeons?

(g) Are the Railway Department bound to have military Assistant Surgeons of particular seniority to the detriment of Indians?

(h) Is it a fact that some vacancies of Assistant Medical Officers are going to occur shortly on the North Western Railway?

(i) Are Government prepared to consider the question of filling up those posts by Indians? If not, why not?

†Answer to this question laid on the table, the questioner being absent

(j) Are Government prepared to assure the House that in future such military Assistant Surgeons as are likely to prejudicially affect the prospects and seniority of Indian Assistant Surgeons on the Railways, are not accepted by the Railway Department?

The Honourable Sir Thomas Stewart: (a) 22.

(b) The reply to the first part is in the affirmative. As regards the other parts, I would refer the Honourable Member to the reply given in the Council of State to the Honourable Mr. Mahmood Suhrawardy's question No. 173 on the 15th April, 1936.

(c) Four. The reply to the second part is in the negative.

(d) Yes. They were selected for promotion to those posts. I am laying on the table a statement detailing the qualifications of these officers.

(e) This part of the question should have been addressed to my Honourable friend who represents the Defence Department in this House.

(f) The Railway Department have agreed to take a certain number, for the reasons explained in the answer given in the Council of State to which I have just referred in my reply to part (b). As regards the last part, I have called for certain information and will lay a further reply on the table when it is received.

(g) No.

(h) Yes, one in August, 1939.

(i) Claims of all Assistant Surgeons eligible for promotion, irrespective of their nationality, will be considered.

(j) I am afraid it is not practicable to give the assurance asked for.

Statement.

Name.	Qualifications.
Dr. J. J. F. Dunn	Members of the Royal College of Surgeons (England). Licentiate of the Royal College of Physicians (London).
Dr. L. K. Allen	Indian Medical Department.
Dr. F. Carroll	Member of the Royal College of Surgeons (England). Licentiate of the Royal College of Physicians (London). and Licentiate in medicine and surgery of the Society of Apothecaries (London).
Dr. A. N. DeMonte	Licentiate in medicine and surgery of the Society of Apothecaries (London).

SUPPLY OF WATER TO PASSENGERS ON RAILWAY STATIONS.

†1345. *Prof. N. G. Ranga: Will the Honourable the Railway Member be pleased to state:

- (a) whether the Railway authorities keep lists of stations at which water is supplied, or not supplied, to passengers;
- (b) whether there is any definite programme for each railway for providing such water supply at all the stations during any particular period of time;
- (c) whether private agencies are encouraged or allowed to supply water at their own expense;

†Answer to this question laid on the table, the questioner being absent

- (d) if so, why it is that on 1st April, 1938, the Agent of the North Western Railway and the Chairman of that Railway Advisory Committee were opposed to it;
- (e) whether Government are prepared to consider the advisability of stipulating the desired conditions subject to which private agencies will be allowed to supply water freely to passengers during summer months, so as to obviate the growth of any vested interests; and
- (f) whether proper steps are being taken to see that the water supplied is clean and if so, who examines such water?

The Honourable Sir Thomas Stewart: (a) and (b). Yes.

(c), (d) and (e). The Central Advisory Council for Railways discussed the supply of drinking water to passengers at their meeting held on the 4th and 5th July, 1930. One of the conclusions arrived at was that, generally speaking, it was not desirable to permit voluntary organisations to undertake this work, as the supply of water to passengers was a function which should be performed by Railway Administrations.

(f) Yes. The water supplied is that available at stations for the use of the railway staff. The Station Master is responsible for seeing that the arrangements in respect of cleanliness, etc., are adequate.

ALLEGATIONS AGAINST THE HINDU REFRESHMENT ROOM AND SWEETMEAT CONTRACTOR AT DELHI.

†1346. ***Mr. K. S Gupta:** Will the Honourable Member for Railways please state:

- (a) whether it is a fact that the North Western Railway Administration has decided to withhold recovery of Rs. 7,025 from the Hindu refreshment room and sweetmeat contractor at Delhi;
- (b) whether Government are aware that the service of that contractor is very unsatisfactory;
- (c) what is the nature of complaints against that contractor by the consumers, and whether any report against him was ever made by the Medical Officer during the past three years;
- (d) whether the administration paid any consideration to the assurances given by the Honourable Members in their speeches on the Resolution in 1934 of Dr. Sir Ziauddin Ahmad and on the cut motion of Sir Abdul Halim Ghuznavi in 1938, viz., giving of contracts to those individuals who reside locally and supervise personally the service by residing in town;
- (e) whether the present contractor resides at Calcutta thereby not in a position to supervise it personally which is against the policy; and
- (f) the reasons for retaining the contract of that contractor for 1939-40?

†Answer to this question laid on the table, the questioner being absent

The Honourable Sir Thomas Stewart: (a) No. The recovery has been withheld provisionally pending the decision on the general question of levying license fees from all refreshment room and vending contractors.

(b) and (f). The Administration consider his work satisfactory.

(c) During the last 12 months, there have been four complaints against the contractor for excess charges. Two of these could not be substantiated. In the third, the charges were found to be correct, and in the fourth, the article asked for was not one of those included in the tariff rates. The Medical Officer has reported against the contractor twice for not providing proper gauze wire to keep off flies and on no other account.

(d) The Administration paid consideration to all relevant factors.

(e) The contractor resides at Calcutta and has appointed an efficient manager who resides at Delhi.

NEGOTIATIONS REGARDING INDIANS IN AFGHANISTAN.

1347. *Mr. T. S. Avinashilingam Chettiar: Will the Secretary for External Affairs state:

(a) the latest position with regard to negotiations with the Afghan Government regarding the Indians in Afghanistan; and

(b) whether any negotiations have again been started in pursuance of the ones that took place about a couple of months back?

Sir Aubrey Metcalfe: (a) and (b). The Government of India are corresponding with the Afghan Government through His Majesty's Minister on the subject of Indians in Afghanistan and they are endeavouring to obtain an improvement of conditions with regard to trade and other matters.

Mr. T. S. Avinashilingam Chettiar: May I know whether the previous negotiations with the Afghan Government were conducted directly by the Government of India?

Sir Aubrey Metcalfe: No, the correspondence has all been through His Majesty's Government's Minister. As the Honourable Member is aware there was a visit paid by the Honourable Minister with whom conversations were held in Delhi.

Seth Govind Das: For how long this correspondence has been going on?

Sir Aubrey Metcalfe: The Honourable Member can make a calculation himself, about two to three months.

Seth Govind Das: Nothing has come out?

Sir Aubrey Metcalfe: Not as yet.

REPORT OF THE COMMITTEE ON XB ENGINES.

1348. *Mr. T. S. Avinashilingam Chettiar: Will the Honourable the Railway Member state:

- (a) whether the committee on the XB Engines have submitted their report;
- (b) whether the report will be brought before the Assembly for discussion; and
- (c) if so, when?

The Honourable Sir Thomas Stewart: (a) Not yet.

(b) and (c). The Honourable Member is referred to the reply given on 29th November, 1938, to part (d) of his starred question No. 1550.

Mr. T. S. Avinashilingam Chettiar: What is the reason for this long time taken by the Committee? It is four to five months since the Committee was appointed?

The Honourable Sir Thomas Stewart: I am not conducting the enquiry.

GUARDS ON THE NORTH WESTERN RAILWAY.

1349. *Sardar Sant Singh: (a) With reference to the answer to question No. 1576, dated the 29th November, 1938, placed on the table of the House on the 14th February, 1939, will the Honourable the Communications Member please state whether the strength of guards in Grades II, III and IV on the North Western Railway was as under?

	Grade II.	Grade III.	Grade IV.
1926-27	612	388	250
1927-28	613	392	253
1930-31	784	361	193
1931-32	645	335	173

(b) Is it a fact that by Agent's letter No. 522-E./199, dated the 12th August, 1936, Grade IV was abolished and the promise to make corresponding increase in Grade III given to the guards?

(c) If so, what is the change in requirements of work which necessitated the cutting down of the strength of Grade III of 392 plus 253 of Grade IV in the year 1927-28 to 219 in Grade III only on 8th November, 1938, as stated in the answer to part (d) of the question?

(d) Is it a fact that no promotion from Grade II to Grade III has taken place since 1928-29? If not, what is the percentage of promotions for each year from 1928-29 to 1938-39 from Grade II to Grade III?

(e) With reference to the answer to part (a) of the said question, will the Honourable Member please state the number of guards drawing Grades I, II and III salaries in 1938-39 as compared with the year 1927-28?

The Honourable Sir Thomas Stewart: (a) The figures are not quite correct. I am laying on the table a statement showing the correct figures of the number of sanctioned posts.

(b) Yes.

(c) I would refer the Honourable Member to the reply given to parts (b) and (c) of Mr. Lalchand Navalrai's starred question No. 808 on the 18th February, 1935.

(d) The reply to the first part is in the affirmative: the second part does not, therefore, arise.

(e) I am laying on the table a statement giving the number of guards actually employed.

Statement I.

Year.	Grade II.	Grade III.	Grade IV.
1926-27	602	388	250
1927-28	602	393	252
1930-31	786	349	177
1931-32	645	335	173

Statement II.

Year.	Grade I.	Grade II.	Grade III.
1927-28	*58	599	392
1938-39	53	836	176

* This does not include the number of guards, grade I, employed on the Quetta and Delhi Divisions, figures in respect of which are not available.

Sardar Sant Singh: With reference to part (d), may I know whether the Honourable Member does not regard this blocking of promotion from 1928 till now requiring further consideration on the part of the department?

The Honourable Sir Thomas Stewart: The Honourable Member is asking for an expression of my personal opinion.

GUARDS ON THE NORTH WESTERN RAILWAY.

1350. ***Sardar Sant Singh:** Will the Honourable the Communications Member please state the reasons for not observing the rule of promotion by seniority in the guards' cadre of service on the North Western Railway, while the rule is observed in relation to other cadres on the railway?

The Honourable Sir Thomas Stewart: Seniority is not the only criterion for promotion either among guards or other categories of staff.

Mr. Lalchand Navalrai: How do they get promotion? By merit or examination or selection, or how?

The Honourable Sir Thomas Stewart: In ordinary circumstances, seniority combined with merit.

Mr. Lalchand Navalrai: How is the merit to be found out by officers? By some examination?

The Honourable Sir Thomas Stewart: There is a record of service kept for each officer in employment.

EMPLOYMENT OF MILITARY PENSIONERS ON THE NORTH WESTERN RAILWAY.

†1351. ***Mr. R. N. Basu:** Will the Honourable Member for Railways please state:

(a) the date of birth recorded in the service rolls of military pensioners appointed in the non-gazetted subordinate superior services on the North Western Railway;

(i) on recruitment in the Defence Services of India; and

(ii) on appointment in that Railway;

(b) the reason for retaining them in service after the age of 55 years;

(c) the posts they hold;

(d) their educational qualifications and the qualifications prescribed for those posts;

(e) whether they are drawing pensions in addition to the scales of pay sanctioned for those posts; if so, whether the emoluments (total) have not exceeded the sanctioned pay of the post; and

(f) whether Government propose to remove them from service and to replace them by persons younger and with required qualifications from the unemployed; if not, why not?

The Honourable Sir Thomas Stewart: (a) and (c) to (e). I am laying on the table a statement giving such of the particulars asked for as are readily available.

(b) None of them has yet attained the age of 55 years.

(f) Does not arise, in view of my reply to part (b).

†Answer to this question laid on the table, the questioner being absent.

Names and particulars of Military Pensioners (non-gazetted subordinate superior service) employed on the North Western Railway.

Serial No.	Name.	Date of birth as recorded in the		Designation.	Educational qualifications.	Qualifications required for these posts.	Whether drawing pensions in addition to the rates of pay sanctioned for these posts.
		Military Department.	Railway Department.				
1	Subedar Shiv Prasad Thapa.	27-3-86	31-5-85	Watch and Ward Inspector.	Studied up to 8th class in the school and passed Higher standard in English in the Army. Non-matric	Matriculation standard or its equivalent in the case of non-military men appointed direct as Head Constables in the case of E-military men or sub-cadets. All qualifications have to be laid down by the Military India Officers who are probably educated and appointed to these posts. (These qualifications were prescribed in 1933.)	No. Yes, Rs. 30 per mensem. Yes, Rs. 5 per mensem. Yes, Rs. 40 per mensem.
2	Raja Ghulam Sarwar Khan.	1-7-92	1-7-92	Do.	Not available		
3	Mohan Lal	Not available.	13-3-88	Do.	Not available		
4	Jemadar Ghulam Haidar.	5-9-94	1-7-1900	Head Watchman, Offg. S., I., Watch and Ward.	Passed 3rd Middle Vernacular Examination and Indian Army English Examination.		
5	Jemadar Bhasat Singh.	Not available.	16-4-84	Head S. T. E. (Appointed as Watch and Ward Inspector in 1923).	Not available		Yes, Rs. 25 per mensem.
6	Mr. C. Owens	25-4-92	25-9-97	Assistant Station-master.	Passed Standard VII and in possession of Army 1st class certificate.	Matric	No.
7	Mr. Thakur Das	1-7-94	1-7-94	Chief Parcel Clerk	No available.	Matric	Yes.
8	Mr. W. C. Hallis	Aug. 1885	5-10-85	Inspector, Watch and Ward.	6th Standard English School.	Military service and ability to read, write and speak English.	Yes, disability pension of 20 shillings per week.
9	Mr. E. A. Dean	Not known	18-10-92	Do.	Studied up to Matriculation	Ditto	Yes, disability pension of Rs. 12 per mensem.
10	Mr. C. Cross	1889	24-5-89	Assistant Inspector, Watch and Ward.	2nd class Army educational certificate.	Ditto	No.
11	Mr. Mohd. Alam	April 1899	1-4-99	Do.	Indian Army Higher Standard examination.	Ditto	Yes, Rs. 12 p. m.
12	Mr. Ghulam Shah Jaffar	Feb. 1896	Sep. 1895	Do.	Preliminary examination in 1st class.	Ditto	Yes, Rs. 25 p. m.
13	Mr. Ishwar Singh Bhatnagar.	May 1898	15-6-1898	Do.	Indian Army certificate of education 1st class.	Ditto	Yes, Rs. 55 p. m.

TICKET CHECKING STAFF ON THE NORTH WESTERN RAILWAY.

†1352. *Mr. B. B. Varma: Will the Honourable Member for Railways please state:

- (a) the number, rate of pay, travelling and daily allowances, nature of duties of the:
 - (i) Headquarters Ticket Checking staff; and
 - (ii) Divisional Ticket Checking staff on the North Western Railway;
- (b) the reasons for any differential treatment in any respect amongst those staff;
- (c) the yearly cash earnings from Excess Fare Receipts other than extension of journeys and luggage of those staff together with the yearly expenditure on those staff, respectively, for the preceding three years;
- (d) the number of persons detected by those staff travelling without tickets together with the number of working days of those staff respectively during the preceding three years; and
- (e) the justification for expenses on the Headquarters staff?

The Honourable Sir Thomas Stewart: (a) to (e). I am asking the General Manager of the North Western Railway for such of the particulars required by the Honourable Member as are readily available and a further reply will be placed on the table of the House when they are received.

SPECIAL ARRANGEMENTS MADE BY THE RAILWAYS IN CONNECTION WITH TRIPURI CONGRESS.

1353. *Mr. S. Satyamurti: Will the Honourable Member for Railways be pleased to state:

- (a) the nature and the cost of the special arrangements made by several railways in connection with the Tripuri Congress;
- (b) the entire income, approximately, to the several railways on account of the increased traffic in connection with the Congress; and
- (c) whether any railway or railways refused or failed to make any special arrangements for the Congress; if so, which, and why?

The Honourable Sir Thomas Stewart: (a) I lay on the table a statement showing the nature and cost of the special arrangements made by the Great Indian Peninsula Railway.

(b) I have asked Railways concerned to supply such information as they can do without undue labour and a statement will be placed on the table of the House when complete.

(c) It is presumed the Honourable Member is referring to concessions. Government have no information whether any Railways were asked to give concessions and refused to give them.

†Answer to this question laid on the table, the questioner being absent

Statement showing the nature and cost of the special arrangements made by the Great Indian Peninsula Railway in connection with the Tripuri Congress.

	Approximate cost. Rs.
(1) Waiting accommodation—	
(a) Upper class	185
(b) III class	5,552
(2) Temporary buildings for use of railway as offices and for staff	10,187
(3) Alteration to way and works	27,281
(4) Alterations to water supply	3,923
(5) Loud speaker equipment to control the movement of traffic	900
(6) Hire and haulage of stock	6,000
(7) Extra staff	8,154
Total	62,132

NOTE.—This does not include the cost of working special trains or of double-heading trains, for which arrangements were made in accordance with the requirements of traffic offering.

Seth Govind Das: Is it a fact that the B. N. Railway first promised a concession and in the end refused it?

The Honourable Sir Thomas Stewart: I have just said that Government have no information as to whether any railway was asked for concession and refused it.

Seth Govind Das: Will Government take it from me that the B. N. Railway first granted a concession and in the end they refused it? Will the Honourable Member inquire why they refused the concession which they had promised.

The Honourable Sir Thomas Stewart: No, Sir.

Seth Govind Das: Why, Sir?

The Honourable Sir Thomas Stewart: I see no reason to do so.

Mr. S. Satyamurti: Sir, may I know the reasons why Government will not find out from this particular railway why they departed from the practice which has gone on for some years now and when all railways give reasonable concessions for a big gathering like this, which is mutually advantageous?

The Honourable Sir Thomas Stewart: I am not aware that the Railway made any departure from its previous practice.

Mr. S. Satyamurti: But, in view of the allegation made by the Chairman of the Reception Committee of the last session of the Congress, will my Honourable friend be good enough to cause inquiries to be made and report the results of the inquiry to this House?

The Honourable Sir Thomas Stewart: Presumably the Honourable Member is himself aware why the concession was refused, if indeed it was.

Seth Govind Das: No, Sir; I must say that we are not at all aware why the concession was refused and I want Government to inquire as to why it was refused.

The Honourable Sir Thomas Stewart: I suggest that the Honourable Member himself makes the necessary inquiries.

Seth Govind Das: We did, but we did not get any reply; and I again request Government to make an inquiry from them and let us know the reasons for their refusal.

The Honourable Sir Thomas Stewart: I shall be obliged if the Honourable Member will send me a copy of his correspondence with the Agent.

POWERS GIVEN TO TELEGRAPH MASTERS, ETC., OF WITHHOLDING TELEGRAMS.

1354. *Mr. S. Satyamurti: Will the Honourable Member for Communications be pleased to state:

- (a) whether Government have considered the vote of the House censuring them for the extraordinarily wide and arbitrary powers given to Telegraph Masters and other officers to withhold objectionable or alarming telegrams;
- (b) whether Government propose to take any action by way of rescinding or by radically amending the rules, in accordance with the relevant section of the Indian Telegraph Act; and
- (c) if not, why not?

The Honourable Sir Thomas Stewart: (a) Yes. Government do not consider the powers extraordinarily wide or arbitrary.

(b) and (c): No. Government hold that the rule is necessary in the public interest.

Mr. S. Satyamurti: In view of the vote of this House, may I know if Government will apply their mind particularly to that portion of the rule which vests in the Telegraph Masters absolute discretion to withhold objectionable or alarming telegrams and to refer to the Magistrate only in cases of doubt? Have Government considered the continuance of this power in the Telegraph Masters necessary in the interests of the public and may I know the reasons why Government have rejected the verdict of this House in this behalf?

The Honourable Sir Thomas Stewart: In this regard I conceive myself as carrying out agency functions only when the real point at issue is one of censorship; and I think the Honourable Member should really direct his questions to the Honourable the Home Member.

Mr. S. Satyamurti: I will do that when necessary, but with regard to Telegraph Masters, who are under my Honourable friend's control, I am asking why Government propose to vest in them this absolute discretion of withholding or delaying telegrams which they consider objectionable or alarming, without any reference to any magistrate at all.

The Honourable Sir Thomas Stewart: I cannot accept the Honourable Member's suggestion at all that there is absolute discretion vested in the Telegraph Masters.

Mr. S. Satyamurti: May I know the reasons why the Honourable Member says there is no absolute discretion? As I read the rule the discretion is absolute except in cases of doubt.

Mr. President (The Honourable Sir Abdur Rahim): The House had a discussion about it only the other day. Next question.

FEELING OF INDIANS ABOUT PALESTINE.

1355. *Mr. S. Satyamurti: Will the Secretary for External Affairs be pleased to state:

- (a) whether the Government of India have kept themselves, or are being kept, in touch by His Majesty's Government about the proceedings of the Palestine Conference;
- (b) whether the Government of India are communicating from time to time to His Majesty's Government and the Conference the strong feeling in India that Palestine should be made an independent Arab State;
- (c) whether the Government of India's attention has been drawn to the Resolution of the Indian National Congress at Tripuri on this subject; and
- (d) whether the Government of India have been consulted with regard to His Majesty's Government's final proposals regarding the future of Palestine?

Sir Aubrey Metcalfe: (a) Yes.

(b) The attention of the Honourable Member is drawn to the reply given by me to part (b) of starred question No. 520 on the 20th February, 1939.

(c) Yes.

(d) No.

Mr. S. Satyamurti: With reference to part (b) of the question, may I know when last the Government of India addressed His Majesty's Government in this matter and whether before or after the announcement of the final terms of His Majesty's Government in the Palestine Conference the Government of India were consulted or they themselves addressed His Majesty's Government as to the feelings of Indians on this matter?

Sir Aubrey Metcalfe: If the Honourable Member wants precise dates I must ask him to put down a question on the paper. I do not carry them in my head and I do not know them.

Mr. S. Satyamurti: I am merely asking about a public event, i.e., the date and the time at which His Majesty's Government communicated their final proposals to the Palestine Conference. May I know whether the Government of India were consulted at or about that time or whether they addressed themselves to His Majesty's Government expressing the opinions of the people of this country?

Sir Aubrey Metcalfe: I have stated in reply to part (d) of the question that the Government of India were not consulted.

Mr. S. Satyamurti: In view of the resolution of the Indian National Congress at Tripuri on this subject and the well-known feeling of all sections of the people of this country, will Government now communicate to His Majesty's Government the feeling of this country that Palestine should be made an independent Arab State and that they should not carry out their proposals?

Sir Aubrey Metcalfe: I have no doubt that the resolution to which the Honourable Member refers has already been brought to the notice of His Majesty's Government.

Mr. S. Satyamurti: But has it been done by the Government of India?

Sir Aubrey Metcalfe: I could not say that for certain, but I should think there is very little doubt about it.

†1356*.

LICENCE FEE ON RADIO SETS.

1357. ***Mr. S. Satyamurti:** Will the Honourable Member for Communications be pleased to state:

- (a) the latest figures for this financial year of licences and licence fees from the owners of private radio receiving sets;
- (b) the latest figures of public receiving sets throughout India and the licence fees therefrom;
- (c) whether Government have come to any decision regarding the raising of the licensing fees on public receiving sets;
- (d) if so, what the decision is; and
- (e) if not, when they propose to decide this question?

The Honourable Sir Thomas Stewart: (a) The number of broadcast receiver licenses issued or renewed during the current financial year up to the 28th February, 1939, was 65,247 and the amount of license fees collected in respect of these licenses was Rs. 5,89,462.

(b) So far special sanction has been issued for the installation of 266 public receiving sets, but the number of such sets actually installed and the license fees realised therefrom are not known as separate statistics are not kept. As the license fee per set is Rs. 10, the Honourable Member may assume that the maximum amount realised during the year is Rs. 2,660. These figures do not include the 20 rural community sets so far installed by All-India Radio in Delhi Province.

(c), (d) and (e). Government are considering the matter and a decision is likely to be reached shortly.

Mr. S. Satyamurti: Are Government, in their consideration, bearing in mind the very important consideration that the expansion of private licenses ought not to be hampered by the too wide distribution of community sets which will affect the revenues of the All-India Radio Department?

†This question was withdrawn by the questioner.

The Honourable Sir Thomas Stewart: Yes, Sir, that is a consideration which is present in the mind of the Government of India.

Mr. S. Satyamurti: Are the Provincial Governments being consulted in this behalf?

The Honourable Sir Thomas Stewart: I believe that discussions have been carried on with at least one Provincial Government.

Mr. S. Satyamurti: Before Government finally make up their mind in this matter, will they get into touch with all the Provincial Governments and get their opinions and then decide this question?

The Honourable Sir Thomas Stewart: I do not know that the question has arisen in regard to more than one Provincial Government.

Prof. N. G. Ranga: Will Government also keep in mind the consideration that in view of the fact that only rich people can afford private sets there is a great need for expanding these public receiving sets and therefore the fees charged on public receiving sets should not be increased?

The Honourable Sir Thomas Stewart: I take it that the Honourable Member is putting the "pro" against my Honourable friend's "con". Both the "pro" and the "con" will be taken into consideration.

ALTERATION IN THE RECORDED DATE OF BIRTH OF EMPLOYEES ON THE EAST INDIAN RAILWAY.

1358. *Sardar Mangal Singh: Will the Honourable Member for Railways please refer to Minute Sheet No. A.E. 816/1, dated the 2nd January, 1936, of the General Manager, East Indian Railway, reading as under:

"Alteration of recorded date of Birth.

In continuation of this Office Minute Sheet No. A.E. 816/1, dated 6th August, 1935, I am directed to inform you that in future each application for an alteration of an employee's age will be considered on its merits, admitting cases where (a) a clerical error has undoubtedly occurred in preparing the original records, (b) sufficient proof is produced to establish that a wrong age was given originally through a genuine error, and (c) the original age recorded was obviously incorrect and was probably a careless estimate usually in the case of illiterate staff.

Cases coming under any of the above heads may be sent to the Agent (now General Manager) for a decision",

and state:

- (a) the nature of proofs considered to be sufficient to establish that a wrong age was given; and
- (b) the causes of rejecting the applications of Indian staff since 1935, which are supported by certified copies from the register of births maintained under the Registration of Births Act, from school and university certificates and by reliable evidences from persons of respectability?

The Honourable Sir Thomas Stewart: (a) I would refer the Honourable Member to the reply I gave to part (c) of Mr. Muhammad Azhar Ali's unstarred question No. 123 on 28th March, 1936.

(b) Government have no information and do not consider that the labour involved in compiling the particulars required can be justified.

EMBEZZLEMENT IN THE CHUHARMUNDA POST OFFICE IN SIALKOT DISTRICT.

1359. *Bhai Parma Nand: (a) Will the Honourable Member for Communications be pleased to state if it is a fact that there was a case of embezzlement in the Post Office, Chuharmunda, District Sialkot (Punjab), in which the accused was tried and convicted for eighteen years?

(b) Is it a fact that the depositors are not as yet being allowed to withdraw money from their accounts, and are Government aware that this is causing a great inconvenience to the public?

The Honourable Sir Thomas Stewart: (a) Yes, the aggregate of all the sentences being 17 years 6 months.

(b) Yes. The delay in making payments to the depositors is due to the fact that all the records filed in the trying court have not yet been received back. I understand that the Postmaster-General, Punjab and North-West Frontier Circle, Lahore, is taking special action to expedite this matter.

Mr. Lalchand Navalrai: May I know if there is any rule under which withdrawals from the savings bank can be prohibited?

The Honourable Sir Thomas Stewart: I know of no such rule, but the Honourable Member must understand that, when we have no records of what the deposits have been, we cannot possibly repay the deposits.

Mr. Lalchand Navalrai: Can it not be found out who they are?

The Honourable Sir Thomas Stewart: Certainly it can when we get the records back from the court.

ACTION ON THE RECOMMENDATIONS OF THE WEDGWOOD COMMITTEE.

1360. *Bhai Parma Nand: (a) Will the Honourable Member for Railways please state whether it is a fact that the majority of the recommendations of the Wedgwood Committee have been accepted by the Railway Board and action in respect thereof is being taken by the various Railway Administrations under their control?

(b) If the reply to part (a) above be in the affirmative, will Government be pleased to state the number of officers and subordinates so far appointed over the different railways, together with the scales of pay from 1st April, 1937, to 31st December, 1938?

The Honourable Sir Thomas Stewart: (a) I would refer the Honourable Member to the "Statement showing the action taken on recommendations in the Indian Railway Enquiry Committee's Report (1937)" issued in November, 1938. A copy of this statement is in the Library of the House.

(b) I am laying on the table a statement giving the particulars in respect of gazetted posts so far sanctioned. Government have no information as regards subordinate posts, the creation of which is within the competence of General Managers.

Statement giving particulars in respect of gazetted posts.

Railway.	Posts sanctioned.	Scale of pay.	Period for which sanctioned.
		Rs.	
Eastern Bengal	Two senior scale posts — 1 in Transportation (Traffic) and Commercial Departments. 1 in Transportation (Power) and Mechanical Engineering Department.	750—950	* Upto 31st March, 1938.
Do.	Senior scale post, Transportation (Traffic) and Commercial Departments.	750—950	* Permanent.
East Indian	Senior scale post, Transportation (Traffic) and Commercial Departments.	750—950	From 30-8-1937 to 30-9-1938.
Do.	Senior scale post, Transportation (Power) and Mechanical Engineering Department.	750—950	* Two years.
Do.	Deputy Chief Operating Superintendent, Transportation (Traffic) and Commercial Departments.	1,300	One year from 3rd January, 1939.
Do.	Senior scale post, Transportation (Traffic) and Commercial Departments.	750—950	One year from 3rd January, 1939.
Great Indian Peninsula.	Senior scale post, Transportation (Traffic) and Commercial Departments.	750—950	* Permanent.
Assam Bengal	Deputy Agent, Organisation	1,300	* One year.
Do.	Reorganisation of the Traffic Department involving a net increase of Rs. 735 per mensem	...	* Two years.
Bombay, Baroda & Central India.	Deputy General Manager, Organisation	1,300	One year from 1st May, 1937.
Do.	Publicity and Advertising Superintendent, Transportation (Traffic) and Commercial Departments.	750—940	* Permanent revival of a post which was held in abeyance in 1932.
Do.	Senior scale post, Transportation (Traffic) and Commercial Departments.	750—950	* Six months.
Madras and Southern Mahratta	Senior scale post, Transportation (Power) and Mechanical Engineering Department.	750—950	* One year.
Railway Board	Officer on Special Duty	2,500	Two months (from, 23rd October, 1937, to 24th December, 1937).
Do.	Officer on Special Duty	2,500—2,750	Two years from 8th November, 1937.

* Information regarding the dates from which these posts were actually filled is not readily available.

SHOUTING OF WARES BY VENDORS ON THE NORTH WESTERN RAILWAY.

1361. *Mr. K. Santhanam (on behalf of Mr. Sham Lal): Will the Honourable Member for Railways please state:

- whether it is a fact that on the North Western Railway vendors are prohibited against calling out their wares at any time of the day and night;
- what arrangements the administration have made that the passengers on the middle and "off-side" berths of a train could sight the wares of the vendors;
- whether that prohibition is enforced on complaints from the travelling public; and
- the reasons for the continuous prohibition imposed and the justification therefor?

The Honourable Sir Thomas Stewart: (a) Yes: on the Delhi and Lahore Divisions, as an experimental measure.

(b) None, as passengers must ultimately move to the near side for the purposes of effecting their purchases and making payments therefor.

(c) and (d). Yes. The Administration also consider that their action in this respect is in the best interests of the travelling public.

Mr. Lalchand Navalrai: Does the Honourable Member know that they come and knock at the doors of compartments and wake up people from their sleep?

The Honourable Sir Thomas Stewart: I have experienced the same discomfort as the Honourable Member.

Mr. Lalchand Navalrai: Will the Honourable Member issue a circular to that effect that they should not at least knock?

The Honourable Sir Thomas Stewart: I do not think that the practice amounts to a public nuisance.

SHOUTING OF WARES BY VENDORS ON THE NORTH WESTERN RAILWAY.

†1362. ***Mr. Suryya Kumar Som:** Will the Honourable Member for Railways please lay on the table circulars No. 23 AC/O, dated the 9th and 28th January, 1939, issued by the Divisional Commercial Officer, North Western Railway, Lahore Division, regarding shouting of wares by the vending contractors serving the travelling public, and state the complaints received from the public?

The Honourable Sir Thomas Stewart: Copies of the circulars are laid on the table of the House and I would refer the Honourable Member to the reply just given to Mr. Sham Lal's starred question No. 1361.

NORTH WESTERN RAILWAY.

No. 23-Ac./O.

Office of the Divisional Superintendent,
Lahore, dated the 9th January, 1939.

To

All Station Masters, Lahore Division,
S. S. & Hony. A. T. O., Lahore.
C./All T. Is. and C. Ss., Lahore Division.

Shouting of wares by Vending Contractors serving the travelling public

Despite issue of repeated instructions, it is noticed that vendors are still shouting their wares and no action appears to have been taken by the staff to put a stop to this nuisance.

2. Station masters should have all the vendors before them and warn them once for all that the calling out of wares at any time of the day or night is strictly prohibited. Any salesman found doing so will result in the termination of the contract of the vendor to whom he belongs.

Please obtain acknowledgments of all concerned and record the same with you.

†Answer to this question laid on the table, the questioner being absent

NORTH WESTERN RAILWAY.

Cir. No. 11-Coml. No. 23-A. C./O.

Office of the Divisional Superintendent,
Lahore, dated the 28th January, 1939.

To

All Station Masters, Lahore Division,
S. S. & Hony. A. T. O., Lahore.
C./All T. Is. and C. Ss., Lahore Division.

Shouting of wares by the Vending Contractors serving the travelling public.

With reference to my circular No. 23-A. C./O., dated 9th January, 1939, please note that the prohibition of vendors calling out their wares at any time of the day is held in abeyance till further orders. The calling of wares between 22 and 5 hours at night, however, is strictly prohibited and station masters must report any cases of salesmen contravening these instructions.

UNSTARRED QUESTION AND ANSWER.

TRANSFER OF THE STATISTICAL AND DISBURSEMENT SECTIONS OF THE CONTROLLER OF RAILWAY ACCOUNTS OFFICE.

57. Sardar Sant Singh: (a) Will the Honourable Member for Railways please state if it is a fact that the Statistical and Disbursement Sections of the Controller of Railway Accounts Office will be transferred to the Railway Board and the Divisional Accounts Office, North Western Railway, Delhi, respectively, from April, 1939?

(b) Is it a fact that one post of an Assistant Accounts Officer will be abolished from that office?

(c) Is it a fact that one gazetted post of a Superintendent will be newly created for the Statistical Branch of the Railway Board?

(d) If the replies to parts (a), (b) and (c) above be in the affirmative, will Government please state what saving has been effected by the transfer of the two Sections from that office, and whether the same saving cannot be realised by keeping the two Sections in that office? If not, why not?

(e) Will Government please state if it is a fact that an experiment is at present being tried on the North Western and Great Indian Peninsula Railways in regard to placing the accounts work under the General Managers and the amalgamation of the office of the Controller of Railway Accounts with the Railway Board in October or November next?

(f) If it is not the intention of the Government to amalgamate that office with the Railway Board in October or November next, will Government please state the reasons for the transfer of the two Sections at this juncture?

The Honourable Sir Thomas Stewart: (a) Yes.

(b) Yes.

(c) No.

(d) Does not arise.

(e) The reply to the first part of the question is in the affirmative. As regards the amalgamation of the office of the Controller of Railway Accounts with that of the Railway Board, Government have reached no conclusion yet.

(f) The transfer of work has been made in the interests of economy and, so far as concerns the statistical work, of increased efficiency and without reference to the possible amalgamation of the office of the Controller of Railway Accounts with that of the Railway Board.

ELECTION OF MEMBERS TO THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

Mr. President (The Honourable Sir Abdur Rahim): I have to inform the Assembly that up to 12 Noon on Friday, the 24th March, 1939, the time fixed for receiving nominations for the Central Advisory Council for Railways ten nominations were received. Subsequently the candidature of one Member has been withdrawn by the proposer and three Members have withdrawn their candidature. As the number of remaining candidates is equal to the number of vacancies, I declare the following Members to be duly elected, namely:

- (1) Mr. Lalchand Navalrai,
- (2) Mr. Kuladhar Chaliha,
- (3) Pandit Shambhu Dayal Misra,
- (4) Lieutenant-Colonel Sir Henry Gidney,
- (5) Maulvi Syed Murtuza Sahib Bahadur, and
- (6) Sir Abdul Halim Ghuznavi.

ELECTION OF A MEMBER TO THE STANDING COMMITTEE ON PILGRIMAGE TO THE HEDJAZ.

Mr. President (The Honourable Sir Abdur Rahim): I have also to inform the Assembly that up to 12 Noon on Friday, the 24th March, 1939, the time fixed for receiving nominations for the Standing Committee on Pilgrimage to the Hedjaz two nominations were received. Subsequently the candidature of one Member has been withdrawn by the proposer. As there is only one vacancy, I declare Qazi Muhammad Ahmad Kazmi to be duly elected.

MOTION RE THE INDO-BRITISH TRADE AGREEMENT—*concl'd.*

Mr. President (The Honourable Sir Abdur Rahim): The House will now resume consideration of the motion moved by Sir Muhammad Zafrullah Khan and the amendments moved thereon.

Mr. Muhammad Nauman (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Sir, I was speaking of cotton yesterday when the House rose for the day. I will be very brief in my comment on this item which has been the chief target of opposition.

Sir Bryce Burt explained to the House yesterday the position of cotton growing all over the world. He said that America alone produced probably half the quantity required for world consumption and India had two new competitors, Russia and Brazil, and besides the latest advance made in the use of artificial fibres as a substitute for cotton in Germany and Italy will very adversely affect the whole agricultural interest in cotton. This is certainly a great justification for having secured from United Kingdom even such a quota on cotton which, however, is advantageous although it falls below our estimate. Cotton agriculture must be saved and the textile industry of India should be prepared to make

even sacrifices in the interests of cotton growers as this Indian industry has been established by sacrifices of the agriculturists and the consumers. Besides, as Sir Muhammad Zafrullah pointed out, there is no question of any great sacrifice at all, as Indian textile mills have established their position, and if they can compete their production on the world parity prices, they can expand their export to Colonies and Dominions at some advantage compared with other countries. They have been exporting manufactured clothes to the value of over four crores to the United Kingdom and this is no small matter of satisfaction considering the progress in such a short time. Some Members made a passing reference to Japan who, under the treaty, consumed over a million bales of Indian cotton. Do Honourable Members realise that Japan did so with all possible reluctance and after protesting as much as she could, and that Japan does not buy our products generally of any substantial value? Besides, our general exports to Japan of other commodities are practically nominal and the Indian textile industry can hardly expect any future when they will be able to export their products to Japan. It is idle to bring in Japan here and the comparison cannot be made. Mr. Akhil Chandra Datta yesterday said "that it was a question of the protection of Lancashire as against the protection of Indian textile industry." I think it is political bias that gave vent to these feelings but he cannot substantiate it. The only question is that England is protecting Lancashire at her own sacrifices because they can probably buy cheaper cotton elsewhere, and our Indian textile industry, in spite of protection at the consumer's cost, has been callous in numerous ways. What are these Indian textile industries worth to the general public except that the consumers make a contribution of a few crores of rupees yearly to benefit a few individuals or corporations in the shape of allowing them to maintain high prices for their cloth and so do cotton growers who fall victims to their dictation of prices reached at by a "combination"? We may have the satisfaction of calling this a national industry, much in the same way as we call railways as our national asset worth 750 crores, or our Congress Provincial Governments under Provincial Autonomy as our own Governments: but to our bitter experience we Muslims have only to sing Shelley's song "But to me the cup has been dealt in another measure."

These cotton mills in India deserve no more support as they are monopolies of a few individuals and the Muslims' interest has been trampled down, even in the matter of employment as I explained at length during the Budget debates. The Muslims have been refused any share worth the name but the industry is thriving at the cost of India of which one-third of the population are Muslims. We have no sympathy for them and, I think, the cottage industry and the handloom industry is the only thing to which we may concentrate our support. The mill industry at Ahmedabad and elsewhere is monopolised by few individuals and includes foreigners, I mean Europeans who deserve no better treatment than the Lancashire group. As such I feel that the arrangement in the matter of cotton yarn import is not at all such as we should take any serious objection. I do not want to suggest that Lancashire mills deserve any better treatment than the Indian mills but, at least, Lancashire does not cost the consumers millions of rupees to protect them in that particular way, as it does to feed a few capitalists who are monopolising the textile industry of this country. I would like to support cottage and "Handloom" industry and for this purpose we have to take no

[Mr. Muhammad Nauman.]

notice of Indian mills which are the monopolies of a few. If it had been otherwise possible I would probably have stopped all imports and even ousted the mills as the general population of masses have no control over them and get no substantial benefit out of them. This agreement at least does not cost the consumer any amount and gives cotton growers a substantial support by keeping competition alive and that is why the growers will be in a better position to control prices. An offtake of a million bales would certainly have been a more satisfactory feature, but then this agreement is only for three years and we may try for better relations in future.

To conclude my speech, I want to know why it was not possible for the Government of India to impress on His Majesty's Government that other bilateral agreements should also be initiated as was demanded by this House some three years ago. Sufficient amount of money has been spent and sufficient energy and time put to it—all at the cost of the Indian taxpayer; and still the point of the Resolution which my Leader, Mr. Jinnah, moved in 1926 that treaties with other countries should also be negotiated upon to see how we can compare and compete with other countries, has not been done. On the face of this, the present Indo-British Trade Agreement does not seem to be at all such as could be termed "disadvantageous advantageous", rather I must say it is a great improvement on the Ottawa agreement but the Honourable the Commerce Member in his speech said that the agreement does not involve our capacity of bargaining power. He has not put it to test, and so we do not know whether India still maintains a bargaining capacity with other countries or it is only a matter of theory and if at all it can be adopted in practical business. The Honourable Sir Muhammad Zafrulla Khan further said that in the United Kingdom India will enjoy preference on 82 per cent. of her export trade whereas the United Kingdom will have no preference on her 88 per cent. of India's total import, and he stressed "leaving India free to use this large percentage of her imports as a bargaining weapon to make her own arrangements with other countries". Should not the Government have at all placed before this House a concrete proposition by negotiating matters with other Governments, so that the theory which has been propounded should have some concrete effect and take a concrete shape? The question of "bargaining capacity" is as yet only a theory. Whether we are at all left in a position to negotiate with other countries is a matter which has yet to be decided. If we have fiscal autonomy, the best thing would have been for us to enter into bilateral arrangements with other Governments and come to definite agreement with them at one and the same time and with major parts of the world as well.

As suggestions are made that for reason of Ottawa and this agreement we are losing our trade with other parts of the world like Germany, Italy and other countries, some such negotiations of agreements with those countries would have convinced everybody that this agreement is absolutely in our favour and does not jeopardise our trade elsewhere. Sir, as I have said, this agreement on the face of it looks quite reasonable, but as it involves the question of collateral arrangements with other countries. I am not in a position to say what implications it will have or what difficulties it will land us in when we become bound by this treaty with the United Kingdom.

Sir, a lot was said on the Ottawa Agreement, and Indian merchants were of opinion that Ottawa Agreement fettered their hands to a very large extent, and that the free trade of India was hampered to a very great extent. The position would have been different if some negotiations had been made with the Empire Dominions and even other free countries. Now, Sir, if the Government had at all made some sort of investigation for such treaties—the Government was expected to place all its cards on the table. . . .

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

Mr. Muhammad Nauman: With these few remarks, I resume my seat.

Sir H. P. Mody (Bombay Millowners' Association: Indian Commerce): Mr. President, well-deserved tributes were paid in the course of the debate yesterday to my friend, Sir Muhammad Zafrulla Khan, and I desire to endorse them. I do so the more whole-heartedly as I find myself unable to be in complete agreement with him. My Honourable friend has laboured hard in the interests of India, and I think we can say that India could not have had an abler or more earnest advocate of her rights and interests.

Sir, in view particularly of what I am going to say, I would like to observe that I am as strong as ever in favour of an understanding with the United Kingdom. The enormous value of the trade of each to the other cannot be exaggerated, and I think it can also be said that an understanding which is to the mutual advantage of the two countries would have a great political value as well. With this observation, Sir, I would proceed to a consideration of the agreement with every desire to assess to the fullest the benefits it seeks to confer.

I am sorry to have to say, however, that a dispassionate consideration of the agreement has been rendered somewhat difficult by the procedure which the Government of India chose to adopt in dealing with this issue. It was said in the course of the debate yesterday that the Government deliberately chose as their advisers some of the most eminent leaders of commerce and industry in this country. They knew that these leaders were determined opponents of the Ottawa Pact, and they should have realised the full implications of their choice, and they should also have appreciated that when they selected such eminent leaders they more or less made it difficult for themselves at the final stage to depart from the advice tendered by these gentlemen. Therefore, Sir, it becomes a little difficult for us to discard the advice which has been tendered by men chosen by the Government themselves. I do not suggest, Sir, that non-official advisers can ever arrogate to themselves the authority to determine issues. That determination must rest with the Government, but I do repeat that it becomes very difficult when non-official advisers, chosen by the Government, have put forward a strong case for that case to be neglected by other sections.

Now, Sir, looking at the picture of the trade agreement as it affects the import and export trade, what is the position? The position is that India retains in the United Kingdom market all the preferences which she is enjoying and, in some cases, these preferences have been strengthened. The result is that India will enjoy in the United Kingdom market preferences in respect of as much as 82 per cent. in value of the articles she

[Sir H. P. Mody:]

exports to Great Britain. On the other side the advantages enjoyed by the United Kingdom in this market have been curtailed, and from a figure of over 18 crores of rupees, the values have been brought down to less than eight crores. I am free to admit, and I admit it quite willingly, that, so far as this aspect of the case is concerned, the agreement is of advantage to India. I am not prepared to say that the agreement is not of advantage to the United Kingdom as well. And here I say, Sir, that it seems to me to be a very great pity that the non-official advisers should have insisted upon retaining all the preferences, if their contention were correct that a very great many of them have merely an insurance value and that quite a few are preferences which are enjoyed in common with other parts of the Empire countries, and it seems to me also a matter of pity, applying my own mind to these things, that the preferences enjoyed by the United Kingdom in this market should have been sought to be curtailed so drastically. It does not help India very much if Great Britain's place in several commodities is taken up by the foreign exporter. And in this connection let us not forget that the situation, so far as our trade with foreign countries is concerned, has been rendered difficult by the exchange restrictions which prevail in most countries. However, Sir, I would say that the agreement as a whole, so far as this aspect is concerned, is favourable to India and not unfavourable to Great Britain. Unfortunately, the Board of Trade took up the position, and they were enabled to do so by the tactics adopted by us, that some *quid pro quo* for the very substantial advantages which Great Britain was supposed to be conferring on India, should be obtained for British interests, and that is where Lancashire came in. The Board of Trade said, "we are retaining all your preferences, you are curtailing most of ours, therefore, give us a *quid pro quo*", and that brought the fundamental part of the agreement before us.

What is that agreement? The agreement is this, that in place of the existing duty of 20 per cent. on most goods and 25 per cent. on printed goods, the basic duty on Lancashire imports should be 15 per cent. and 17½ per cent. If, in any year, Lancashire fails to send to India, say, 350 million yards, then the basic duty is to be reduced by 2½ per cent., to 12½ per cent. On the other side, Lancashire assures India of an offtake of 500 to 600,000 cotton bales. In this connection I want it to be clearly appreciated that it is not the guarantee of a particular quantity of cotton that Lancashire is offering us; she gives a sort of assurance that she would be consuming the quantities indicated in the agreement, and that if she does not, certain penalties will follow. I shall presently show what might easily happen under a condition of this character which does not amount to a definite guarantee. Now, take the facts as they are. Lancashire imports have gone down in this country continually for a variety of reasons until they touched, in the last fiscal year for which we have figures, the low water mark of 266 million yards. From certain figures given by my Honourable friend, the Commerce Member yesterday, it would appear that this year's imports may not exceed even 200 million yards. Now, take the probabilities of the case. In the fiscal year 1939-40 it is quite conceivable that with a basic duty of 15 per cent. Lancashire may not be able to send into our markets more than 350 million yards. I am making an allowance of as much as 150 million yards in one year. What then happens? In the year following, the duties are to be reduced to 12½ per cent. On the other side, what is the position with regard

to cotton? The position as I see it is that, provided Lancashire is willing to pay the penalties, she need not consume more than 400,000 bales in the first two years, and more than 450,000 bales in the final year of the agreement. This, Sir, will be the position which will emerge. . . .

Mr. M. A. Jinnah (Bombay City: Muhammadan Urban): What is the penalty?

Sir H. P. Mody: The penalty is that for every 50,000 bales or part thereof, short of the stipulated quantities in the agreement, Lancashire's sendings are to be rated up by 25 million yards.

Mr. M. A. Jinnah: Who will benefit by it?

Sir H. P. Mody: That I shall presently show. I desire it to be clearly understood that I am not over-stating the case, but I am, from such experience as I have, putting before the House what I regard as the probabilities of the matter. What might happen then would be this. That Lancashire could send in the piecegoods in year 1939-40 as much as 450 million yards at a basic duty of 15 per cent., and in return for that she need not buy more than 400,000 bales. I have calculated this out and I shall be glad if my Honourable friend will take a note of this and contradict me if he can. If, however, as I am almost certain, her sendings to this country are below 350 millions, then the next year's duty would be 12½ per cent., and the position would be that she can send up to 350 million yards at 12½ per cent. duty and even then she need not take more than 400,000 bales. And in the final year the position will be that Lancashire can continue to send up to 350 million yards at 12½ per cent. if she takes just 450,000 bales of cotton. Apart from this, there is a consideration vital to those who are interested in the cultivation of cotton. What Lancashire has agreed to take is the sort of cotton for which there is a considerable market in this and other countries. My Honourable friend, the Commerce Member, gave yesterday a figure which seemed to suggest that well over 60 per cent. of Lancashire's takings of Indian cotton were of the type for which we were wanting a market. I am afraid that the basic staple is not 7/8 inch, but the short and fair staple which is below 7/8 inch. And I want to point out, in this connection, that while we were up in Simla—and we were also dragged into this business as advisers to the non-official advisers—while we were up at Simla all the representatives of the cotton interests put forward a demand that a substantial quantity of what Lancashire would take should be of the short and fair staple variety. While I quite recognise the difficulties of Lancashire,—I appreciate to the full the efforts which they have made in the last few years to implement their undertaking given at Ottawa and the undertaking they gave in the Pact to which I was a party that they would try to take as much of Indian cotton as possible—the position remains that from the point of view of India, if the cotton cultivator is to be substantially benefited, it would only be if what is called the surplus for which Japan happens to be the only principal consumer, is taken in substantial quantities by Lancashire. I just wish to add that from the figures given by the Honourable the Commerce Member himself, it appears that taking the average of a period of six years—we are not taking the peak years in respect of Lancashire—taking the average of as long a period as five or six years Lancashire's takings of Indian cotton have been over

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400,000 bales. The position then is that with a substantial reduction in the duty, which may easily amount to as much as 7½ per cent., Lancashire's takings of Indian cotton would not be, either in quantity or in types, of a character as would confer any special advantages on the Indian cultivator. The position of the industry would remain still the same difficult one as it has been all these years. Next time when an Indo-Japanese Trade Agreement is being negotiated, Japan would hold out, as she has done with effect all these years, and say, "we are not going to buy Indian cotton unless you are prepared to give room in your country for a substantial quantity of our exports of piecegoods." We are left, unfortunately, in that position that we cannot have in our hand an answer to Japan and say, "All right, don't take so much cotton. We do not want to admit your stuff, we have got another customer who is of considerable value to us." We are not in a position to say that.

A great deal was said about what the industry should do and several

Members tried to teach us our duty. First of all, they
 12 NOON. pointed out that the industry was in a flourishing condition, that it had made enormous profits, and that it was paying very substantial dividends. Sir, the only word I would apply to that would be 'bunkum' but, I do not want in a speech of this character to introduce an aggressive note. I will only say this that those who argue in this fashion do not know what they are talking about. Speaking for much the largest section of the industry, which I have represented for so many years and with which I am so intimately connected, the figures of the last ten years will show that on the capital sunk in the industry we have not been able to pay a dividend of even one per cent., and, as for the managing agents' so-called fat commissions, I can produce figures—I have produced them on other occasions—which will show what enormous sacrifices they have had to make in order to keep the industry alive in the lean years. And, Sir, what are we asking? We are not asking for any exaggerated degree of protection. We are content to leave the decision in the hands of a Tariff Board, the Government of India and the Legislature. What has happened all these years? Have we by any sort of influence either with the one party or the other been able to obtain protection which is of an exaggerated character? First of all, it has been most grudgingly given. Inordinate delays have taken place in listening to the grievances of the textile industry, and when an examination takes place by a body constituted by the Government of India, and consisting of men selected by themselves, then the Government of India apply their own mind and come forward with their own recommendations. This House has no right to tell the Government of India that what they may be giving is inadequate. It has got to accept what the Government propose or reject it. On the last occasion, and that was not very long ago, the Tariff Board consisted of Sir Alexander Murray, Diwan Bahadur Ramaswami Mudaliar and Mr. Fazal Rahimtoola. That Tariff Board recommended a protection of 20 per cent. We are willing to go before another Tariff Board and let there be a thorough examination of the position *vis-a-vis* both Lancashire and Japan. Lancashire had the advantage on the last occasion of appearing before the Tariff Board and putting its whole case before it. Therefore, it comes to this, that the protection we have had given has been fully justified by an elaborate inquiry, and,

if, thereafter, there has to be any sacrifice let this sacrifice be of a reasonable character. In this connection let me read what my Association passed in the way of a Resolution as recently as September, 1938.

"The Agreement inasmuch as it envisages a substantial reduction in duties and a substantial increase in imports from Lancashire necessarily must be detrimental to the Indian textile industry which is in none too healthy a condition. Also, the proposals placed before us fall far short of the demand unanimously put forward by the non-official advisers in regard to the offtake of cotton. Still, if it is found that the agreement as a whole is demonstrably in the larger interests of India, Bombay Millowners would be prepared to consider a sacrifice of their interests."

But, Sir, what is the sacrifice demanded of us—it is that the basic duty should be 15 per cent., and that in certain very conceivable circumstances it should be 12½ per cent. As against that what do we have to pay? The handicaps imposed upon us amount to eight per cent. through the two cotton duties which were imposed one after another, five per cent. through wage increases and provincial taxes which have been imposed upon us in the last twelve months, and from two to three per cent. in duties on stores, machinery, etc. I am understating and not overstating the case. I do not believe in overstatement. The position, then, will be that not only is there no protection but there is not even a duty of one per cent. left, and when the import duty becomes 12½ per cent., the industry is actually making a present of 2½ per cent., instead of having any duty, either revenue or protective. That, Sir, is the position and I am asking my friends who have argued against the case which I represent whether they think that every other interest should be protected so far as this agreement is concerned, and the textile industry is not to be taken into consideration at all. My Honourable friend, Mr. Manu Subedar, pointed out yesterday as well as on previous occasions that we are the best customers of the Indian cultivators. We bought three million bales in the last year for which statistics are available.

An Honourable Member: The cultivators are your best customers.

Sir H. P. Mody: In that case, there is a regular *quid pro quo*. It cannot be said that the cultivator buys all the cloth that the manufacturer produces and the manufacturer does nothing in return. As I said, we bought three million bales. We are giving employment to hundreds of thousands of people and supporting the hundreds of thousands more who are dependent upon them. We are also making it possible for a great many small trades and industries to exist because of our being there. I say, Sir, that this industry is entitled to every consideration, whether individually or in relation to any trade agreement that may be negotiated. And I would add one word. Let it be clearly understood that while protection to a certain extent involves the sacrifice of the consumers' interests, a stage arises, as it has arisen in our industry for quite a long time now, when the consumer gets his own back, when through the development of the industry behind the shelter of protection, production keeps on expanding, and there is internal competition. That stage was reached long ago, and I ask anybody to prove before me that the consumer today is paying over much for the cloth that we produce. The profits made by the industry, not merely in Bombay but in other parts of India, taken on an average, would show how much we are trying to exploit the consumer. Sir, for all these reasons, while I am as keen as before that an understanding should be reached between Great Britain and India, which I regard as of very considerable value to both countries,

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I cannot possibly accept an agreement which involves so much sacrifice to a national industry, and which is not compensated by equal advantages to other interests which are equally important, namely, the cotton interests who depend so much upon foreign markets for the consumption of their produce.

Sir Syed Raza Ali (Cities of the United Provinces: Muhammadan Urban): Am I to understand that the millowners are getting not more than one per cent. on the total amount sunk? Is that a true statement of fact?

Sir H. P. Mody: It is an absolutely true statement of facts. I shall give a table to my friend and I shall pay the fees of any chartered accountant whom he may employ to look into the figures. The dividends paid during the last ten years on the capital sunk in the industry have not amounted to one per cent.

Sir Syed Raza Ali: I wish I were a millowner inspite of this.

Sir H. P. Mody: You would be very sorry for yourself.

Mr. N. R. Pillai (Government of India: Nominated Official): Sir, the cotton article of the trade agreement has, if I may say so, held the centre of the stage for so long that we seem to be in danger of losing sight of the fact that there are other aspects of the agreement of equal importance and advantage to India and equally deserving of close and careful examination. I should, therefore, like to invite the attention of Honourable Members to some of these aspects and in the first place I propose to deal very briefly with the colonial side of the agreement.

The trade between India and the Colonies covered by the preferential arrangement is relatively small, the value of the import trade in 1937-38, being two crores and four lakhs and the export trade two crores and 37 lakhs. These figures, however, do not convey an adequate idea of the volume of our export trade entitled to concessional treatment in the Colonies, for in the case of a large number of Colonies, although there is no actual preference on cotton piecegoods, yet the imposition of restrictive quotas accompanied by the opportunity given to India to compete on equal terms with Lancashire has had a highly stimulating effect on her exports of cotton piecegoods, though these piecegoods do not come technically within the preferential field. The improvement in our exports of cotton piecegoods has been in fact one of the most gratifying features of the commercial exchanges between India and the Colonies, during recent years, and fully justifies the claim made by the Indian delegation to Ottawa that the existing preferential arrangement provides India with an increasing outlet in the Colonies for her manufactured goods. India's exports of piecegoods rose progressively from 27 million yards in 1933-34, to 37 millions in 1934-35, 48 millions in 1935-36, 57 millions in 1936-37, and 91 millions in 1937-38. Another instance of a trade which owes its development to the existence of a preference is that of the export trade in rubber shoes to the British West Indies. In 1933-34, the exports of such shoes were valued at no more than 1,000; they rose to Rs. 55,000 in the following year and then successively to a lakh of rupees, two and a half lakhs of rupees and, finally, in 1937-38, to four and a quarter lakhs of rupees.

The preferential arrangement between India and the Colonies has, it is clear, operated to the benefit of India and it has, accordingly, been continued, with minor modifications, under the present agreement. Opportunity has, however, been taken to cut out dead wood, preferences of little or no value which both sides were willing to give up. At the same time new preferences have been given on three articles to the Colonies, these articles being tapioca flour, ground spices and, last but not least, artificial teeth, a commodity in which the little island of Cyprus, a little too optimistically, perhaps, expects to do a roaring trade with this country. The present value of the trade in these goods is of the order of Rs. 50,000, and against these we have secured a new preference in Malaya on unmanufactured tobacco. The value of exports of this commodity from India to Malaya is somewhere round Rs. 8 lakhs, and, I am sure, Honourable Members will agree with me that we have every reason to be satisfied with this transaction.

Now, Sir, I should like to touch upon another aspect of the agreement, *viz.*, the quantum of general preferences granted to the United Kingdom. In their first report the unofficial advisers have most lucidly explained certain considerations which, in their opinion, should guide the conclusion of a trade agreement with the United Kingdom. With the arguments which they have advanced in support of these considerations one may not find oneself in complete agreement, but the propositions themselves, or at any rate most of them, are of great value and interest, and the extent to which these have influenced the consideration of the question of the volume of general preferences to be granted to the United Kingdom is shown by the fact that Schedule IV to the agreement, which sets out these preferences, contains only twenty tariff items covering a trade worth Rs. 7,68,000, this being the average for the three years in 1937-38, against 106 tariff items covering a trade worth Rs. 18½ crores in 1935-36. The reduction of the preferential field to roughly two-fifths of its original size has involved the withdrawal of many valuable preferences which the United Kingdom has hitherto enjoyed. The preferences so withdrawn include those on hardware, aluminium, brass, bronze, zinc, and other non-ferrous metals except copper, rubber manufactures, provisions, paper, stationery and a host of miscellaneous items. What was left after this drastic reduction was subjected to a further process of trimming and pruning, and substantial reductions were made in the majority of the tariff heads admitted to preference; for instance, a number of chemicals included in the chemicals group have been transferred to a non-preferential head and this has had the effect of reducing the volume of trade under the chemicals item by a little over one-third. To take another instance, the iron and steel group has been reduced to a pale and insubstantial shadow of its former self. Under "Instruments", another item which has been similarly dealt with, preferences have been withdrawn from such articles as batteries, accumulators, electric bulbs and electro-medical apparatus.

Despite these very large reductions, the complaint has been made that the preferences that remain still represent too heavy a price to pay for the concessions that we have obtained in the United Kingdom. Now, I am sure, such a distinguished economist as my friend, Mr. Manu Subedar, will agree with me when I say that it is humanly impossible to frame rigid objective standards by which the benefits given and received by parties to a trade agreement can be measured. The considerations which arise are complex and cannot be reduced to precise mathematical forms, and the element of conjecture can never be wholly eliminated. Nevertheless, it is

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clear that some test must be applied, and I propose to employ the test which the unofficial advisers themselves appear to have had in mind, namely, to see whether the effective concessions affect an equal absolute volume of trade on both sides. In making this comparison, let me take up first the concessions granted to India. In paragraph 19 of the unofficial advisers report of the 3rd October, 1937, to which a reference has been made on more than one occasion here, a list is given of preferences which, in their opinion, are of actual value to India. I accept that as a basis for the purposes of my argument, but would omit tobacco (manufactured), coffee, and vegetable oils, as being of a lower order of value and wheat as being no longer entitled to preference. Making these omissions and taking the average of the value of imports during the last three years, we arrive at a figure of eight crores. To this must be added an assumed figure of value for all remaining items. On this point this is what the unofficial advisers say:

"The rest of the trade gives India no more than an insurance value. We do not wish to say that in terms of value it is to be ignored but in assessing gains, in our opinion, its value should not be estimated higher than the value of effective preference on trade worth, say, five crores."

I do not for a moment agree that all the remaining items possess only an insurance value and, in particular, I dissent very strongly from the view they have expressed that the trade in coir mats and matches is small, and the preference of little value. The value of the trade is 85 lakhs, being more than, say, the trade in coffee or vegetable oils. But I do not wish to include that item because, as I have said, I want to take the unofficial advisers' list as the basis of my argument. This gives us a total of 13 crores, eight crores covering preferences of actual value and five crores being the assessed value of preferences which are considered to be only of insurance value. An adjustment must now be made for the cost of raw cotton to be purchased by the United Kingdom under the cotton arrangement. I put this at a figure of six crores, representing an annual average intake of 5½ lakhs of bales. The declared value was Rs. 180 per bale in 1937-38 and it is on that basis that I have calculated this. That brings the total to 19 crores.

Against this must be set, in the first place, the value of the imports of iron and steel entitled to differential duties, which may be put at a crore and a half, and, secondly, the value of cotton piecegoods imported into India during the period of the agreement for which, I think, a figure of nine crores may be taken, representing an offtake of 425 million yards annually during the period of the agreement. If we deduct the sum of these two figures, that is, 10½ crores, we arrive at the position that the grant of preferences over a volume of trade covering 8½ crores would not be unreasonable. But it may be objected that this calculation does not take into account the fact that some of the articles on the list are raw materials, a preference on which is intrinsically of less value than on manufactured goods. To allow for this I would reduce the final figure by a crore and a half, thus arriving at about seven crores, and that is exactly the figure provided in the agreement. Honourable Members will find that the average imports of the articles entitled to preference amount to 7.68 lakhs. That, however, includes trade with Burma which, if excluded, as it must be since export figures relate to India only, will reduce the figure to round-about seven crores. It seems to me that the failure of persons who have taken a different view to disclose the calculations whereby they have arrived at the

mystic figure of three crores of which we have heard so much is probably not wholly unconnected with the impossibility of obtaining that result by any known mathematical process.

One of the more important criticisms directed against Ottawa was that it so severely restricted India's bargaining power that India was unable to enter into trade agreements with other countries. That charge, wholly unfounded in my opinion, has even less force in relation to the present agreement. Imports of all articles on the preferential list represent about 11 or 12 per cent. of the total, so that nearly 90 per cent. of the import trade of India still remains within, what I may call, the negotiable area for purposes of future negotiations. Blissfully oblivious of this fact, certain commentators have expressed the view that the inclusion of a number of important items in the preferential schedule may preclude India from entering into any trade agreement with continental countries as there will be nothing left to offer them in exchange for our exports. On the face of it, there must be something wrong with this statement, for whatever the degree of ingenuity displayed in the selection of articles, it is impossible to crowd all the important items of import into a portion of the trade which represents only 12 per cent. of the total. Let us, however, see by specific reference to the circumstances of our trade with a few continental countries, whether there is, after all, anything in this criticism. Take Germany first. Our main imports from that country are machinery, dyes, chemicals, hardware, instruments, iron and steel and paper. Of these seven items, only two have a prominent place in the preferential schedule, namely, chemicals and instruments, but more than one-third of the chemicals group and fully one-half of the instruments group are still within the negotiable field. Let us turn to France. The most important article of import from this country is wines and spirits. There are, I believe, very good reasons why we cannot contemplate the popularization of these classes of goods in India, but these reasons have nothing whatever to do with the present agreement.

One last example. Let me turn to Italy. The important articles imported are wool manufactures, fruits and vegetables and artificial silk yarn. There is nothing in the agreement to prevent our giving a concession on wool manufactures or on artificial silk yarn. The position, I admit, is different in the case of fruits and vegetables, where the Colonies have a preference of ten per cent. The main item of imports from Italy under this head is potatoes. But, as my Honourable friend, Mr. Chettiar, will bear me out, the demand from the South Indian, particularly, the Nilgri cultivators, is not for easing the burden on Italian potatoes but for raising the duty to a prohibitive level. So, if we cannot do anything for Italy in respect of potatoes the blame cannot be attributed to this agreement. Can any statement, then, I ask, and I leave the House to judge, be so likely to mislead, or so devoid of the smallest vestige of justification as that India will be precluded by this agreement from concluding advantageous trade agreements with Continental countries?

Mr. K. Santhanam (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Sir, I come from the agricultural province of Madras which is greatly interested in many of the articles which form the subject of this agreement. Groundnuts, tobacco, coffee, skins and hides and carpets are among the most important items of the export trade of my Province and my instinctive leaning was, therefore, to consider the agreement sympathetically. The Honourable Member, Mr. Dow, who by the way considers

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himself to be an eagle surveying the world with lofty disdain from the heights of Parnassus, may imagine himself to be the sole trustee of the economic interests of this country. He chose to address the House in a fashion which ought to have disappeared long ago, and, I am sure, he would greatly benefit by a short period of probation under one of our Congress Ministries. In any case, it is we, and not the Honourable Member, Mr. Dow, who have to answer before the people and if he suggests that our electors are not competent to judge their own interests, it is only a commentary on the wonderful education which the trusteeship of his class has given to them.

Perhaps the most remarkable feature of this agreement is that there is not a single preference which is given to India alone and which is not shared by all the Dominions and the Colonies. Obviously, Great Britain cannot afford to discriminate in favour of one part of her Empire as against another. Otherwise, there is no reason why, at least in a few articles, she should not give any preference to India exclusively. I am, therefore, greatly surprised that it should have been seriously argued that if this agreement was not ratified, the United Kingdom will or may discriminate against India in favour of another part of the Empire. I wonder if those who have suggested this are aware that, under the Government of India Act, any discrimination by India against the United Kingdom has been sought to be prevented by statutory provisions. The Governor General has been vested with a special responsibility to prevent any discrimination and special sections have been inserted not only to prevent discrimination but also to ensure special treatment in the matter of shipping, banking and other trade facilities. Defending these provisions, Sir Samuel Hoare argued that they were based "on the principles of non-discrimination and reciprocity." Sir, those who want reference may look up Parliamentary Debates Volume 298, col. 1935. If it is really contended on behalf of the Government of India that the non-ratification of this agreement will lead to a policy of discrimination by Britain against India, I respectfully invite this House to reject this agreement with a view solely to test this contention. A single act of such discrimination will strike a greater blow at the unwanted constitution than anything we can possibly do. I suggest that this bogey of discrimination against India be abandoned once for all in considering these or allied questions. So long as India is forcibly prevented from discriminating against Britain, the latter cannot discriminate against India.

Let us for a moment assume that England can and will discriminate against India. Who will be the sufferers of such discrimination? Will they not be the British shipping, banking, importing and exporting houses? Any discrimination against India in tea or jute will immediately result in the fall of the prices of shares of British companies and the earnings of non-official Britishers in India. It has been pointed out that while the balance of Indo-British trade was heavily in favour of Britain in the past, it has recently turned in favour of India. This shows only that the vast trade which India had with other countries and which enabled her not only to pay for the excess of imports from Britain but also for India's political and commercial tribute amounting to annually 40 crores, has been lost. The world is irresistibly moving towards a bilateral trade system in which the mutual trade between any two countries tends to be equal. Under this system the only way by which Britain can collect her dues is to increase her excess of imports from India over her exports to India to the order of

40 crores. Unless she does so, she will have to see British investments in India depreciate, for no nation can collect her dues from another nation except through the purchase of the goods of the latter. The British and American politicians have learnt this elementary truth by their bitter experience from German reparations. Any British discrimination against India will inevitably lead to the reduction and cancellation of India's debts to Britain. No, Sir, Britain cannot afford to tamper with the solvency of her most important debtor.

Now, Sir, if it is understood that there is no question of discrimination on either side, on our side, by statutory imposition and on the side of Britain by her own interests, then the value of the agreement, both as insurance value and preference value, is to be judged with reference to the articles which are given an advantage in relation to foreign competitors. It cannot be denied that every British article which is given preference in the Indian market has to face keen competition with foreign countries without the preferences. British imports into India of British motor cars, British chemicals, British electrical goods, not to speak of British steel and cloth amounting from 13 to 15 crores—these are conveniently omitted, without any reason, from the calculation of British goods enjoying preference—will decline precipitately. Let me now examine carefully the preferences given to Indian articles which compete with foreign goods in the British market; such articles are linseed, tobacco, carpets and rugs, chrome leather and oil seed cakes. I request you to turn to page 24 of the memorandum which has been supplied to us. About linseed I have made certain calculations and the result is as follows. From the values given on page 24, we find that in 1935, 1936, 1937, the value of Indian linseed exported to Britain was £12, £13, and £14 per ton. On the other hand the value of linseed imported from Argentine was £9, £10 and £11, respectively, per ton. Sir, it was only ten per cent. preference and, therefore, even adding the preference, Argentine linseed cost in Britain 10, 11 and 12 pounds; that is to say, Indian linseed had to be got from India at a margin of over two pounds per ton even allowing for the preference. This shows that the trade was dictated by market conditions and not by the preference. The preference did not tell at all in the case of linseed. Britain has paid two pounds more per ton for the purchase of Indian linseed, including the duty on Argentine linseed. Therefore, in the case of linseed the preference did not act, at least it did not act directly.

Then, Sir, take tobacco which I admit is an important article and of which much has been made. In the case of tobacco a very curious thing has happened. On page 28 the figures for quantities and values have been given. I have tried to calculate the rates at which Indian and foreign tobacco have been imported by Britain. The Indian tobacco cost in the years 1935, 1936 and 1937, 8.7 pence per pound, 7.6 pence per pound and 9.5 pence per pound. The duty is 7s. 5½d. to 8s. 3½d. per pound. On a cost price varying from seven to nine pence per pound they were charging a duty of 7s. 5½d. per pound; and then they were getting Empire tobacco at 10.4d. per pound and 10.8 and 10.4 for the three years respectively. As against this they were buying foreign tobacco at 23.5 pence per pound, 20 pence per pound and 20 pence per pound; and if you read the figures, imports to Britain from all these three sources are increasing. What do you derive from all this? Prices have not mattered at all and, therefore, I do not know how they find out the effect of the preferences. In fact, what I find from these and other figures is that the world market for tobacco is going up by leaps and bounds and production in all

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countries put together is not keeping pace with the market; and, consequently, the market for tobacco is conditioned by the quantity available and by the qualities of these quantities available. Preference has not affected it, at least not for the present. It means that the duty on tobacco has an insurance value and has no immediate preferential value. Otherwise, why should Great Britain buy at 22 pence what she can buy in India at seven and eight pence? The qualities, of course, differ and, therefore, unless we can substitute these qualities this preference does not operate. And then as against Indian seven pence and eight pence tobacco England was buying ten pence Empire tobacco; and both the quantities are increasing, *i.e.*, both from India at eight pence and from Empire countries at ten pence. Will the Honourable Member explain how this happened if India had more tobacco to export and what effect the preference of 2s. 1½d. has on the expansion of the export of our tobacco? Here again it is a question purely of market conditions.

Then, again, take carpets and rugs. The figures are given on page 30. From these figures I have calculated the cost per square yard. I give the figures for the same years, 1935-36, 1936-37 and 1937-38. The Indian carpet cost 6.3d. per sq. yard in 1936, 6.9d. in the next year and 8.1 in the last year; and Belgian carpets cost 3s., 3.38 and 3.5 per square yard. Belgian carpets are mill made and the duty is 20 per cent. *ad valorem*. And if you add this 20 per cent. the cost of Belgian carpets is very much below the Indian carpets; and there is no question that the preference does not act between Belgian carpets and Indian carpets. On the other hand, the average cost of carpets from Turkey, Iran and Persia is 17s. per square yard and 15s. per square yard and 19s. per square yard. If you add up the 4½s. to 6.3, 6.9 and 8.1 you will get from 11 to 13s. per square yard including the duty in the case of Indian carpets. But they have to pay 17s. on the carpets from Turkey and, therefore, even here I say that the difference between the prices is far higher than the margin of preference allowed and the preference does not act at all between carpets from Iran and from Turkey. This is a question purely of taste and, therefore, in the case of carpets and rugs between Belgian and Indian carpets it does not work, because Belgian carpets are too low in price and the preference of 20 per cent. *ad valorem* does not in any way help India and it does not apply between carpets from India and from Iran because the Iran carpets are so costly that even without this price preference there is no question of competition. They are taken more from choice and taste than on account of any preference.

Sir, my Honourable friend, Mr. Dow, made much of chrome leather. But what are the facts? I have calculated that in the years 1935, 1936, 1937 and 1938 the prices on Indian calf leather are 8, 6.7, 7.5, and 8.6 pence per square foot; and the average prices of all the other leather, including Indian, is 10, 10, 11 and 12 pence. Similar figures are there for the other chrome leather. That means to say that Indian chrome leather is bought by Britain at prices substantially cheaper than the prices which she pays for other chrome leather. When we are able to sell this chrome leather cheaper what is the joke in making so much of this preference? Whether the preference will apply when the chrome leather prices go up is in the womb of the future. Probably it may apply, but at any rate as a matter for present bargain this chrome leather argument has no substance.

Mr. H. Dow (Secretary, Commerce Department): Does not the Honourable Member see that that merely increases the value of the preference?

Mr. K. Santhanam: No, Sir. It may be useful when the Indian prices go up but at present I am contending that they are not operative. The preference becomes operative only when the prices are comparable within the margin of preference, if it goes too much above or too much below the preference it does not operate. That is a fair arithmetical proposition which I do not think my Honourable friend, Mr. Dow, can afford to question. And, therefore, I contend that it will not be of value. It may be of value later but today the preference on chrome leather is not operative. That is the only contention which I am trying to make.

Sir, I have tried to analyse the four or five trump cards of the Government and I have found that in each case though the preference may have some problematic value in the future they are not operative in the present and were not operative in the immediate past and so you may judge how far we can in exchange offer certain preferences on British articles. Will the Honourable the Commerce Member contend that our preferences to British motors or British chemicals are of the same nature? Will he contend that if the preference were removed British cars will sell as freely as American cars? In the case of preferences for British goods they are exclusive and certain; in the case of preferences for Indian articles they are not exclusive, they are not certain, they are not operative, though they may be of some benefit in the future.

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

Mr. K. Santhanam: Sir, I have finished. I hope I have proved that so far as the principal trump cards of Government are concerned, they are of no value and, therefore, do not justify India to go out of the way and restrict her own industries in order to protect competitive industries from abroad.

Mr. F. E. James (Madras: European): Sir, we had a speech this morning from an entirely new Sir Homi Mody, a person who had no spirit left in him—perhaps it is on account of the approach of prohibition in Bombay! I have never heard him so quite, so devoid of jokes and quips and cracks. I wondered why, and then I turned up the debates of last year and found that the concluding words of his own speech then must have been haunting him this morning. Let me read what he said.

"Sir, the whole world is filled with the noise of the tocsins which are calling the people to arms and Great Britain is the only sure guarantee of peace and stability. It is unthinkable that in these circumstances (*that was a continuation of the Ottawa Agreement*) India should throw away an economic alliance whose value has been demonstrated from so many points of view."

No wonder my Honourable friend was uncomfortable—nothing in his speech about whisky or flies or even girls! I hope he will recover.

I want to deal with one or two points he made. He first of all presented the astonishing view, coming from a businessman, that because the Government had not accepted or had not been able to obtain all the demands of all the non-official advisers, therefore, the agreement was not satisfactory. He has been a businessman for many years: he has been an adviser. Does he not know that an adviser always puts his claims as high as possible? Why, therefore, because the agreement does not satisfy all the claims of the non-official advisers, should the agreement be called a bad one? Secondly,

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my Honourable friend subjected the textile agreement to an examination and proceeded to indicate the possibility, which, I suggest, is not only remote but quite absurd, that the import of textiles from Lancashire would remain during the three years at a fixed figure of 350 million yards which would in the three years be subjected to reduced import duties, and that the offtake of cotton into the United Kingdom from India would remain substantially the same. Does he not realise that the basis of any trade agreement is the mutual expansion of exports and that Lancashire will endeavour to increase her imports into this country and if she succeeds she is under guarantee to take a larger portion of Indian cotton?

Mr. M. A. Jinnah: There is no guarantee.

Mr. F. E. James: I shall come to Mr. Jinnah later.

Mr. M. A. Jinnah: I am only correcting you.

Mr. F. E. James: I shall come to that point later.

Mr. M. A. Jinnah: Why not now?

Mr. F. E. James: Then, my Honourable friend spoke of the profits of the mill industry. As a matter of fact, for one who has been getting one per cent. on his capital for some years, he has been doing remarkably well. But here is a communication from a cotton grower in the Punjab:

"In comparing the position of the agriculturist as compared with the mill industry for the last two years one can say definitely that while the cotton grower is getting at least Rs. 50 a candy less than he was getting two years ago, the price of cloth has not decreased by more than six per cent. during this period. This means that in spite of some rise in the cost of production owing to increase of labour costs the margin of profit for Indian mills for the past two years has been greater than has been the case for the past 17 years."

It is perfectly true as my Honourable friend suggested that the Indian mills are the best customers of the grower; but it is also true that the grower is the best customer of the Indian mills and the total consumption of the Indian mills has not so far exceeded about half the Indian crop, so that the grower must find some outlet for 50 per cent. of his production. On the other hand he has to pay Rs. 3 for a piece of cloth which, without the 30 per cent. protection against Japan, would only cost him Rs. 2. The price of cloth in India is regulated by the price of the imported article, so that the Indian mills have had protection in the past and still have protection today. Then, my Honourable friend, Sir Homi Mody, said towards the end of his speech that instead of this agreement he would prefer an inquiry by a tariff board. Very well. Supposing he got an inquiry by a tariff board. Drop the agreement and have a tariff inquiry. On the basis of the import figures today the result of a tariff board inquiry would probably be a reduction in the duty to 15 per cent., but that would bring no benefit to the cotton grower. What the tariff board would recommend would be the protection of the mill industry. Where then is the guarantee of any definite assistance as far as the cotton grower is concerned?

Now, I will turn to my Honourable friend, Mr. Satyamurti, who spoke yesterday and who indicated that we might let the agreement drop and see what happens for two or three years. Allow the ordinary economic forces in the world to operate. Do not have an agreement with the United

Kingdom: as a matter of fact have a trade agreement with Germany. Surely, he must realise that you do not have trade agreements with Germany. Germany only goes in for barter agreements and Germany goes in for agreements only on the basis of her own figures. I understand that the Indian figures indicate that there is a slight balance of trade in favour of Germany. On the other hand I am told that German authorities suggest that they cannot place any reliance on Indian figures and any agreement that may be negotiated must be on the basis of her own figures, and those show, of course, the reverse. Does not my Honourable friend, Mr. Satyamurti, in his desire to deal with any other country but the United Kingdom, realise that if Germany did come to any agreement with this country, it would be an economic agreement for the purpose of still further asserting her political power not only in Europe but also in Asia? In other words, my Honourable friend, Mr. Satyamurti—and I hope his Madras constituents will realise this fact—is prepared to throw away valuable preferences for groundnuts, unmanufactured tobacco, chrome leather, coir yarn and matting, coffee and tea, raw goat skins, hides and skins, for some imaginary benefit which he is going to gain from an agreement with Germany which will never be reached. I suggest that that is the height of political folly. . . .

Sir H. P. Mody: Looks like a United Kingdom-Madras Agreement!

Mr. F. E. James: I will deal for a moment with the arguments advanced by my Honourable friend, Mr. Joshi, namely, that the subordination from the political point of view of the Indian Government to the British Government makes it impossible for any fair agreement to be reached between the two countries. I suggest that in the matter of fiscal arrangements the subordination of India to Great Britain is hardly noticeable; and I very much doubt whether even under *Purna Swaraj*, when my Honourable friend, Mr. Joshi, will not be nominated to the Federal Legislature, he will get better terms than have been obtained by the Government today.

Now, Sir, let us look at the agreement. There are two or three fundamental factors that must be admitted by every one whether he is in favour of the agreement or against it. First of all, any agreement involves concessions on both sides. Secondly, the purpose of any agreement between two countries in respect of trade is presumably to expand their exports. Now, as far as England and India are concerned, it must be remembered that Lancashire is as much a part of England as Bombay, Ahmedabad and even Madras are part of this country. There has been a tendency for the textile situation to dominate the whole scene, but I make bold to say that an agreement without reference to Lancashire would be as useless to England as an agreement without reference to the cotton districts of the Punjab and the Central Provinces would be valueless to this country. Let us take some outstanding factors in connection with the textile agreement.

First of all, there is the very important point made by Sir Bryce Burt yesterday that there is an enormous increase of potential and actual cotton production throughout the world. Secondly, for the first time there has been a guaranteed offtake of cotton from this country by the United Kingdom; and, thirdly, for the first time in the history of the textile industry of this country imports of piecegoods from the United Kingdom are practically limited to a maximum quota of five

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hundred million yards. Three or four years ago such a figure would have been regarded as absurd. I would like to ask my friend, Sir Homi Mody, whether it is not a fact,—and I am informed on the highest authority,—that a few years ago, at the time of the negotiations concerning the first Indo-Japanese agreement, when there were tripartite negotiations between Japan, Lancashire and the advisers of the Government of India, that the textile industry in this country were prepared to consider a quota for Lancashire, not of five hundred million yards, but of eight hundred million yards. . . .

Sir H. P. Mody: It is not in the public interest to disclose the information!

Mr. F. E. James: As a matter of fact, Sir, in spite of that, I consulted the astrologers, and my information is absolutely accurate, and he has not denied it.

Again, when the textile mission, later on, visited this country the question of a quota was seriously discussed as between the textile industry and the representatives of Lancashire, and figures were actually mentioned. Of course, in those days there was no question of any guarantee being attached in regard to the offtake of Indian cotton. Still, the textile industry in this country were quite satisfied with the assurance which Lancashire was prepared to give. Now, we have at last got something further, namely, a quota on both sides which are related one to the other, and I would remind the House that the quota agreed to as far as Lancashire is concerned, even at its maximum, is less than ten per cent. of the total mill production in this country and is variable according to the offtake of cotton. Yet we are asked to believe, in the words of Mr. Akhil Chandra Datta, that Lancashire is out to destroy the mill industry in this country. Such exaggerations completely defeat themselves. As far as the cotton quotas are concerned or the amounts which the United Kingdom guarantees to take under certain circumstances, it must be remembered that in addition to this guarantee allied to those circumstances, there is still the assurance that Lancashire will do all that she can by way of research, marketing and propaganda to increase further, over and above the figures mentioned in the agreement, the offtake of cotton. I would remind the House once more that in a world in which there is rapidly increasing production of cotton and in which there is a desperate attempt on the part of many countries to find substitutes, an agreement like that must be of outstanding value. Let me also remind the House that in comparing the figures with regard to the import or export trade, it is never wise to take the figures for one single year. The fact remains that on an average, for a number of years since the Ottawa agreement, the annual offtake of Indian cotton by the United Kingdom has been 415,000 bales. The immediate guaranteed increase, therefore, on an average for the three years of the agreement, amounts to nearly 30 per cent. If normal economic factors were allowed to come into play instead of this agreement, the offtake, again basing our conclusion on the average, that is the average state of things before Ottawa, would be in the region of 150 to 200,000 bales.

It has been suggested to me that this agreement is unfavourable having regard to the Indo-Japanese Agreement. Let me remind the House that Japan takes, apart from cotton, no other agricultural products from this

country. Let me also remind the House that Japan enjoys in this market favoured-nation treatment, and a large number of manufactured goods are imported here. Let me also remind the House that Japan today is engaged upon an enterprise, one of the objects of which is this,—that within the new territories of Japan, the new Empire which she is carving out for herself in Manchuria and China, within those territories she is determined to establish complete autarchy, and that she is today growing cotton in Manchuria in order to make herself independent of the Indian market. Therefore, anyone who suggests that an agreement of this kind is not worth some sacrifice on the part of one industry in the country is, to my mind, blind to the facts of the international situation today.

Then, Sir, there is one other point, and that is, too little attention has been paid to the fact that the markets of the Colonial Empire are now open or have been open in special degree to Indian products. In fact, in the words of one Honourable Member, "India is beating Lancashire at her own game" not in India, but in the Colonial market, India's exports, to the Colonial Empire, including Ceylon, have steadily risen, since the preferences have been given under the Ottawa arrangements, and those preferences are being substantially continued, from 115 lakhs to 245 lakhs in three years,—and, I understand, the figures are still rising,—and let me remind my friend, Sir Homi Mody, that the major portion of that increased trade relates to cotton yarn and piecegoods. Now, Sir, apart from all these points, I suggest that it is universally admitted, apart from the arrangements in regard to textiles, that the agreement is favourable to India's export trade.

I would now make an appeal to my friend, Mr. Jinnah, and I am glad to see that on this matter he is with us in the House perhaps more frequently than has been possible during previous discussions. I have on more than one occasion compared Mr. Jinnah to Greta Garbo. He has, I may speak quite frankly, the allure, the inscrutability and the elusiveness of that great film star. But today I am thinking of him as the old woman who lived in the shoe who had so many fractious children that she did not know what to do. Now, Mr. Jinnah on the last occasion, when we discussed this matter, made one of his usually, fascinating and arresting speeches in the course of which, speaking,—so to speak, to Great Britain, he said: "I want arrangements with Great Britain. They must be such as you and we shall benefit mutually. Let us make the attempt". I suggest to Mr. Jinnah that here at last, stripped of the Ottawa complex, stripped of all the unpleasant features of the Ottawa Agreements, we have a straight agreement which is mutually beneficial one to the other. Why is he not prepared to make the attempt? We have moved an amendment to the original Resolution suggesting that a Committee should be set up which, with time at its disposal and possibly more knowledge than has been circulated in connection with the present agreement, should examine this agreement with reference to its effect upon the agricultural, industrial and the commercial interests of this country. It is not unlike the amendment of my friend, Mr. Akhil Chandra Datta, although that amendment, I understand from Mr. Satyamurti, has certain technical objections which would make it impossible for the Congress to support. But I do hope that my friend, Mr. Jinnah, will see his way to accept our amendment.

Some reference has been made in this House. . . .

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

Mr. F. E. James: I am just finishing, Sir. Some suggestion has been made in this House that this is the last word as far as Britain is concerned. May I suggest there is no last word in the matter of trade. This agreement is a beginning, and if Honourable Members will look at Article 15, they will see that at any time 'in the event of circumstances arising which, in the judgment of His Majesty's Government in the United Kingdom or of the Government of India, as the case may be, necessitate a variation in the terms of this Agreement, the proposal to vary its terms shall be the subject of consultation between the two Governments'. I beg the House to take a long view and a wide view. Looked at from the point of view of any single interest, it is possible to find holes in the Agreement; but I believe firmly, the balance of this Agreement is overwhelmingly in India's favour, and I appeal to the House to give it a chance.

Sir Syed Raza Ali: I rise to say a few words on the trade agreement which is before us, giving expression to my personal views. My Leader, Mr. Jinnah, who will speak later in the day, will make the attitude of the Party towards this question quite clear. It, however, appears to me that, if on a careful study of this agreement and the connected papers there are any conclusions at which I have arrived in my personal capacity, there is no reason why I should not lay them before this House in the course of the debate. Let me make quite clear, in the beginning, the fact with which I believe the House is well acquainted, that I have no interest in the textile industry of India or the manufacture of carpets and rugs. Equally I have no interest in exporting tea or coffee, nor do I grow jute or cotton, an expansion of which industries seems eminently desirable in the interests of India. Well, I consider that these disqualifications are my best title to examine the merits of the trade agreement. I am concerned only with the interests of the country as a whole, and I am not interested in any particular commodity of export or import.

A claim has been put forward for the agreement on behalf of the European Group—and urged in his speech by my Honourable friend, Mr. Aikman, yesterday and again repeated today by my Honourable friend, Mr. James,—that the present trade agreement is overwhelmingly in India's favour. I for one do not agree with this view. To me it seems—and I think I should say that quite clearly and plainly that if this agreement had been entered into between a self-governing Dominion, for instance, Canada or South Africa on the one hand and the United Kingdom on the other, the terms would, in my judgment, have been distinctly more favourable to the Dominion concerned.

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

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

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Deputy President (Mr. Akhil Chandra Datta) in the Chair.

Sir Syed Raza Ali: Sir, I am afraid the chances of a reasonable consideration of the merits of the trade agreement are considerably prejudiced by the existing position in which India finds herself. India and England

ure not on equal footing and, therefore, suspicions legitimately arise in the case of any settlement arrived at between these two countries. If India had achieved her political emancipation and an agreement somewhat on the lines on which the present agreement is drawn up came up for consideration before this House I am sure a very different treatment would be meted out to it from that which so far as I can see it has received from this House hitherto.

Well-deserved tributes have been paid to the Commerce Member for piloting these negotiations. I for one can certainly say that there is nothing more any Indian could have done to promote the interests of India in negotiating this settlement, which the Commerce Member has not done. I was in Simla at the time when unofficial advisers of Government visited Simla. I know what high opinion they had of the work that was being done by the Commerce Member. In this connection I think it would be only fair to acknowledge the value of the work that has been done by unofficial advisers. These unofficial advisers did their best to explore the position carefully and help the Government in pushing forward India's legitimate claims. At the same time, we should not forget that the main value and usefulness of unofficial advisers was not so much to propound propositions which would be accepted by the Government of India *in toto*; but the fact of their presence considerably added to the bargaining power of the Government of India. In this effort, I hope unofficial advisers have largely succeeded but I certainly think that the test suggested, namely, that all the advice that was given by unofficial advisers should have been accepted by the Government of India is not a true test. It seems to me, having listened to the debate very carefully that the merits of the agreement have been considerably clouded by the fact that the speakers have arrayed themselves into two, if I may say so, opposing and warring camps. One party seems to take the view as if the be-all and end-all of India's economic objective is to promote the interests of the Indian textile industry. The other section, it seems to me, consists of those who are inclined to pay less heed to the claims of the Indian textile industry than in my opinion it deserves. I must say that speaking for myself, if this agreement consisted of the cotton article only and did not apply to the other imports and exports between India and England, I for one would not be able to support it. If the main object of this agreement was to guarantee the intake of Manchester piecegoods to the extent of 850 million yards, 425 million yards and 500 million yards linked with the export of Indian cotton to Manchester by five lakhs 5-50 lakhs and six lakhs and the provisions went no further, I certainly would not be prepared to give my support to this agreement. But let us see what the facts are. The cotton article is only one of the provisions embodied in the agreement. There is a large number of other exported articles in respect of which India certainly stands to gain if this agreement is ratified. The position of those articles should not be disregarded. Though the cotton article is an important part of the agreement it should be taken into consideration along with other portions of the agreement and we should try to see whether the agreement is on the whole advantageous to India in relation to the circumstances to which I referred in my speech earlier.

I would just like in passing to say a word or two about certain observations that were made by my Honourable friend, Sir Homi Mody. Now according to him the cotton industry has not been able to yield a profit

[Sir Syed Raza Ali.]

of more than one per cent. on the total amount sunk in this industry. All I can say about this

An Honourable Member: Considering the managing agency.

Sir Syed Raza Ali: is that figures can be made to serve any purpose. Figures can be exceedingly misleading and if any person is bent upon utilizing them for any particular purpose, he can certainly do it. But apart from that I may say that though I am not a businessman, if Sir Homi Mody or the Bombay cotton millowners had come to me years ago and asked me to find an investment for them in which they could earn more than one per cent., I would have been in a position to advise them accordingly. It is a poor compliment to the business acumen and ability of the Bombay industrialists to confess that they have gained no more than one per cent. If so, how is it that the industry has been going on?

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member has two minutes more.

Sir Syed Raza Ali: Sir, the position today is that Congress Governments in various Provinces have brought forward legislation which aims at confiscating landlords' rights. That legislation is sought to be justified on the ground that those Governments should do all they can to promote the greatest good of the greatest number. Now, is it not true that there is only a limited number of people engaged in cotton industry as against the very large number of people that stand to benefit by the export of goods like jute manufactures, linseed, groundnuts, tobacco unmanufactured, woollen carpets, cotton yarns, chrome leather, coir mats and matting, etc.? Sir, on this question we should take the balance of advantages into consideration and decide whether, on the whole, such balance is in our favour.

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member's time is up.

Sir Syed Raza Ali: I will bring my remarks to a close by saying only this much that this is not an agreement over which we should throw up our hats in joy but certainly it is an infinitely better agreement than the Ottawa Agreement and, on the whole, it does promote the interests of India.

The Honourable Sir Thomas Stewart (Member for Railways and Communications): Sir, my participation in this debate will be confined entirely to the consideration of one question and one question only, and that is the nature and extent of the sacrifice which the textile industry would be called upon to bear, should this agreement be put into operation. It may be asked—"What are the credentials of the Communications Member of the Government of India in talking on a technical subject of this sort?" Well, Sir, I may say that a good deal of the history of the protection to the cotton textile industry in India is my own official history. From the time of the Noyce inquiry in 1926 by far the greatest part of my time has been taken up by consideration of the textile problem in India. At

this stage I should like to meet the type of criticism that my friend, Sir Homi Mody, launched against my Honourable colleague, the Finance Member. He did not seek to destroy Sir James Grigg's arguments by any ratiocinative process; he simply said, "rubbish", "bunkum", "he knows nothing about it". Now, if Sir Homi Mody used that argument against me and said that I was misinformed, I would not dispute it but I would remind him that a great deal of my information came from him and from his friends. There is one characteristic of the textile industry in this country—a characteristic which has manifested itself on this occasion as on every occasion when its interests were affected. It is extremely vocal. It comes before the public with a very capacious beggar's bowl. I am indebted to my Honourable friend, Mr. B. Das, for that phrase. It has also another characteristic. It is singularly ungracious in its appreciation of benefits received. I may illustrate the grudging nature of its thanks by recalling a story that was told on the floor of this House by Sir Homi Mody some years ago. The occasion was the closing stages of the debate on the Cotton Protection Bill, 1934. That Bill, as everyone knows, conferred on the cotton industry very considerable advantages. But Sir Homi Mody, talking for the industry, was most grudging in his acceptance of these benefits. Associating himself with the industry, he compared himself to the wife of a foreign diplomat stationed in Turkey and who on return to her own country was awarded the Order of Chastity of the Fifth Class. Sitting in the Official Box I thought to myself then that there must be something wrong about this. Obviously, Sir Homi Mody had not gone high enough, so far as class was concerned but what astonished me more than anything else was that he could possibly have been admitted to the Order of Chastity. Sir Homi Mody and his friends may think this is a rather severe indictment of the attitude that the industry has adopted but I do say, and I make a definite accusation, that they have always over-stated their case; and I do not think Sir Homi Mody this morning said anything that would destroy the validity of that proposition. As one example, if we refer to the 1936 Tariff Board Report, under item 26 of the summary of the findings of the Board, we find the rather astonishing claim put forward by both Bombay and Ahmedabad that the amount of protection necessary against the United Kingdom is fifty per cent. *ad valorem*.

An Honourable Member: Fifty per cent.?

The Honourable Sir Thomas Stewart: Yes, read it. It is a preposterous claim; I do not think they really meant it but in any case I think Honourable Members should take with caution

An Honourable Member: Fifty per cent.?

The Honourable Sir Thomas Stewart: Yes 52 from Bombay and 48 from Ahmedabad.

Mr. Bhulabhai J. Desai (Bombay Northern Division: Non-Muhammadan Rural): Don't you have a protection of 110 per cent.?

The Honourable Sir Thomas Stewart: I am talking facts. In any case I think that the claims made on behalf of the industry should be treated with caution, if not with suspicion. In attempting to assess the sacrifice

[Sir Thomas Stewart.]

which is being asked from this industry, I do not propose to follow the traditional method that has been adopted by successive Tariff Boards—I mean the method of proceeding to the determination of a fair selling price. To one like myself who has dealt with a very large number of Tariff Board Reports that process assumes a certain amount of unreality and I would rather adopt the inductive method, the historical method, and endeavour to show by a recitation of facts—not by any academic or theoretical processes—what has been the progress of the industry since it was granted protection in 1930.

Sir H. P. Mody: This method was laid down in the Indo-British Trade Agreement.

The Honourable Sir Thomas Stewart: It may be so or it may not. The textile industry was first granted protection in 1930. I am not forgetting, of course, the protection that was given in 1926, but the textile industry (proper) was given protection in 1930 when the level of duty was eleven per cent. At that time, as we all know, the menace of Japanese competition was becoming severe. It was very severe indeed. But what was the pressure from Lancashire? I may be allowed to quote a contemporary opinion and the authority is no less than Mr. Ghansham Das Birla. In the course of the debate on the Indian Textile Protection Bill of 1930, he said:

"I hold no brief for Bombay. I have got no interest in the Bombay mill industry. But knowing as I do something of mill management in Calcutta and in Bombay as well, I have not the slightest hesitation in saying that Bombay management is as competent or incompetent as any other management in the world. If so, according to my friend Diwan Chaman Lal, Bombay has been able to oust Lancashire in the cotton trade during the past few years. (Remember the duty was 11 per cent.). Surely, it could not be due to their inefficiency. I should be proud of the fact that at present of the total Indian production of cotton goods, Bombay's share is nearly 50 per cent. and surely it does not reflect on their inefficiency. If in spite of the very hostile policy of the Government towards the indigenous industry, Bombay has been able to capture such a large part of the cotton trade, it is a matter, Sir, of which we should all be proud and I would be very sorry if my friend Diwan Chaman Lal did not feel so."

Now, I do not wish to stress the importance of that statement as I am sure the gentleman in question made it in an unguarded moment but I do believe, and I do claim, that it is evident that in the year 1930, when the revenue duty was eleven per cent., Mr. G. D. Birla was prepared to admit that Bombay could compete on level terms with Lancashire. Mr. Birla was not talking of the Indian textile industry as a whole; he was talking of that particular section that had been severely criticised on various grounds by the Tariff Board of 1926.

Let me start my survey from 1930, the period at which Mr. Birla thought the Bombay industry could compete on level terms with Lancashire. Let us trace the history of duties from then. In 1930 the duty was raised from eleven per cent. *ad valorem* to 15 per cent. In the next year, the industry got an unearned increment. In fact, it got two unearned increments. First of all, in the Finance Bill the duty was raised, by reason of financial stringency, from 15 per cent. to 20 per cent. I am talking entirely of the duties *vis-à-vis* Lancashire. And, then, half way through the year there was the 25 per cent. surcharge and within 18 months of first getting protection, the cotton industry found itself with ten per cent. more protection than it had bargained for in 1930. The duties continued on that level until 1936 when, as the result of the report of the

Murray Tariff Board, the duty on all piecegoods other than prints was reduced to 20 per cent.; prints continued to be assessable at 25. Now, what was the effect of these duties? First of all, let us ask, what happened in regard to imports from the United Kingdom? I am not going back to pre-war times when imports were in the nature of astronomic figures like 3,000 million yards. But immediately before 1930 imports from the United Kingdom were something like 1,250 million yards and in the period between 1930 and today or rather up to 1937-38 they have fallen to 266 million yards and in the present year which is coming to a close they will probably be considerably less, something in the nature of 200 million yards. There has not, I admit, been a steady uniform downfall. There have been fluctuations from year to year, but there is no doubt in the world that there is very definitely a downward trend and that downward trend has been the more marked since the reduction of duties in 1936. The most striking fall has been after the reduction of the duties as a result of the Murray Tariff Board report. But, it may be said that the United Kingdom have been losing to Japan. Now, that is a possibility, but, we know that the Japanese menace was more or less killed in 1934, and if that were a good argument one would expect to see that the Indian industry itself had been affected, not perhaps in the same measure but, certainly, in a parallel measure to the United Kingdom industry had it been a case of Japanese competition. But what actually has happened in India? In 1934 there were in India and Burma 348 textile mills. In 1937 there were in India alone 370 mills plus 46 in the course of construction. Spindles had increased by eight per cent. and looms by ten per cent., but that means nothing at all. The important fact is this that whereas in 1930 the production of the Indian mills was 2,500 million yards, in 1937-38 the figure has risen to 4,085 million yards. More than that. If we look at the figures of exports from India, what do we find? In India they have been working behind a tariff wall. If they go outside, they do not get that shelter. But what has happened between 1930 and 1937? The exports of Indian piecegoods meeting Lancashire textile on level terms have increased by 150 per cent! What deductions can one draw from these facts? One deduction is, I think, that Lancashire piecegoods have more or less been taxed out of existence in India. The second is, that India is on the point of competing on level terms with Lancashire in whatever market it be. The third deduction is—and it was really admitted by Sir Homi Modv this morning—that no matter what reduction you may give to Lancashire in duty, the prospects of working up—not to the maximum figure, nor even to the medium figure.—but to the basic figure, are distinctly remote.

Sir H. P. Modv: I did not say that.

The Honourable Sir Thomas Stewart: Sir Homi Modv says he did not say that, but this morning he carefully refrained from making any suggestion that these figures would be reached. Of course, I expected to be faced with the argument that the consolidated balance-sheet of the Indian mills shows that our protection is wholly inadequate. That was an argument that was put up to the 1926 Tariff Board and also to the 1932 Board. There is a saying, Sir, that he who would sup with the devil needs a long spoon and I feel that both the 1926 Tariff Board and the Tariff Board of 1932 were not supplied with a long enough implement.

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But in 1936 the case was different. We had in charge of the Tariff Board some one who had great commercial experience; and what did he say about the consolidated balance-sheets:

"The foregoing results indicate the difficulties in the way of the Board reaching a fair estimation of the profit earning capacity not merely of mills in large centres like Bombay and Ahmedabad but of mills in other parts of India. While the published results of cotton mill companies whose figures appear in the columns of the financial press support the contention that many concerns are paying little or no dividends on ordinary capital, the proportion that paid up capital bears to the amount invested in the industry in the shape of fixed capital expenditure and working capital in many cases is relatively so small that the Board does not feel justified in accepting the rates or indeed the actual payment or non-payment of dividends on ordinary capital as a guide to the efficiency or otherwise of the existing duties on imported goods."

To a layman like myself there is something mysterious about this industry that is always accumulating losses on paper and yet goes on frantically increasing its production. I do not want to revive the old story as to who is "getting away with the hoodle", but somebody is. I feel from the figures I have quoted which show that within a very comparatively short space of time this indigenous industry has made so rapid progress,—the only conclusion that I can draw is that protection which has been afforded has been, I am inclined to say, absurdly high. Of course I may be reminded that I have not taken into account the existence of the cotton duty. I reply to that charge with a counter-charge. It has been assumed by the opponents of the cotton duty that this duty must inevitably be borne by the millowner in India. Now, Sir, so far as I am aware, there is, at the present moment, an excess of supply over demand as regards cotton in world markets and if that is so, surely the incidence of the tax will fall on the grower. Surely there is competition between America, Egypt and Uganda for the sale of long staple cotton to India. I hope, I am not too suspicious, but I have wondered in my own mind whether some of this agitation against cotton duty may not be due to the fact that Dr. Jekyll in Uganda is selling to Mr. Hyde in Ahmedabad, debiting of course the commission to Messrs. Jekyll and Hyde, Limited, a public company. In conclusion, I would only say this though there is a very great deal more that might be said. I just want to recall to the House the legend of English history that when Mary Tudor, Queen of England, lost her last possession in France, she said "when I die you will find engraved on my heart the word 'Calais'". What would be the corresponding inscription on the heart of my Honourable friend, Prof. Ranga? It would not be Burnley in Lancashire, for that is not the place that is worrying him and his friends, the spinners of the cottage industry. On Prof. Ranga's heart you will find the inscription "Madura". When we turn to my Honourable friend Sir H. P. Mody, what do you think will be the inscription on his heart? Not Lancashire or Manchester or Blackburn, not even Osaka; it will be "Ahmedabad".

Sir Gowasji Jehangir (Bombay City: Non-Muhammadian Urban): Sir, I rise to speak because I do not desire to give a silent vote on a question, which is of vital importance to the City I represent, and the Province I come from. Now, Sir, since the time at my disposal is very limited, I propose to plunge into the question straightaway. What is the main feature of this agreement? I think it will be admitted that the main

feature of this agreement is the encouragement of the import of manufactured goods which are already being manufactured in this country. That is the main feature of the Agreement. Now, Sir, there are many Trade Agreements in the world which are established facts. I would like some Honourable Members to point out to me a Trade Agreement made by a country to encourage the import of manufactured goods into its own country, when that country itself was to meet severe competition from other countries in that very manufactured article. I would like my Honourable friend, Sir Thomas Stewart, as the Member of the Government on behalf of England, and my Honourable friend, Mr. James, as his adviser to put themselves in the place of India, and negotiate a Trade Agreement with another country, telling them "bring your manufactured goods into our country, which we are ourselves manufacturing. We are here to welcome the entry of such goods". Will that be the attitude of Sir Thomas Stewart or Mr. James? This is a wrong principle. I am all in favour of a Trade Agreement, and specially in favour of a Trade Agreement with the United Kingdom. But we must judge this Trade Agreement to a certain extent on its merits, and we cannot for a moment admit that our Government should advocate this principle that I have enunciated.

The next point is, if these manufactured goods are coming into our country, whose goods are they going to displace? I contend that they are going to displace the goods manufactured in this country. I contend that due to the development of the industry of which we are so proud and which my Honourable friend, Sir Thomas Stewart, treated with a certain amount of contempt, has helped to displace Lancashire. I admit that. Is that not a laudable object? Is that not the object which the Government were out to encourage? Was not that the object which the Tariff Board recommended? Was not that the very object which every section of the House said should be accomplished? When it is accomplished, when we have displaced the goods imported into this country, we are told that we have taken undue advantage of the recommendations of the Tariff Board. Sir Thomas Stewart said that the Mill industry overstated its case. Well, it stated its case before a tribunal set up by Government, and it was that tribunal that recommended the present 20 per cent. and the present 25 per cent. duty on prints, and Government accepted it. Then the only conclusion one can draw from this statement, that the case was overdrawn, is that the Tariff Board they appointed was so weak as to be hoodwinked by the Mill industry, and the Government and this House was also hoodwinked by the Mill industry. How can there be an overstatement of facts when the present duty was based on a Tariff Board report?

Now, Sir, if, as I contend, the low figures of imports from Lancashire are due to the replacement by this country of Lancashire goods, then it comes to this, that history is repeating itself; that because this country is becoming industrialised and is competing with other countries in its own market and in its own home, we are to be penalised. And I would remind this House of the sad history of the Textile industry in India. I would remind them of a time when we had an Excise duty thrust upon us by a pistol levelled at the head of the Secretary of State for India by the representatives of Lancashire of those days, whose successors were discussing this question with my Honourable friend, Sir Muhammad Zafrullah Khan. And that Excise duty was put upon our goods because we began to turn

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out cloth in our mills; and it was done with the object of stopping the further development of the Mill industry in India. Those days have passed but the Mill industry did not escape so easily; and notwithstanding every effort made in the past to hinder the growth of this industry, that industry flourished because the home of the Textile industry is India, and it existed in this country centuries before it went to Lancashire. Then the tide turned and India began to realise the importance of the Industry which supplies cloth to its teeming millions and which was imported in the old days. India realised its importance and honestly and genuinely helped the industry to develop; and the aid given to the industry since 1930 has resulted,—and the figures were quoted by Sir Thomas Stewart,—in a great development in the finer counts which has replaced the Lancashire goods. And because that has happened we are told today that a displacement should again take place, and every encouragement should now be given to the imported article to displace the home manufactured articles. That, Sir, is the main feature of this agreement. And coming as I do from Bombay and the Bombay Presidency, which has been the home and the founder of this modern industry of weaving, naturally, I have got to examine this agreement from that point of view. I am ready to admit that the other parts of the agreement are satisfactory; it needed not the pleadings of three Government officials as to the good features of the other parts. They were evident upon examination. But it was left to Sir Thomas Stewart to deal with the most important feature. Now, Sir, that we have displaced within the last two or three years Lancashire's goods is quite evident from a few figures. In 1936 Lancashire imported here 334 million yards; in 1937-38 it went down to 267 million yards; and in the present year it has dwindled within the last ten months to 168 million yards. There is no doubt that it is a very big drop and this class of cloth is not being consumed by the masses. It is consumed by the middle classes; and, therefore, I contend that consumption has not gone down, but displacement has taken place, and we are ready to admit it and proud to admit.

Now, the other point is, that the great compensation that the country will receive for any hardship that the Industry may suffer is that Lancashire will take our cotton. The figures I have got before me are that in 1936 Lancashire took without any agreement 579,000 bales of cotton, in 1937 it took 521,000 bales of cotton, and in 1938 it took 386,000 bales of cotton. Under the agreement the minimum they are to take is less than the figures of 1936-37, and the maximum may rise to 750,000, i.e., the maximum is little more than the maximum of 1936 and 1937. Are they going to take such a large quantity of cotton or is there any prospect of their taking such a large quantity of cotton that this infliction should be brought upon one of the main industries of this country? Who are the best clients of the cotton growers? Undoubtedly India herself. Out of 5½ million bales India consumes three million and 200,000 bales herself.

Seth Haji Sir Abdoola Hafeez (Sind: Muhammadan Rural): If I am not mistaken, you are consuming 22 lakhs of bales.

Sir Cowasji Jehangir: The cotton consumed is three million and 200,000, out of which I say about 550,000 bales was imported last year and the rest was Indian cotton. I contend that India is the best customer of

Indian cotton. I contend that had it not been for this industry, cotton would never have been grown to this extent, and I contend that by displacing, by any method, Indian manufactured goods you will lower the capacity and the ability of Indian mills to buy more Indian cotton. You are getting an offer of 150,000 bales more to be shipped to England,— $\frac{1}{4}$ per cent of the whole production,—while the Indian mills take more than 50 per cent. Sir, personally I think that everything should be done to encourage Indian consumption of Indian cotton, and so far as I am aware, I believe it is the desire and the ambition of the Industrialists to use as much Indian cotton as they possibly can. They are only waiting for the supply. You put forward the supply and I feel confident that the industry will take it. But that is not the worst aspect of the case. The worst aspect of the case is that this whole agreement has been prejudged and prejudiced by a feature of the budget. Government knew very well that this agreement was coming before us and by one stroke of the pen, before this agreement came up before this House, they increased the protection by four per cent. by means of a revenue duty, increasing that protection to six or eight per cent. altogether. I consider it monstrous, that in the face of this agreement that was to be placed before us for consideration,—and which was a difficult pill to swallow for some parts of this House, Government should have gone and instead of coating it with silver, coated it with poison. If any effort was required before this agreement came up before this House, it was an attempt to make it more acceptable; but the whole of the Government of India went out of their way to make the effect of this agreement much worse than it actually is. Naturally, they will find that the public in certain parts of India at any rate are against them. Not content with giving Lancashire what they wanted, they of their own accord give them four per cent. more under the guise of a revenue duty. I call that, in very moderate language, a monstrous act of injustice; and I go further and say that if this agreement turns out to be unacceptable, the responsibility will be on the shoulders of those who made it much worse than Lancashire wanted or demanded and who did it before this agreement came before this Honourable House for consideration. The responsibility for its rejection, if it is rejected, will be on the shoulders of my Honourable friends. I am sorry to have to speak in such strong terms, just before my Honourable friend, the Finance Member, leaves India

Mr. Deputy President (Mr. Akhil Chandra Datta): The Honourable Member has got one minute more.

Sir Gowaji Jehangir: He can convey to his friends in England this, that we are not against Lancashire, we are not against England; we are out for justice to Indian industrialists, and we strongly resent being made to suffer even more than Lancashire demanded, at the hands of our so-called Members of Government.

Mr. Bhulabhai J. Desai: Mr. Deputy President, this is the second time in the life of this Assembly when I believe the vote of this House would, in all honour, be accepted by the Government even though they may be otherwise irresponsible, and it is for that reason more than any other that I feel it my duty to place the considerations which ought to weigh with the House, in order to judge whether the proposed agreement has that material advantage for India or any section of the Indian population as is claimed for it; and I propose not to spend time over criticisms which I

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might otherwise have offered, of the manner in which either Mr. Dow or any of his friends, who ought to have known better, who are after all the servants of the Indian taxpayer, than to talk in the manner and in the language in which they did. But I leave it to their sense of honour and propriety as to how they should talk. I will only say this that if our books have something written upon them, their books are black enough on which nothing can be written: so that that kind of language really does not help.

Coming to the motion before the House and the amendments which have been moved, it is necessary to state categorically the pros and cons of those issues. I will first deal, with deference, with the two motions that are before the House, for the appointment of a committee, one moved, Sir, by you and the other moved by my Honourable friend, Mr. Aikman. To my mind, inasmuch as I feel that any delay in this matter, any dilatory motion of this kind, is not likely to do us any good, I venture to appeal to my friends not to press either of those two motions; and in order that they may exactly understand why I say so, I put two important considerations before them. My Honourable friends are aware that it is nearly three years since the notice of the termination of the Ottawa Agreement, so far as the Resolution of this House was concerned, was intended to be given. I am not charging anybody in this particular respect except that it seems to be the method of negotiations of the United Kingdom with us that in every matter, in the language of one of their own celebrated authors, they always delay in the hope that something may turn up. It took them nine years for the purpose of a constitution and it has taken them three years before they bring this agreement before us; and, therefore, remember that anybody who delays a decision in this matter is not doing any good from the point of view of our country. Remember also this, that article 16 of the present agreement, in substance, is the one into which you will play and practically land yourself to the establishment of this agreement even if you do not so intend it. Article 16, among other things, says:

"Pending the coming into force of the present agreement, the two Governments will apply its provisions as far as may be possible."

Under the guise of negotiations for three years we went on with the burdens of the Ottawa Agreement, and under the guise, assuming this motion is passed, I do not know how much longer it will take, then it will be up to us, having the agreement foisted upon us, to make a second effort to reject it, which I think would be a very sorry figure indeed. I, therefore, do appeal to my Honourable friends that this is one of those issues on which we can take a decision without much difficulty, whichever way they may be inclined. I am one of those who rather believe that a decision taken is infinitely better than a decision postponed which does no good; and it is in that spirit of humble deference that I do put it to my Honourable friends—those who support either of these two amendments—that they should not be pressed, whatever may be the result of the issue in so far as the direct vote asked by my Honourable friend, Sir Zafrullah Khan. Sir Zafrullah Khan has moved the motion that the House do approve of the agreement which is now before us. An answer in the negative to that, as every businessman understands, does not mean an end of all possible negotiations in life. After all, what are you going to get, assuming you get a committee? You will probably sit down and resolve that something better might be done or might have been done. It only means a counter-offer by you which it is

up to the United Kingdom to refuse or to accept or to make another counter-offer. Even assuming that there was anything in it, supposing there was any substance in it, are you not defeating that very object by the motion that you are making? A person comes to you and says "I offer you so much for your property". Rejection of that I have never understood to mean "No, no, let me sit down with my engineer and begin to consider." There is no point in doing that. So far as we are concerned, up to a point on the terms which they are offering, you are in a position to judge. Why not then judge it? I, therefore, ask those Members of the House who think that there is anything to be gained by the process of delay—they are very much mistaken. According to our political experience in this country during, at all events, the last twenty years that I know of, they seem to have a staying power, hoping something will turn up from which they might get some advantage. But we, on our side, cannot possibly assist in such a process. So far as the amendments are concerned, therefore, I do again appeal to my Honourable friends not to press either of them.

Coming to the terms of the agreement itself, it is my desire to occupy the time of the House as little as possible, but without omitting any of the features which have been the subject of elucidation either on this side or the other side of the House. And in doing so, to the extent to which I can and my time permits, I will give figures; as to the rest, I will make a statement as to the results of these figures which it is open to my friends opposite or to my friends here to check in due course. The position, as I see it, Sir, is this. We start with one fact, and that is, according to my friends opposite, a large number of the preferences which were claimed and given under Ottawa have been given up. Is it not the most eloquent testimony, if ever testimony were needed, that that Agreement at all even gave away too much? It requires only common sense to judge that if that Agreement had not been foisted upon us, during the last three years, the advantages gained would not have been at least as great as they have been, but let that alone. That is the gravamen of this Agreement, and, naturally, therefore, my friend who moved the motion concentrated the best of his time, and quite rightly too, on what he called the cotton *cum* textile part of the Agreement. That is the briefest way which one can describe that part of the Agreement. He realised that, in so far as the other parts of the Agreement were concerned, it was quite unnecessary to analyse it except to the extent to which he did. Of course he had his other friends to follow other parts of his speech. But he naturally stressed, and quite rightly too, because he was at pains to point out that we were not losing much, though I do not know whether we are actually gaining by, what I may call, the cotton *cum* textile part of this Agreement. Therefore, I would not detain the House except to point out shortly how the situation is actually concerned, in regard to what I may call the manufactured products of Great Britain getting preference here against the raw products, including chrome leather, which gets preference in England either by way of insurance or by way of, what is called, unscheduled preference, and I may be pardoned for pointing out this, that there are considerations which should weigh with every Government and every economist in a matter of this kind. The most important circumstances which have got to be remembered in judging an Agreement of this kind, in so far as India and England are concerned, let alone the rest of the world, are, first, that the United Kingdom is a manufacturing country, and that, therefore, they have necessarily to find raw materials. There is an immense advantage in so far as any manufacturing country is concerned in finding raw materials ready at hand, and there is

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hardly any men in this House or any woman for that matter who can question the utter necessity for any manufacturing country to find two things: first, a place from which to buy raw materials,—therefore, there is no favour done by buying your raw materials, and, secondly, if possible, to find a market for manufactured products, the advantage in either case being in favour of the manufacturing country. If it were not so,—my friends are aware, they are most painfully aware, that only a few days ago, why were they fretting,—a little more serious term can be applied which I do not like,—over the possibility of an Agreement between Germany and Rumania? They said 'Oh, Germany is going to barter her manufactured products for the raw materials of Rumania'. What was the danger about it? The principle was right. The idea was always there. The whole point or substance of the matter is this. It is perfectly useless for a manufacturing country to come and tell me "Oh, yes, I will buy all your raw materials and you give me credit for your finished products as far as you can".

Then, Sir, the next point which I want the House to remember, and it is very important, is this, that in so far as India is concerned, there is some 40 crores worth Home charges. In other words, they call us a debtor country, it is an economic term used for that purpose, that does not matter. An equivalent of that in goods is, what is the preference in this Agreement? Let us take the actual figures as they stand. The figures for which India has preference, either by what they call unscheduled or scheduled, the whole of them total about 41 crores. Omitting tea, which is 21, you leave about 21 only. In so far as, therefore, they allow an inflow into their country of sufficient material, in order that they may be paid their debts, I would like to know what is the merit in this transaction? All that they do is, "Yes, 40 crores are the invisible services, most of them are invisible, and a part of them visible"; but for that they have got to recover the 40 crores, and, therefore, to the extent to which they say we will facilitate your sending the raw materials to the extent of 40 crores, I like to know what is the value of this advantage, notwithstanding the three great experts sitting behind the Honourable Member. I venture to think that they entirely mistook their vocation. So far as Sir Bryce Burt is concerned, he may be very good, in so far as producing a better and a more suitable quality of agricultural products, but to bring him as an expert to tell us what is economically good for our benefit is indeed the height of what I would consider imposition. In so far as the other friends are concerned, I dare say they said, lest we should neglect the other advantages which a trade with the Colonies and others will do, well, it is a good exercise, but I must confess that the broader considerations lead me to think and tell the House that there is no merit whatever in what is accorded to us in this Agreement. I will give you one illustration to show what it is. Among the products, 41 crores,—I am omitting tea,—that leaves another 21,—take goat and sheep skins, particularly the untanned, of which a great deal was made. Here are the figures, and the House can look at the advantage. We are told,—'You see the advantage of Ottawa'. Yes, it is easy to say that, because you need not look at the rest of the picture for your own purposes. The exports of India of goat skins from the years 1922 to 1928 clearly show that they were entirely due to the improvement in the world trade; it had nothing to do with Ottawa at all. The United Kingdom took, so far as India was concerned, 49, 77, 39, 71, 78 and 95. What was stressed was that we have increased from 49 to 95, but you will easily see from the United States figures

they are 86, 151, 106, 167, 149, 157. And if I had the time, I could show to my friends that there are two or three countries of very trivial importance, Australia and Netherland,—and Australia has gone from 7 to 19. Therefore, my friends cannot lay this flattering unction to themselves and say that to the extent to which wherever there has been an increase, it has been due to Ottawa. My friends must remember that half-hearted examination in matters of this kind cannot possibly blind us to the truth of the situation. The truth of the situation is this, that, in so far as our trade in any of the raw materials has increased, it has been largely due to the growth of the world trade in those articles, and it has nothing to do with the preferences we have got in Ottawa. But, as against that, what do you see if you only examine the other side? In the 7½ crores,—it does not matter which, for the purposes of this figure I was calculating just now,—I find that in so far as motor cars, motor cycles and buses are concerned, they have got a preference as against the rest of the world in articles of some five crores, taking motor cars, motor cycles and parts and mechanically propelled vehicles, an industry in which it is obvious they are behind hand with the United States of America, and, therefore, they need all this preference. So that it is no use trying to delude us saying we have got preferences on 126, 106 or 105 articles. That sort of thing is a joke. The fact is this that out of the 141 crores,—21 do not matter because it is tea, world quota, and as to the rest, if we have grown at all, it is because the world trade has grown. On the other side, we have, what I venture to call, a politically subordinate Government, treating and negotiating with a politically superior Government. That is really the truth of the matter, but if the matter rested there, the advantages, so far as I can see, were still on the side of Britain, but they were not prepared to be content with that position.

Three months after the negotiations and as soon as the question began to be raised, Lancashire came in with a deputation, "What about our claims? Let us examine the situation there", as my Honourable friend, Sir Thomas Stewart, said. That situation is already known to everybody. My Honourable friend, Sir James Grigg, did say, and I am glad he did say it, that there was a time when 3,000 million yards were imported into India by the United Kingdom. It is equally true to say that this year 200 million yards, because 170 million yards for ten months works out to something like roughly 200 million yards for the whole year, or take it at even 250 million yards, it does not make any difference to the point I am making: May I ask the House and my Honourable friends, if you come and occupy my house completely and manage to get hold of nine rooms out of ten, is it an argument that any honest man can advance, "Oh, up to now I have occupied nine rooms. You might leave at least one more room," because, talking in popular language, that is all that Lancashire's demand comes to. Says "Yes, we imported 3,000 million yards. Now, that you have recovered your own, why should you recover your own?" Imagine a plea, put in that blatant or naked form,—nobody would have had the temerity to come to any man and say, "So long I have got it and I must keep it." What I would have expected the Government of India to do in the case of Lancashire is to say, "Whatever may be your position or influence in the parliament, that does not concern us. What concerns us most is at least to recover our own house". It is no use my Honourable friend coming and covering it up all, by saying, "Oh, yes. It is to the enterprise and skill and courage of these our men that they have recovered the lost ground." Why should they not keep it? If my Honourable friend says that the country ought to be obliged for the protection that was

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given, I consider it no merit at all, for the simple reason that if a country protects its own industry and, thereby, the industry grows, certainly for the State or the Government to tell us that it is a favour that it has conferred upon us—I think that is the height of impudence. If I recover my own, under a protection which I think I need and which their own appointed Committee said they need,—and what did they say? I remember the very first debate in which my Honourable friend, Mr. Jinnah, and I took part, during the supplementary Ottawa Agreement, and they said this in article 3 :

“The Government of India undertake that protection will be afforded to such industries only as after due enquiries by the Tariff Board have, in the opinion of the Government of India, established claims thereto in accordance with the policy of discriminating protection laid down in the resolution adopted by the Legislative Assembly on 16th February, 1923.”

That is what they said when they wanted the supplementary Ottawa Agreement. Why should not protection be given to us in which we have grown and which we have enjoyed? Of course, there is the other likelihood that we will recover every inch of lost ground, that we shall supply all the goods, that we won't take those things from anybody else. How can it lie in the mouth of those who always talk of British when it comes to a question of encouraging their own industries, to suggest, why don't you make a sacrifice? Mr. James spoke of sacrifice. It is all right to talk of sacrifice of somebody else in order to fill my own pockets. But why should there be sacrifice, I should like to know? I am one of those who believe—I represent a constituency which produces one third of the textiles and one-third of the cotton in this country. Guzerat produces both cotton and textiles, and, therefore, I have an even eye both as to the producer and the manufacturer. It is no use simply saying, why don't you make a sacrifice? We have made enough sacrifice for 150 years, and you have millions of crores that you have taken from us. Surely it is time that my friends did not resort to any such argument at all. So far as I am concerned, the fact which my Honourable friend mentioned I welcome, but I do not agree with his inference. He laboured to point out that during the last three years, while they took more cotton, their imports into this country were falling. What lesson does that teach me if it teaches me any lesson at all? It means that they took the cotton because they otherwise wanted it. While the imports of piecegoods have gone down, their takings of cotton have increased. What is wrong with it? At the very time when their imports were falling why did they take more cotton? Because they wanted it. It is a conclusive argument. They can take nine lakhs of bales,—I have it from my Honourable friend, Sir Bryce Burt—and they have taken four lakhs out of that. Why? Because it is cotton which, according to these experts, actually suits England. England today spins yarn which would require, if you take an aggregate of nine lakhs of bales. Therefore, if England purchases four lakhs, what favour have they done us? It is perfectly true that yarns of 20s. and below require such cotton and it is not very fine cloth, but they require these heavier stuff, and if they take these 400,000 bales, what is the favour that they do? I read more into it, I ask the House to read more into it, notwithstanding the fact that your imports are falling, you still take more cotton. It is conclusive proof that you want it. My Honourable friend's idea was, if they are so good to you as to take your cotton, why should you be so stupid or uncharitable as not to take more imports. I say, 'No, thank

you'. Therefore, the whole point is this, that the very trend of the trade is conclusive on the question that it took four lakhs of bales or even a little more—it is no favour of any kind or sort. And that is where I entirely agree with my Honourable friend, Mr. Jinnah, when he asked a question, where is the guarantee, and where is the favour? Four lakhs bales you have taken, even when your imports were falling? What does it matter? You took it because you needed it. So far as this part of the agreement, therefore, is concerned, the background is entirely against my Honourable friend so far as he is concerned. I am only recovering back our lost ground in this country and manufacturing everything that my countrymen require. And what is wrong with it or in recovering my lost ground? What is the ground against it? Charity begins at home, and we are too poor to afford charity. After all is said and done, it is absurd to come to me and say so long as a single inch of foreign yarn comes into this country or foreign cloth, that I should not make an effort to oust it from us. I am not imposing myself on anybody else. The only problem that my Honourable friend put forward is, what about the other raw products? But contrast that with the figures which I should like to put forth so that you may fully understand the background of the agreement. One thing is quite clear. Sir Bryce Burt said, "Oh, but England is buying other raw products; therefore, you cannot compare the agreement with Japan with the agreement with the United Kingdom." In so far as the other raw products are concerned, I have already pointed out that there is no special favour to India when you buy 21 crores worth of tea, because you cannot do without it from one morning till next morning. Therefore, it is no use telling us that that is the way to judge it. The agreement with Japan is this. I have not got the time to go into it in detail, I will give only the relevant figures. If you allot 283 millions of yards here they have got to take ten lakhs of bales. If we allot 358 millions, they have to take 15 lakhs of bales. That is the agreement between Japan and India today. And yet, we are seriously told that the agreement which is put before us is an agreement which we should accept.

Then, further, there is also a stipulation in that agreement in which even the staple is mentioned, so that as regards the cloth which they would import into India, the nature and kind of cloth is also mentioned, so that we know which competes with which. That is the position so far as another similar agreement is concerned. It is true that Japan has no political domination over us whereas England has. That is the real key to the understanding as to why in one case 283 and today, according to my Honourable friend's figures, 277 million yards are being imported. If it was a case of Japan, what would be expected was this.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) resumed the Chair.]

They would be expected to guarantee ten lakhs of bales. Sir Bryce Burt tried to frighten people but we are not likely to be frightened so easily. He said America produces cotton, as if we did not know. He said that it was more than enough for the consumption of the world. He knows as well as I do how much had to be kept out of the market. He said Russia and Brazil produce cotton. What about it? I quite agree that it has an effect on the price in the world market. That I do not deny. All you can say is "I will give you a price which is the world rock-bottom price". Therefore, it is not a favour to us, from the point of view of price,

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that you are taking that at all. Take India's consumption and production. Last year the estimates were 56 lakhs out of 132 were consumed by the mills. 18 were taken by Japan and we exported the balance as well as the surplus of the previous year. That is the history of the export of cotton and its consumption in this country. In my humble judgment, if you read the agreement correctly, they need not take more than four lakhs. An analysis of this has been given by my Honourable friend, Sir Homi Mody, and I entirely agree with him. This is a three year agreement. They can import here a little more with an advantage of a reduced duty to the extent of 7½ plus the present of three or four per cent. which my Honourable friend there, with dark glasses, has given to them. In other words you want immediately and without an examination of the Tariff Board stab us in the back, in spite of the solemn pledge given that they will not disturb the preferences which existed in favour of India without a further examination by a tariff board. They go behind us. They call it a mutual agreement. Well, if that is mutuality, then the word must have lost its significance. In other words you want 'Heads I win, tails you loose'. That is the kind of mutuality which they have got. The position is an extremely simple one. The word 'goodwill' is frequently trotted out and goodwill does not exist where we have to be sacrificed. Goodwill comes in only as a phrase whenever an appeal is to be made to the poor masses.

Mr. M. A. Jinnah: It is a dangerous word.

Mr. Bhulabhai J. Desai: It is a dangerous word, but it is insidiously used. It is meant by sincere people.

Mr. M. A. Jinnah: Question.

Mr. Bhulabhai J. Desai: Why do you question it when it is meant by sincere people: You cannot question a truism. It is meant by a sincere man, not a hypocrite.

Mr. M. A. Jinnah: Those who use that phrase always claim to be very sincere.

Mr. Bhulabhai J. Desai: Claiming is one thing, being is another. Anyway, it had nothing to do with my friend at all. I was merely referring to the goodwill mission of my friend, Mr. James. They say 'you have recovered eight out of the ten rooms. Why don't you leave us two'? The whole position resolves itself into a narrow compass. My friend, Mr. James, was getting eloquent about barter. What is the situation between India and England except barter? I would like to set the invisible service of all these friends as against all the goods and you will find that the position of India is worse than under the system of barter. I know we get some machinery as against the goods and we know how creaky it is. Let us give up this idea of barter. We have the interest on loans, the present of these friends and some articles. Then, what about some other important items such as shipping, insurance and banking? That accounts for something like 30 crores and nobody seems to bother about it. They have sucked us long enough. If you prevent them from sucking us any further, they squeal. Is that fair? So far as the agreement is concerned,

the preferences are only in name. I pointed out that wherever there is an expansion it is because of world conditions and, in others, it is because they needs must take our articles. In so far as preferences in their favour are concerned, they are absolutely real. Out of 7½ crores, five crores are accounted for and on three items, motors, motor cycles and motor accessories they cannot compete with America on equal terms. I say their preference is real. Our preference is unequal and shadowy and when it comes to cotton and textiles, the less said about it the better. I do ask the House to reject this motion.

Mr. M. S. Aney (Berar: Non-Muhammadan): The Resolution before the House is of a very complex nature and the House is called upon to give its verdict on it. The Resolution has been approached by different sets of people from different points of view. There are some who approach it from the point of the agriculturist. There are others who approach it from the point of view of the industrialist. I represent a constituency which is largely if not purely an agricultural constituency, which deals largely in cotton growing. I shall be betraying the interests of my constituency and also the confidence reposed in me by my Government if I don't examine the proposition primarily from their point of view. I noticed during the course of the discussion that the arguments of some were to the effect that there is no need for any kind of trade agreement at all between the United Kingdom and India. There are others who mainly rely upon the recommendations made by the unofficial advisers and base their opposition on the ground that the recommendations of that committee have not been carried out. Now, I want this House first to concentrate its attention upon certain fundamental points on which the members of that committee were unanimous. I may at once state that the members of the committee were unanimous in accepting the desirability of a trade agreement between the United Kingdom and India. The first report which they made was on the 10th October, 1936. In that report itself they have very clearly stated the position. This was the first report they submitted. They said in paragraph 12:

"We feel that a trade pact between the United Kingdom and India would be desirable in the interests of both countries if due regard is paid to their respective interests. We realise that on account of many ties, our trade has a natural tendency to flow towards the United Kingdom, and a trade pact between the two countries could, therefore, be attained with comparatively less effort than with other countries."

This was the unanimous view of all the members of the unofficial committee which sat to consider this question. Then, later on, they have again referred to this matter and stated that in an agreement like that it must be remembered that India is primarily a producer of raw materials and as a factor of cardinal importance in this connection, they have stated the principles on which an agreement like that should be concluded. My object in bringing to your notice, Sir, the particular passage of this report is to show that those friends of ours who have served on that Committee were of the opinion that some kind of trade agreement in the interests of India was necessary. It was not only the view of those Honourable Members but I maintain it was the view of this House itself, that a trade agreement between the United Kingdom and India should be attempted in the interests of finding out an expanding market for our exports in the markets of the United Kingdom. That was, in fact, the gist of the Resolution which was adopted by this House last

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time on the basis of which the Committee was appointed. So, on account of the large interest which the United Kingdom has in the exports as well as in the imports of India, it was naturally considered desirable by the Government first to make an attempt to have a kind of trade agreement with the United Kingdom first. Our direction was like this that it should be with "United Kingdom as well as with other countries"—that was the direction given by the Resolution passed by this House, and they have taken the opportunity to conclude a trade agreement first with the United Kingdom as the first country, and the obvious reasons were that that was the country with which our import and export trade is to a very great extent being carried on. Having done that there is another point also which is I think of great importance in this connection. It is this. It was admitted by the members of that Committee that even the Lancashire interests must be sympathetically considered. This question was discussed by them in paragraphs 13, 14 and 15 of the report dated the 3rd October, 1937. I shall read only one or two sentences out of it:

"The offer of Lancashire to put a voluntary maximum limit on its exports into India,—a principle which in our opinion was a very important one from India's point of view,—did certainly offer an opportunity of considering the case of Lancashire afresh. The other factor that influenced our mind was that Lancashire had voluntarily increased its purchase of Indian cotton from 137,315 bales in 1931-32 to 643,227 bales in 1936-37. It is true that the increased consumption of Indian cotton was due, to some extent, to its relatively lower parity, but such a marked increase could not have taken place without the goodwill of Lancashire and the efforts of the Lancashire Indian Cotton Committee."

This is an important passage in which the unofficial committee gave its opinion, viz.,—

"but such a marked increase could not have taken place without the goodwill of Lancashire and the efforts of the Lancashire Indian Cotton Committee. As we were now asking for an agreement providing for a definite purchase by Lancashire of a much larger quantity of Indian cotton, we could not altogether ignore the demand of Lancashire for the consideration of its case. The recent serious complications in the Far East had also made it more desirable to get an assured market for Indian cotton, if it could possibly be done."

Those were the considerations which actuated the members of that Committee to consider the demand made by Lancashire also in connection with this trade agreement. I quite understand the position. Legally it was the correct position to take. Also that in the case of a protected industry like the Indian textile mill industry, when that protection had been given under a Statute, it ought not to be the subject-matter of a trade agreement at all. But somehow or other the Committee took the view that, as there was a voluntary demand on the part of Lancashire to limit its export, it was a matter for them to consider,—and, therefore, they have taken that point into consideration in this trade agreement. Now, these are the points which I am mentioning for this reason; we are discussing a trade agreement that has been concluded and we are discussing a trade agreement after it has been considered by our own friends sitting on that Committee. So, let us see how far they have departed or differed from those friends who were sitting there to watch the interests of Indian industry and Indian agriculture and to what narrow compass the real issues could be reduced. We have to find out that position. It has been admitted even by my Honourable friend, Sir Cowasji Jahangir, and my Honourable friend, Sir Homi Mody, that so far as other parts

of the agreement are concerned, i.e., the parts of the agreement which do not deal with the textile portion and the cotton—they have no objection to that. On the other hand they admit that in that portion of that agreement which deals with preferences for Indian exports, they think that there is no doubt some kind of advance there,—and it is a matter to some extent of advancing the interests of the Indian producers of raw materials. What then remains is the other portion, and that is this. There are two things as regards what has been done with regard to imports. The main point that has been stressed by the members of the unofficial Committee was this that they wanted United Kingdom imports to be reduced down for the purpose of preference to three crores from eighteen crores.

Mr. M. A. Jinnah: And an offtake of cotton,—7½ million.

Mr. M. S. Aney: In that portion I am particularly interested but I am trying to show the concessions which are before you. Leaving aside other arguments which can be advanced, we find that they insisted upon imports for the purpose of preference being reduced to the value of three crores, while the agreement as a matter of fact makes provision for that kind of commodity to the extent of seven crores—a difference of four crores. Now, the other part of the agreement related to the consumption of Indian cotton by Lancashire and the import of Lancashire textile goods here, the amount of reduction of duties, etc., on the manufactured articles, the textile piece cloth manufactured by the Indian mills—these are the other three things. Then I also wanted to indicate a point of difference. It is this. The recommendations which the members of the Indian Committee made were these. They suggested that the minimum that should be imported from Lancashire should be 200 million yards, the medium 300 million yards and the maximum 400 million yards. Those are the suggestions made by the members of that Committee.

The Honourable Sir Muhammad Zafrullah Khan (Member for Commerce and Labour): They were prepared to go even further.

Mr. M. S. Aney: So far as the report is concerned, that is the position. I am going by what is on record. Now, the conditions which are laid down in Article 10 make the position like this. The minimum would be 350 million yards, the medium would be 450 million yards and the maximum would be 500 million yards. I call it maximum for this reason that power is left in the Government of India to so manipulate the duties as to bring them down within certain limits after consulting the British Government. That is the position so far as this thing is concerned. What we find is this. Between the maximum that has been allowed by the members of the Committee and the maximum that is now considered here, there is a difference of 100 million yards. I am trying to narrow down the points of difference between the two. As regards the offtake and intake of cotton, I must say that on that point the gap is very big. The suggestions that were made were these. I am referring to the last suggestion which has gone, unanimously, on behalf of the cotton growers and which was ultimately accepted by the members of the non-official Committee also. If I am wrong, my Honourable friend, Sir Abdoolah Haroon, who was my colleague there to help the Committee, would correct me. The suggestions that were made by us were that they should begin with 650,000

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bales and should gradually rise, year by year, till ultimately they reached the maximum of one million bales within a reasonable period. That is what we suggested. The position that they now have accepted is that 500,000 bales is the starting point and they have fixed the 600,000 bales as a maximum. They have allowed them to purchase more. Then, there is one temptation held out and that temptation is that if the consumption of Indian cotton by the Lancashire industry will go beyond 750,000 bales, then they are likely to get a reduction of the duty which they will have to pay in India. In my opinion, that is an important consideration. The point is this. While we want to start with 650,000 bales, they start with 500,000 bales. It is true, I admit, that the whole thing is so linked up that they may not even buy 500,000. They can buy 400,000 bales and yet get the concession which is to be given to them by way of a compensation. That is the provision there. Not only that, but I have some other complaints to make. Sub-clause 2 of Article 10 reads thus. I may say that there is no such thing as a guarantee as I understand it but an undertaking is given and that undertaking is like this:

"His Majesty's Government in the United Kingdom undertake that they will continue to use all possible efforts in co-operation with commercial interests to stimulate the consumption of Indian cotton in all possible ways, including technical research, commercial investigation, market liaison and industrial propaganda."

Now, our demand was that of the Indian cotton that is to be consumed by Lancashire, about 65 per cent. of it should be the cotton of short staple and 85 per cent. of it should be what we consider long staple, although they call it cotton of fair staple. That is the difference there. With regard to that, they have not given any undertaking at all. All that they say is that they have noted that there is a demand like that made by the Indians and they will do something to fulfil it. This is the assurance that is given in sub-clause 2 of Article 10. But what troubles me more is this:

"They have taken note that it is the desire of cotton growers in India that as much as possible of their production of short and fair staple varieties of cotton should be absorbed in the United Kingdom."

They further go on to say:

"They have also taken note, and invite the Government of India to take note, that the Lancashire Indian Cotton Committee, set up by His Majesty's Government in the United Kingdom to stimulate the consumption of Indian cotton, have expressed their sympathy with that desire and their intention to take all practicable steps to assist in its fulfilment."

Now, the point is this that this assurance has not come from His Majesty's Government. His Majesty's Government is telling us that the Lancashire Indian Cotton Committee has taken note of this keen desire on the part of the Indian cotton growers and they will do something to fulfil that demand of the Indian cotton growers. It does not form part of a regular agreement between His Majesty's Government and the Government of India. It is only a sort of an *obiter dictum* or a pious hope that is interpolated there, if I may say so. It does not form part of the regular agreement at all. What follows is more dangerous than what is stated before. What follows is this:

"It is recognised that the fulfilment of the foregoing objectives largely depends on the continued pursuit by all interests concerned in India of the policy of improving the quality and staple of Indian cotton exported to the United Kingdom by all practicable means."

I do not understand from this that there is a genuine desire on the part of the Lancashire Indian Cotton Committee to meet the demands of the Indian cotton growers in regard to short staple. Then, their term to fulfil that condition is kept contingent upon the fulfilment of another condition, namely, that that fulfilment is possible only if the Indians will improve the quality of the cotton. If the quality of the cotton is to be improved, then it means only one thing in my opinion. Instead of short staple cotton, give them long staple cotton and then alone it will be possible for them to fulfil the promise which they are extending to us. On the other hand, so far as the growers of short staple cotton are concerned, this is the most unsatisfactory undertaking that has been given here. In fact, I am not in a position to say that the short-staple cotton grower is held out any real hope at all. At least the wording leads us to that conclusion. It is very vague. That is a point which as a cotton grower I cannot ignore and I have to bring it to the notice of the Honourable Member who was responsible for concluding the treaty that it is the most unsatisfactory feature of this trade agreement.

Mr. M. A. Jinnah: He has done that after having taken note of that point. You want him to take note of it again.

Mr. M. S. Aney: Yes, a man may fail once, he might succeed in his second attempt. I believe in the saying 'Try, try again.'

Now, the question is this? What are we to do with an agreement like that? That is an important point. I do not want to take more time than is allowed to every Member, but what are we to do with regard to that point? Before I try to give my reply to that important question, I will also dispose of one point which has been, incidentally, touched in the course of the speech of the Honourable the Commerce Member. He tried to show that Lancashire is already taking nearly 55 per cent. or 50 per cent. of Indian short staple cotton and he read out figures. I wish to refer him to the figures that have been given in the annual report of the Central Indian Cotton Committee for the year 1936-37 which will clearly show that the total consumption of the United Kingdom in those years was something less than 50 per cent. They were 323 thousand bales exported from the whole of India in 1938, of which share from Bengal came to 112 and Oomrahs 48. Americans which is considered long-staple was 135, that is more than 41 per cent. of the long staple cotton is taken by them. But this was in 1938. Among the short staple, Oomrah has got a very small proportion. I have got the figures with me for 1935, 1936 and 1937. They are in Appendix 12 and Appendix VIII of the Reports of 1936 and 1937. I have not got the time to refer to them in detail. The Indian Cotton Committee's Annual Report for 1936-37 will give these figures. They will show that percentage of short staple is less than 50 per cent.

The total production of Indian cotton is, say, approximately, about 60 lakhs of bales. Of that, formerly, nearly, 25 lakhs of bales used to be taken by Japan. About 28 lakhs or 25 lakhs were consumed by Indian mills. Even now, with the best efforts, the Indian industry is not able to take more than 28 lakhs of bales today. That is the position. There remains a big surplus. How to dispose of that big surplus is the point; unless some kind of stable customer is found out for that big surplus the Indian

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cotton grower is bound to feel a good deal of anxiety over this matter. In view of the diminishing consumption of Indian cotton by Japan which was our best customer in short staple, the Indian cotton grower is naturally anxious to find a more stable market for short staple cotton. That is the reason why we insist upon a fixed percentage being fixed for short staple to be consumed by Lancashire. From that point of view I find that the arrangement that has been made is very unsatisfactory. We have been given an undertaking that more cotton will be taken. But that may or may not materialise.

The points, that I want the House to consider are then, the import rates have been fixed at seven crores instead of three crores. That is one point. The maximum and minimum from 200 millions to 400 millions bales as against 350 million bales to 500 million bales that they are getting now. As regards cotton, instead of fixing it at a million bales as a maximum they have left it to be worked up gradually to the good will of Lancashire. There is no definite guarantee, but a hope has been held out to them that in case they take more than seven lakhs 50 thousand bales, there is a definite chance of their getting their duties reduced. These are some of the points of very great importance in this agreement. Now, the point is this. Are not these points of difference of such a nature that the House should decide that they should bestow more serious and more dispassionate consideration on these proposals and examine the bearings of it on the interests of the agriculturists and industrialists both? That is a point which I want the House to consider very carefully. As an agriculturist I really feel that there is something to be said from the point of view of the agriculturist. An attempt should be made, if possible, to get these conditions improved on lines on which we made our first demand. It may be said by the Honourable the Commerce Member that it is the last word and nothing can be done and that there is no hope for these demands being met even if the Committee proposed in the amendment makes any further recommendation upon that point. If he makes a statement to that effect, there is an end to it. On the other hand if he says that the agreement, as it stands at present, is capable of being improved, if both the parties sit together and consider these details and make certain suggestions, then I believe there is a case for this agreement not being disposed of summarily by the vote of the House today but being referred to a committee of the House which should go into details and examine its bearings upon the Indian industry and agriculture. I must say one thing, that the Indian textile industry is the biggest consumer of Indian cotton. If the industry is going to be ruined by the conditions which are in the agreement, then the agriculturists are to lose everything. After all, if this big consumer goes away, then the agriculturist cannot rely upon the fraction of the consumption which is promised out by England.

In conclusion, I desire to say only this. Is it desirable to leave the Indian cotton grower simply at the mercy of the Indian industrialist without any powerful foreign competitor in the Indian market? That is one point. Secondly, whether the present conditions are such as to make it impossible for the Indian cotton industry to grow and prosper or to do any profitable business, in view of the competition which it will be exposed to on account of the conditions in this agreement? These are the points on which after having heard the speeches, I have not been able to make

up my mind. I will prefer the House to consider the amendment with regard to the appointment of a committee to consider these things. If a favourable reply is given by the Honourable Member, I will advise my Party Members to vote accordingly. If no reply comes, I shall record my vote as I consider best.

Mr. M. A. Jinnah: Sir, I certainly admire the incorrigible optimism of my Honourable friend, Mr. Aney. I think we have to understand the position in its proper bearings in this House. The first thing I would deal with is the constitutional position. What is the constitutional position of this House with regard to this Agreement? The Honourable Members will remember that when I had the honour of moving the amendment to terminate the Ottawa Agreement now three years ago I pointed out that this House was fully responsible and the Government was responsible to this House only for a number of hours until the Division was taken. After that, we do not know where the Government would be exactly. Anyhow after the termination notice, the Government started negotiating with the British Government.

Before I proceed further, I wish to record my sense of appreciation—and if I may say so, coming from my Party—to the Honourable Sir Muhammad Zafullah Khan, who is a Muslim and it may be said that I am flattering my own son. But I must endorse fully the congratulations that he has received from various quarters. There is not the slightest doubt that he has done his very best. But while we appreciate that, let us understand, even as Members of the Government or the Government of India as a whole, what is the constitutional position in which the Government of India stands. Because the consideration of this agreement entirely depends upon with what premises you start. If you start with the premise that we are a sovereign Government or even a dominion Government,—I use the word "Dominion" in its larger sense than it used to be understood before the Statute of Westminster,—then I can understand your starting with this premise. India, a sovereign country; India, a full fledged dominion. I have no doubt that the Honourable Member, if he had been placed in that position, would have secured a better agreement than the present one. If you start with that premise, then you might say that this Agreement is not satisfactory, but you might as well say that this present constitution and the Government are not satisfactory. But it is there, it is staring us in the face and ruling the country. Then, from which premise do you start? If you start with the premise that, situated as we are, with all the difficulties that we are facing, on the whole, is this Agreement such that you should accept it or reject it? In an agreement or bargain like this, nobody can get 16 annas even if you were an independent sovereign country. Therefore, it depends entirely on how you approach this Agreement.

Now, Sir, constitutionally, to proceed further to deal with it, it is a very peculiar position in which we are placed. The Government of India have already notified that the Ottawa Agreement will come to an end by the 31st of this month. What is to take its place? They say, this will take its place, on the first April. Therefore, I want Honourable Members to understand that so far as this Agreement is concerned it is a "*fait accompli*". And yesterday in the course of the debate a question was put to the Honourable the Commerce Member, as to whether he would

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abide by the verdict of this House. His answer was very clear,—it will receive all consideration. That is to say, if we accept this Agreement, well and good; if we do not, it comes into force on the first of April. And, that is what clause 16 of the Agreement says:

“Pending the coming into force of the present Agreement, the two Governments will apply its provisions as far as may be possible.”

Therefore, it is a “*fait accompli*” and we are holding a post mortem examination. You may shed tears, you may rejoice, or do whatever you like. If I am right to this extent, what do Government want now, so far as my Party is concerned? What do you want us to do? My Party has got to consider the constitutional position and the political aspect of it. Next, we have to consider what Muslim interests are involved so far as this agreement goes. I do not thereby mean that I should be indifferent or hostile to Indian interests, generally, but I think,—to quote the words of the Leader of the Opposition,—we owe it to our constituencies to consider it from their point of view also. My Honourable friend said that he cannot forget the interests of the millowners of Ahmedabad.

Mr. Bhulabhai J. Desai: And the cotton growers of Gujarat.

Mr. M. A. Jinnah: Quite right; that is his constituency, and he has got to take their interests into account. Of course, it does not follow that for the sake of the millowners or even for the sake of the cotton growers of Gujarat the rest of the interests of India are to be sacrificed. Certainly not. But, where is the interest of Muslims in this business, and how are we affected? That is one of the important factors that we have to take into consideration. Taking that into consideration, I find that to try and discover Muslim interests in this business is like searching for a needle in a haystack. The only Muslim name mentioned by anybody was that of Mr. Jamal Muhammad from Madras about hides and skins. Of course, in various other matters, they may be small interests. Here I beg to differ from my Honourable friend, Sir Abdul Halim Ghuznavi. I think he was under a misapprehension; jute has nothing to do with the question; it is only manufactured jute.

Sir Abdur Halim Ghuznavi (Dacca cum Mymensingh: Muhammadan Rural): And raw jute too.

Mr. M. A. Jinnah: No, that has nothing to do with it. I know it is very misleading and difficult, and you sometimes fall into the trap. But it is not raw jute, it is only manufactured jute with regard to which preference is given. No doubt, that is to a certain extent against the interests of Dundee, and I appreciate that. I do not say it is not advantageous. But what is the Muslim interest here? As far as I have been able to gather, Muslim interest is only on two main items, though there may be other small items. One is raw cotton which is the concern of the Punjab and Sindh and the other item is hides and skins. These are the two main things.

Sir Syed Raza Ali: And woollen carpets and rugs too.

Mr. M. A. Jinnah: No. In woollen carpets and rugs the Muslims are only wage-earners and not companies or manufacturers. It is very easy to be misled. That being so, I want to examine it from that point of view. Both Sir Cowasji Jehangir and Sir Homi Mody said that this was the last straw on the camel's back, namely, that you put a revenue duty on cotton a few days ago by the Finance Bill. Now, what is the last straw on my back?

What have you done for the cotton "*quid pro quo*" for the advantages conferred on Lancashire? It is much worse than the position we occupied without this Agreement. Hereafter Lancashire need not take more than 400,000 or 450,000 bales at the most. Whereas without this agreement offtake of cotton is nearly 500,000. That you will find from the official document, and I will read from the memorandum attached to this Agreement so that there may be no room for misunderstanding. This is what Government themselves say:

"Thirdly, the scale of raw cotton exports prescribed under this Article takes full account of the recent increase in United Kingdom purchases. In the three years ending 1937-38, exports to the United Kingdom attained an average of 487,000 bales per annum. Under the Agreement the concession of reduced duty is liable to be withdrawn if in the first two cotton years exports amount to less than 400,000 bales"—*(So the sanction does not come in unless less than 400,000 bales a year are taken)*—"or if in any subsequent cotton year the total quantity of exports is less than 450,000 bales. The scale of raw cotton exports which regulates the duty chargeable on United Kingdom cotton piecegoods has been fixed at a much higher level and every inducement has been placed in the way of United Kingdom importers to increase their purchases to a figure exceeding 750,000 bales. These provisions are calculated to improve the demand for Indian raw cotton in the United Kingdom and are therefore of great potential value to India's cotton growers."

Potential value! When I corrected or rather interrupted my friend, Mr. James, when he spoke of a guarantee, I asked him where was the guarantee. Is it not rather abusing the English language to say that this is a guarantee? What is the guarantee, and where is the guarantee? Very often we have agreements in Courts that if you do not do this or that, you have to pay so much of damages. What is the damage here? Increase of duty. Who would be damaged because Lancashire failed or committed default? Who suffers? The cotton grower. Who gets the benefit? The millowner. That is the compensation for the poor cotton grower. I have come to the conclusion that the poor cotton growers' interests have been treated with criminal negligence by the Government of India. I am not speaking only because a large body of them are Muslims: there are large bodies of Hindu cotton growers and others. Why do I say that? Because they have not got any organisation, because they have not got any one who can effectively screech for them, morning, evening and night. That is the position with regard to cotton. It has been pointed out—just imagine—that India grows 55 lakhs bales of cotton. What are they getting from Lancashire to relieve the overflow of cotton? Nothing. Less than what is normally being taken by them. The average for three years is shown as 487,000 bales: if the average of two years is taken, it comes to more than 500,000 bales. What are we getting under this Agreement? Potential value—Lancashire will take 400,000 or 450,000 bales. I know that some Muslims in the Punjab are under the impression that they have got a gold mine in this Agreement. Let me tell the Muslims of the Punjab and all my Muslim friends here, it is nothing but dust. It is to throw dust in their eyes for vote-catching purposes by pretending that they have come to the rescue of the agriculturists. We

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may be thought to be unsophisticated, untutored and illiterate; and although we are not all illiterate here, although we are not all untutored and we are not all sophisticated, some of us are able at least to understand the political language of the Government when we are told that there is some big concession being made to us. There is no concession. On the contrary, we are nowhere, and certainly no better off than we were before this Agreement which is an eye wash, and even the modest claim of cotton growers to guarantee offtake of at least 7½ lakhs of bales is turned down.

Now, Sir, about hides and skins. The total trade of India in hides and skins has increased lately, but the main trade of hides and skins has been diverted to England, and I am glad that my friend, Mr. Nauman, explained that. This very stuff that goes to England, on which they give you preference, is distributed by England to other countries by means of credit facilities and so on. It is not your preference, because, you see the total is more or less the same, and it is diverted from France and from Germany and other places. What is the result, practically nil? Therefore, I do not know how you can say that anything is being done for this trade in which the Muslims are mostly interested. I say, the Mussalman is nowhere in this picture, so far as this Agreement is concerned.

Then, what do the Government want me to do now? What does my friend, Mr. James, want me to do? Mr. James paid me very high compliments in terms of a film star. What does he want me to do now? What did he want me to do last time? Has he read his own speech? He threatened me with dire consequences if we carried that Resolution terminating the agreement. Does he remember it?

He said:

"Japan is ready with its knife: Great Britain would only be too glad to put an end to this: as she does not derive any benefit you will run the risk and the danger of losing even what you have got under Ottawa."

Has he read his speech? I can only compare him with Marlene Deitrich; he can only play a tragic part, and that is a tragedy. I did not follow him—I was not frightened

Sir H. P. Mody: Mae West!

Mr. M. A. Jinnah: It unnerved me for one moment but somehow I said "No, I think I am right". Today what song is he singing? He says this is an enormous improvement on Ottawa. I was right, he was wrong

Mr. F. E. James: Now, I am right, and you are wrong.

Mr. M. A. Jinnah: I do not believe in your lead. That is the trouble. He says "Support this agreement". Why? It is a *fait accompli*. What do the Government want me to do? Today you are courting me; Government are also beckoning me. Cinderella is to be taken to the ball to have a round with the prince and promptly to be relegated to the kitchen. Greta Garbo is not going to be Cinderella: she is going to be a star artist. (Interruption.) Wait. You cannot go on like that and ask me to walk into your parlour, when it suits you. I say, this Agreement is a *fait accompli*. It has to come into force on the 1st of April. Whatever we

may do, Government say: Cannot we find some scape-goat, somebody who could be made a tool of, so that we can say to this world that the House has accepted the Agreement? I refuse, Sir, to play that role. As I have described to you, that 95 per cent. of the interest in this Agreement is that of the Hindu capitalists and non-Muslim capitalists. I do not grudge them. If they are right, let them flourish, and make more business. But this is a fight between British capitalists and mainly Hindu capitalists. They are represented by these Congress Benches. They are hand in glove with them. The Congress are speaking on their behalf. Why am I to tell them you must accept it although it depends how you look at this Agreement, from what point of view, with what basis they should start? In one spirit you might say, 'Well, after all, if you resist, if you persist, you might lose the bargain', and a less adventurous spirit might say,—'All right, I agree, this Agreement is certainly miles and tons better than Ottawa. But the Government have already made a gift to them by their attitude which is clear. Our benign Government, our parental Government, have announced that this Agreement is in the interest of India, which means mainly the non-Muslims, the Hindus practically, and the Government tell them that they must accept it, but they say "We don't want it". Why should I go out of my way, get their curses and give them something which is good? They don't want it. But if it is not for their good they on the contrary say, the British have swindled them in this bargain. If it is a swindle, and that British have taken advantage of them, and so do our friends, the millowners, say,—you have swindled them. Then, may I know why I should support this swindle? What have you done for me? Therefore, Sir, it seems to me that if our Hindu friends have the courage, and they are willing to venture, they are willing to risk, why should we come in the way. Although in this case there is no risk, because, by now they know for certainty that this Agreement is going to be put into operation; so they are on the safe side if they reject it. It is the poor cotton growers who are going to be done in the eye, because provisions re offtake of cotton are a camouflage. Well, I wish that the Government had decided that they will abide by the verdict of this House. Then they would have thrown the real responsibility on those who are interested to the extent of 95 per cent. in making up their mind and taking the consequences, and they would not have been obliged to ask me to vote and support them. Therefore, Sir, the position of the Muslim League in this matter is this. We do consider that this Agreement is a very great advance on the Ottawa Agreement. Our interest being infinitesimal,—and what little interest we have has been sacrificed absolutely,—we do not wish to be a party to force upon those who have 95 per cent. interest in the Agreement which they say they don't want. And why are we to help Government, because, in my opinion, you are equally bad so far as we are concerned? Therefore, Sir, the position of my Party is,—"Well, settle the matter between yourselves, and I wish you luck". We propose to remain neutral.

The Honourable Sir Muhammad Zafrullah Khan: Sir, I have a variety of criticism of the Trade Agreement to meet in my reply. It is not the number of points to which criticism has been directed that bewilders me, it is the contradictions involved, sometimes in the speeches of the same Honourable Members, more often between the points of view of the same Parties in the House that are so bewildering. It is difficult to meet criticism of that kind. Let me give one or two instances. One point of

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view very forcibly expressed by the Honourable the Leader of the Opposition was, these preferences that we enjoy in the United Kingdom are utterly useless, they confer no benefit upon India which India would not enjoy in the absence of an agreement with the United Kingdom. The Article relating to the offtake of raw cotton from India is equally useless. The United Kingdom purchases and will continue to purchase cotton from India in the same quantities because it must have it, not because it has given any undertaking with regard to it. During the last six years they have been taking large quantities of cotton without any Agreement, why should we assume that it was necessary to make an agreement to enable them to continue to take those large quantities or slightly higher quantities as this Agreement provides? He forgot that there has been an agreement during the last six years

Mr. Bhulabhai J. Desai: You call that an agreement?

The Honourable Sir Muhammad Zafrullah Khan: Yes, and it was to this effect that the United Kingdom Government would co-
 5 P.M. operate in all practicable steps to improve the consumption of Indian raw cotton in the United Kingdom. In pursuance of that undertaking, they set up the Lancashire Indian Cotton Committee. Some Honourable Members may allege that there was no agreement. It is an undertaking, and all through the debate the assumption has been that when an undertaking of that kind is given, an undertaking which you cannot enforce by means of an action in the courts, nobody need observe its provisions. But the fact is that that undertaking has been observed and it has been observed in a manner which has drawn from even the non-official advisers the admission that it has been honoured to the utmost degree. That was the agreement. As Sir Bryce Burt pointed out, that undertaking continues to be a part of the agreement that we have been discussing yesterday and today. The minimum quantities that are mentioned in this agreement are a further support for the cotton growers of India. that is to say, Lancashire says, we shall continue to do what we have been doing in the last six years to promote the consumption of raw cotton in the United Kingdom. We shall also take all practicable steps to improve the percentage of short staple cotton in our total takings, and in addition, we undertake that we shall take these minimum quantities. But assume that the observations of the Honourable the Leader of the Opposition could be taken at their face value. The preferences enjoyed are useless, the cotton Article confers no benefit. Then, what exactly did he mean and what did his Party mean in insisting, when this matter was previously debated in this House, that India should enter into a Trade Agreement with the United Kingdom, or, for the matter of that, with any other country?

Mr. Bhulabhai J. Desai: It is a funny argument.

The Honourable Sir Muhammad Zafrullah Khan: Therefore, if that line of argument is valid then so far as the United Kingdom and India are concerned, Honourable Members should have realised, when the last debate took place, that there was no scope for a Trade Agreement and

there should have been a clear decision that no trade agreement of any kind, whatsoever, was wanted with the United Kingdom. That was one point of view expressed.

Another point of view expressed by Members of the same Party was this. You have sacrificed such valuable concessions which we possessed under Ottawa that we shall not look at the new Trade Agreement. One Honourable Member said, the unofficial advisers' advice not having been accepted with regard to certain matters, we shall not allow this nonsense of a Trade Agreement with the United Kingdom. The same Honourable Member, when speaking yesterday, recapitulated in what respects the unofficial advisers' advice had not been accepted, and he started by saying, why did you give up the preference on wheat or agree to a modification of the preference on rice? Now, Sir, either these two preferences were of value or they were not of value. If they were not of any value, then their surrender involves no sacrifice whatsoever. If they were really of such great value that the merits of the new Trade Agreement are destroyed because of these two preferences one has been given up and the other has been modified, how much greater value must be attached to the much larger and more valuable range of preferences that have been retained? May I, in this connection, draw the Honourable Member's attention to what he said with regard to the value of the wheat preference when this matter was under discussion on the previous occasion. When he spoke on the Ottawa Debate in 1936 he stated:

"I will simply run through them (*that is to say, the preferences*) very quickly and point out that in the case of wheat this preference is not necessary."

An Honourable Member: Who is this Honourable Member?

The Honourable Sir Muhammad Zafrullah Khan: Mr. Satyamurti. When this preference is given up, it suddenly assumes a most disproportionate importance in the mind of that Honourable Member. Criticising the present agreement, he says it is of no use, because the wheat preference has been given up! What did the unofficial advisers themselves say on the wheat preference? They said in their report of the 10th October, 1936, at page 38:

"Regarding wheat our present exports as compared with its production are very small and we have no indication of the exportable surplus of this commodity, but we do not think that we can obtain any large market in the United Kingdom in view of the preference enjoyed by other Empire countries".

According to them also this preference was of no value. When they had become certain that in the much larger interests of the United Kingdom and the United States of America agreement, India had agreed to give up the wheat preference, which, in the opinion of our experts, was not likely to be of much value to India, during the currency of this agreement and had also agreed to a modification of the rice preference from a penny a pound to 2-3d. a pound which did not affect India in the least, they made the complete retention of these preferences a condition precedent of the Agreement. What was the value of the rice preference over which Mr. Satyamurti waxed so eloquent? Our total exports of rice to the United Kingdom are 6,000 tons a year, and we are told that a preference on that is so valuable that any modification of it must lead to an outright condemnation of any agreement at which we may have arrived! That is the spirit in which an examination of the provisions of this Trade Agreement has been carried out. As I have said.

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it is rather bewildering to try to meet criticism which is directed at one moment towards showing that all these preferences and rights of free entry and other concessions comprising 82 per cent. of our total exports to the United Kingdom are of no value whatever, and, at the next moment, towards demonstrating that a modification of a preference in respect of 6,000 tons of rice renders the rest of the agreement worthless.

Sir, in the matter of rice, we are an importing country and not an exporting country and the House will not have forgotten the vehemence with which I was urged, only a few days ago, to put on a duty upon imports of rice from Burma in order to safeguard the rice growers of India. This is the kind of criticism which has been brought to bear upon the provisions of this agreement for the purpose of determining whether the agreement serves any benefit to India or not. One attitude I can understand, though I do not agree with it. Certain Honourable Members have assumed that this cannot be a good agreement because it has been arrived at between two countries one of which stands in a relationship of political subordination to the other. If that is the principle on which these matters are to be settled we had better state clearly that we do not desire any kind of trade agreement or arrangement with the United Kingdom.

Now, Sir, to come to the specific points that have been raised by various Honourable Members criticising the various provisions, I shall try to meet them as far as it may be possible for me to do so. Following up the criticism that the advice of the unofficial advisers has not been followed, the next article that we come to is linseed. With regard to linseed, I gave certain figures yesterday. The unofficial advisers say, our recommendations with regard to linseed have not been accepted; therefore, Mr. Satyamurti says, this agreement is no good. I explained yesterday with regard to linseed that the position, when we started negotiations, was that a certain amount of drawback was being granted by the United Kingdom, the utmost extent of the operation of which was 15 per cent. of the total imports. I explained, and I need not cover the ground over again, that that has been modified and now the preference will be effective not only over 85 per cent. of the field but over more than 92 per cent. and I claim that that is a valuable concession.

The actual position with regard to our exports of linseed is this. These are figures relating to a period when the drawback was in full operation. In 1936, we exported to the United Kingdom 222 thousand tons of linseed out of their total imports of 278 thousand tons. In 1937, we exported to them 192 thousand tons out of their total import of 286 thousand tons. In 1938, we exported to them 228 thousand tons out of a total import of 276 thousand tons and our exports to the United Kingdom in 1937-38 were worth 2½ crores out of a total of 3½ crores. In 1938-39, they have already passed the three crores mark in ten months. If it is, nevertheless, contended that something further should have been done with regard to linseed, all that I can say is that Honourable Members who make themselves responsible for criticism like that could not have applied their own minds to the figures that have been placed before them and the modifications that have been obtained. I am aware that in the report of the Federation of Indian Chambers of Commerce it does appear that the linseed preference has been nullified but that together with the greater part of their

criticism is entirely incorrect. As a matter of fact, as I pointed out in my opening speech, that report contains not only misleading but also incorrect statements about this Agreement.

One of them relates to chrome leather which I explained in my opening speech. I was sorry to observe that even Mr. Aikman had fallen into the error of assuming that the preference in respect of chrome leather had in any way been modified to the detriment of India. He said that though this preference had been modified, it was not a matter worth worrying about but, as a matter of fact, it has not been modified. The position is, that we continue to enjoy and will continue to enjoy, under this Agreement, the full benefit of whatever duty the United Kingdom imposes upon imports of chrome leather from foreign countries. All that we have done, and I claim that it is an advance upon the present position, is this. It is open to the United Kingdom under the present arrangements to modify the duty and, consequently, the actual preference that is being enjoyed by India—they being bound to give no more than free entry under the Ottawa Agreement—by reducing the duty to whatever extent they choose according to their own needs. The new arrangement is that a preference to the extent of 15 per cent. has been scheduled. They are now under an obligation during the currency of this Agreement not to reduce the duty below 15 per cent. but the amount of the actual duty at present 30 per cent. will be the extent of the preference enjoyed by us.

Sir, the next item is coffee. I frankly admit that there has been no charge there. It was felt in certain quarters that an increase in the preference that we enjoy in respect of coffee might help coffee growers in India. The present preference is a penny a pound. The suggestion was that if it is raised to 2d. per pound it might help the Indian coffee grower but the position is that the keenest competition that Indian coffee experiences is from coffee grown in Kenya, which would be equally entitled to any increase in the preference which may be given to India and, therefore, an increase in the preference would not in any way affect the competition from Kenya. So the position in respect of coffee continues to be the same as it was under the Ottawa Trade Agreement and we claim no advance in that respect.

Then, we have been asked what have we done about tobacco? Honourable Members will have the figures in their minds. Flue-cured Indian Virginia is a commodity the export of which to the United Kingdom is going up by leaps and bounds. Last year our total exports to the United Kingdom amounted to 75 lakhs. In the first six months of the current year, they amounted to one crore and 25 lakhs. If Honourable Members still complain that nothing is being done with regard to tobacco, I am afraid nothing can satisfy them. On the one hand it was said "You have done nothing for tobacco"; on the other side it was said "true, there is a large increase in the exports of tobacco to the United Kingdom, but they must buy our tobacco, because it is comparatively cheap". Then, why were they not taking it before in such quantities? The real position with regard to all these matters is this. Quality for quality, the preferences enjoyed by these articles are certainly of value, though it may be difficult to assess the exact value in respect of each article.

Take tea which is supposed to be the most securely safeguarded product of India under the international tea control scheme. We have a preference in the United Kingdom of 2d. per pound. That means that quality for

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quality, the profit to the Indian tea grower is 2*d.* per pound more than to the foreign grower, because the foreign grower pays a duty of 8*d.* per pound on his tea and the Indian grower pays only a duty of 6*d.* per pound. Suppose the preference goes. The Indian tea grower may, he probably will, be able to sell his product on account of the control scheme but he certainly will lose the extra profit of 2*d.* per pound which he now pockets on account of the preference.

Now, Sir, let us examine the position of tobacco. The preference on tobacco, I do not know whether Honourable Members have fully appreciated it, is 2*s.* ¼*d.* per pound, that is, to give it in Indian currency and Indian measures Rs. 3 per seer. Quality for quality, as against foreign tobacco, the Indian grower makes an extra profit of Rs. 8 per seer as against the foreign grower. Look at it from another point of view. If we lost this preference as against foreign growers, we would lose this extra profit; but Rhodesia would still have this preference while India would lose it, and India would then lose the market more rapidly than she has gained it in the United Kingdom.

Then, it was suggested that the yardage figures suggested by the unofficial advisers were not accepted and it was pointed out that the average of the last five years of yardage figures, imported from Lancashire, is 375 million yards. Mr. Aney referred to the yardage figures mentioned in the report of the unofficial advisers. I admit that some confidential matters have been omitted from these reports and I have no right to rely on confidential information. The figures given in Simla to the Lancashire Delegation were 200 million, 300 million and 400 million yards; but we must also remember that the maximum quantity of cotton Lancashire were then willing to give an undertaking about was 400,000 bales as against an average of 550 thousand bales under the Agreement. Honourable Members have been at pains to point out that the yardage figures have been raised from 200, 300 and 400 millions to 350, 425 and 500 millions, but everybody has ignored the fact that the raw cotton minimum undertaking has been raised from 400 thousand bales to 550 thousand bales on the average of the three years to which the Agreement relates. Then, it was argued, that the average offtake of Indian raw cotton by the United Kingdom during the six Ottawa years was 415 thousand bales odd and that the present Agreement represents no substantial advance on that figure. This average represents the average of the actual offtake, that is to say, the average of the maximum figures in those years whereas the average of 550 thousand bales provided for in the new Agreement is the average of the minimum offtakes. Surely, an advance of 135 thousand bales per year in the minimum guaranteed offtake as against the average of the actual offtakes in the last six years is a substantial benefit secured for the Indian cotton grower.

Another objection is that no reciprocal arrangements concerning shipping and insurance and banking companies have been arrived at in this Agreement. I explained in my opening speech yesterday that though these matters are mentioned in the first and the last report of the unofficial advisers, they had fully appreciated that these matters could not form part of an ordinary trade agreement between the two countries and, therefore, they did not, at any stage, actively press these matters.

I had said yesterday in the course of my speech that in recent years our balance of trade with the United Kingdom, which between 1923-24 and 1929-30 had been adverse to the extent of between 30 and 45 crores, had during the last three or four years been converted into a favourable balance of from ten to eighteen crores. Sir, I was astounded to hear from Mr. Satyamurti that in previous years our favourable balance with the United Kingdom used to be very much bigger. I do not know where Mr. Satyamurti has taken his figures from. It is true that we have Rs. 40 crores of foreign charges to meet but does that make any difference to the situation? When we had an adverse balance of 40 crores we had to pay this amount in addition to a foreign charge of 45 crores, so that the total payments that we had to make amounted to 85 crores. The adverse balance has now disappeared and, in its place, we have a favourable balance and it is not the slightest use trying to minimise the significance of this improvement in our trade position *vis-a-vis* the United Kingdom. Instead of having to find 85 crores to discharge our obligation to the United Kingdom, we have now only to find 28 crores. That is an improvement in our export trade with the United Kingdom amounting to 57 crores.

Several Honourable Members compared the new Agreement with our Agreement with Japan to the disadvantage of the former, ignoring the fact that the Japanese undertaking with regard to our raw cotton is not in return merely for the piecegoods quota. Their imports into this country enjoy the most-favoured-nation treatment and some of them are in severe competition with our own industries, whereas, our exports to Japan consist chiefly of raw cotton only. It is this privilege of most-favoured-nation treatment which Japan enjoys which is an important part of the *quid pro quo* for the offtake of Indian raw cotton by Japan. In this connection, there is another consideration which Honourable Members must not overlook. The position of Japan and Lancashire in the matter of piecegoods is not at all comparable. If imports of piecegoods from Japan were not severely restricted, they would flood our market and would wipe our industry out of existence. On the other hand if Lancashire has to recover any portion, however small, of its lost market in India, it has to be given facilities to do so.

Mr. Satyamurti and Mr. Aney have asked me whether there is any chance of a modification of the terms of this Agreement. In this connection I will draw the attention of Honourable Members to the provision of Article 15 of the Agreement, which enables either Government to raise the question of modification of the provisions of the Agreement with the other Government. Whether it would or would not be possible to secure any particular modification must depend upon the nature of the modification. It would obviously be a matter for negotiation but the provision is there. I could mention certain kinds of modifications which it would be comparatively easy to secure. In my opinion those modifications would not be improvements from the point of view of India but I may mention them as illustrations. It has, for instance, been alleged by the Federation of Indian Chambers of Commerce and it has also been alleged by some Honourable Members that the newly scheduled preferences, in respect of chrome leather, etc., have placed these articles in a worse position than that which they occupied under the Ottawa Agreement and that our trade in these articles is likely to suffer. If Honourable Members really think

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that that is so, though I have explained that this is a complete misunderstanding or mis-statement of the position, I undertake to have the position under the Ottawa Agreement restored. Again, it has been said that though the raw cotton minimum figures mentioned in the Agreement are 500, 550 and 600 thousand bales, the real guarantee operates only if the offtake figures fall below 400 thousand bales in the first or second year and below 450 thousand bales in the third year. Here, again, my own view is that the arrangement contained in the Agreement is far more likely to stimulate the offtake of our raw cotton by the United Kingdom inasmuch as this offtake is linked with the yardage figures of imports of piecegoods, yet I am prepared to accept the view that Honourable Members take of this matter and I have every hope that His Majesty's Government could be persuaded to agree that in place of the arrangement contained in the Agreement, we should substitute an arrangement whereby, if the offtake falls substantially below the figures mentioned in the Agreement, we should have the right to denounce the Agreement.

One point raised by some Honourable Members was: how will the price level be affected by an arrangement as a result of which Lancashire would be able to increase the imports of its piecegoods into India? On this, I need only remind the House of the extract that the Honourable the Finance Member read out the other day from the report of the Bombay Textile Labour Inquiry Committee in which it was pointed out that where the imports of an article from a particular country are restricted and a maximum or a quota operates, it is not in the interests of that country to depress the prices unduly. And for an obvious reason. The object of underselling is to capture an increasing share of the market, but where a quota has been imposed or a maximum has been fixed, the exporting interests must make all their profits out of the quantity fixed and it is not to their interest to depress the prices unduly.

Then, Sir, Seth Govind Das said that in respect of jute manufactures we have a monopoly and the preference is of no use to us. I am afraid he was labouring under some misapprehension. He may have had raw jute in his mind but the privilege of free entry is enjoyed by jute manufactures and I will try to explain to him what the value of it is. Jute manufactures compete in the United Kingdom with Dundee manufactures on an equal footing and they have steadily pushed Dundee almost out of business at least that was so till recently when war preparation orders began to come in. The pressure upon Dundee was so great, at one time, that it was made a condition on behalf of the United Kingdom that there would be no agreement between the two countries unless India undertook to restrict in some manner its exports of jute manufactures into the United Kingdom. With regard to that, I read out to Honourable Members yesterday the views of Mr. Dingle Foot, M. P. for Dundee.

Babu Baijnath Bajoria (Marwari Association: Indian Commerce): Is preference also given on jute cloth?

The Honourable Sir Muhammad Zafrullah Khan: Yes, certainly.

Sir Cowasji Jehangir, in the course of his speech, challenged me to cite a single instance where, under an agreement, one country has offered

facilities to the manufactures of another country to compete with its own manufactures. Sir, it is not necessary to make a search for provisions of this kind in other agreements. This very Agreement provides instances of the kind asked for by Sir Cowasji Jehangir. Our jute manufactures, tanned leather and woollen rugs and carpets, to cite only three instances, compete as a result of the privilege of free entry with United Kingdom manufactures and in each instance they have secured a larger share of the United Kingdom market at the expense of United Kingdom manufactures. As a matter of fact, our large exports of jute manufactures to the United Kingdom have brought Dundee, which is dependent entirely on the jute manufactures industry, almost to the verge of ruin. I hope, Sir, I have met Sir Cowasji Jehangir's challenge.

Mr. Manu Subedar, when dealing with the question whether our commodities which enjoy preferences or the right of free entry in the United Kingdom have derived any benefit from the Agreement, advanced a novel criticism. He said this point was developed on behalf of Government by Sir Bryce Burt, but then Sir Bryce Burt is a foreigner and that was all the reply that the Honourable Members vouchsafed to what I had said and what Sir Bryce Burt had said on this aspect of the Agreement. The Honourable the Leader of the Opposition said Sir Bryce Burt may know a great deal about agriculture, but, surely, he cannot advise us with regard to what is or what is not in the interests of India: that is the business of an economist.

Sir, we have had a good deal of economic advice thrown at our heads during the course of this debate and I may refer in this connection to a list of figures supplied to me by Sardar Sant Singh as the result of some extraordinary calculations he placed before the House yesterday. It was a novel point of view that he brought to bear upon the terms of this Agreement. He said: "Why are you bothering yourselves about quantities and prices. I will give you a simple solution. The real test is this: How much profit would the United Kingdom make out of an export of 350 million yards of piecegoods to India and how much profit would the Indian cultivator make out of the export of 500,000 bales of cotton to the United Kingdom?" I pricked up my ears to listen to his solution because, I frankly admit, I had not carried out any such calculations myself. I was unable to follow his calculations yesterday but he was kind enough to supply me with a set of figures this morning. Briefly put, his calculations are these. He says four yards of cloth can be manufactured out of one pound of cotton. He says further that the price of cloth in India may be taken at three annas per yard. So, for four yards the price will come to 12 annas. Put that on one side. Now, he says, let us see what it costs Lancashire to manufacture these four yards of cloth, and then we will multiply the resultant profit by 350 millions and we will then be in a position to know how much profit they will make. Now, what is the cost? Their cost would be for one pound of cotton four annas; labour three annas, and another three annas for interest on capital, overhead charges, depreciation, etc. The total of all these items comes to ten annas. Therefore, the profit on four yards is two annas. If you multiply it by 350 millions, the total profit would come to Rs. 100 lakhs odd. Of course, I assume no responsibility, whatsoever, for these figures. As I have said, they are not mine and I do not know where this new Economic Adviser has taken them from. Now, in the first place, there has been no allowance made for the freight paid upon cotton carried from India to the

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United Kingdom and the freight paid upon the piecegoods brought from the United Kingdom to India. It is a small item, I admit

Sardar Sant Singh (West Punjab: Sikh): The three annas that I have allowed for interest on capital, freight, insurance and other overhead charges is a very generous allowance.

The Honourable Sir Muhammad Zafrullah Khan: I accept the amendment. Now, let us take this a little further. Having spent ten annas in manufacturing four yards, they will get twelve annas for it. Does the Honourable Member know how much duty will have to be paid? (Interruptions.) He goes on saying that everything was included in the three annas, which is absurd. How much does the Honourable Member think the duty comes to?

Sardar Sant Singh: 20 per cent. on ten annas; it comes to two annas.

The Honourable Sir Muhammad Zafrullah Khan: Well, that would wipe out the whole of your profit. So much for these figures, which the Honourable Member himself is not now prepared to adhere to. As a matter of fact he chose ten annas as an arbitrary figure because it suited him as he wanted to argue that there was a profit of two annas on four yards. His attitude now is that though certain items are not included in his calculation of costs, they must be deemed to have been included as he wants, in any case, to arrive at the rate of profit which he had himself fixed. But if one is to accept that position, one must conclude that the Lancashire industry is making a profit of two annas on every ten annas of costs, that is to say, a profit of 20 per cent. on their imports into India. Then how is it, Sir, that an industry making such enormous profits is steadily losing ground in India? Surely, it would be the easiest thing in the world for them to reduce their profits to ten per cent. or even to five per cent. and to increase their market in India enormously. But if it is true that the Lancashire industry is making profits at the rate of 20 per cent., then what profits is our indigenous protected industry making, which is competing so successfully with Lancashire? Surely, the rate could not be less than 25 per cent.?

Sir H. P. Mody: I would be willing to hand over ten to them.

The Honourable Sir Muhammad Zafrullah Khan: Surely, Sir, no value could be attached to any criticism based upon such absurd figures. On the other hand Sardar Sant Singh has worked out a profit of Rs. 31,25,000 for the cotton growers on an offtake of 500 thousand bales of cotton.

Sardar Sant Singh: This is from your own reports.

The Honourable Sir Muhammad Zafrullah Khan: I accept that for the purpose of this comparison. Now, Sir, if the profit calculated upon the Lancashire imports were reduced to five per cent. which would be a generous scale, the Honourable Member's figure of 109 lakhs would be reduced to 27 lakhs odd, so that Lancashire would be making a profit of 27 lakhs on an import of 350 million yards of piecegoods and the Indian

cultivator would make a profit of 31½ lakhs on an export of 500 thousand bales. I hope Sardar Sant Singh will now be satisfied that the Indian cultivator would not lose on this bargain.

Seth Govind Das advanced another novel theory. He said, it is no use trying to argue that the preferences enjoyed by the United Kingdom, in this country, had been reduced from 1,875 lakhs to 7,75 lakhs, because there is no merit in that reduction. He said the United Kingdom have given up these preferences as they were of no use to them whatever. Sir, if these preferences were of no value to the United Kingdom then why did Honourable Members condemn them so vehemently when they discussed the Ottawa Trade Agreement in 1936 and why do they object today that preferences worth 7,75 lakhs have been retained as against three crores suggested by the unofficial advisers. If these preferences are of no value, whatsoever, to the United Kingdom, we have given away nothing on that score.

Mr. Bhulabhai J. Desai: Motor cars.

The Honourable Sir Muhammad Zafrullah Khan: It is said that the motor car preference is of value though the other preferences may not be of any value.

Mr. Bhulabhai J. Desai: I was only telling you what there is in fact.

The Honourable Sir Muhammad Zafrullah Khan: I was for the moment dealing with the argument of Seth Govind Das that the preferences given up by the United Kingdom were of no value to them. But let us assume, as is suggested by the Honourable the Leader of the Opposition, that the preference on motor cars, which has been retained, is of great value to the United Kingdom but that the preferences that have been given up were of no value. Would he be prepared to agree that the Board of Trade should be persuaded to substitute, for instance, hardware in place of motor cars? In my opinion that modification would not be an improvement but if Honourable Members feel that it would be an improvement, I am almost certain that it could be secured. After all it is quite easy for a lawyer to criticise anything and try to show that it is of no value whatever, but we are not in a court of law and our views with regard to a matter like this must not be altogether divorced from a sense of reality and a sense of proportion. I assure the House that the list of preferences, to be retained by the United Kingdom, was carefully scrutinised and every article, a preference on which was likely to affect prejudicially either the consumer or the small industries in India, was excluded from the list. I am quite certain that a modification of the list by substituting items which have been excluded for items which have been included, value for value, would make the list very much worse from the point of view of India.

Mr. Manu Subedar put a personal question to me and then hastily added that he did not expect a reply. One does not like to import considerations of a personal nature into the discussion of these matters, but as the Honourable Member has put the question, I am afraid I must give him a reply. He began by complimenting me on my patriotism and my critical judgment which he said he had discovered that I possessed when he read the account of my activities in the Round Table

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Conferences and he went on to assure me that in his opinion I still possessed these faculties outside the House, but he expressed a doubt whether in supporting the Trade Agreement I was giving expression to my personal conviction or merely putting forward the official case. I am sure my reply will not, in the slightest degree, affect the Honourable Member's own view of the merits of the Agreement but I do assure him that if my judgment and my conscience had not been satisfied that this Agreement was for India's benefit, I would certainly not have made myself responsible for it.

Then, Sir, the same Honourable Member was very indignant over the enhancement of the raw cotton duty which he described as a very serious burden upon the textile industry. I will not pretend that it makes no difference to the industry but I was surprised that the objection should have come from Mr. Manu Subedar. During the last November Session several Members of his Party and others including our new Economic Adviser, Sardar Sant Singh, urged Government to put an embargo upon the import of raw cotton. It would be enough to draw the attention of the House in this connection to the proceedings of the 30th November, 1938. Questions were put to Sir Girja Shankar Bajpai on this subject. It was pointed out that it was only a small proportion of the imported cotton that was in active competition with our own cotton. On this the suggestion made was that an embargo should be placed on all imports inasmuch as it had been shown that it was possible to grow in India cotton of a staple of $1\frac{1}{2}$ inches to $1\frac{3}{4}$ inches. And in the course of this question and answer, Mr. Manu Subedar said:

"I am drawing the attention of the Honourable Member to the fact that it is not the bulk which matters, but it is the price which matters."

Then, Sardar Sant Singh took up the tale and said:

"With reference to part (a) of the question, may I know, Sir, whether the import of foreign cotton into India is being done in the interests of the textile industry?"

And Sir Girja Shankar Bajpai said:

"That is a matter of opinion."

Then Sardar Sant Singh asked:

"Who imports this cotton into India?"

And the reply was:

"The consumers of cotton."

Then, the question was:

"Who are the consumers? Is it not the textile industry of Bombay and Ahmedabad?"

The reply was:

"Cotton is not a staple article of food; what is imported is for the manufacture of goods."

Then, this was the economic advice given to Government:

"If it is imported, will Government take steps to totally prohibit its imports and compel them to use Indian cotton in preference to imported cotton?"

One does not know what policy one is to adopt. Honourable Members say: "Put an embargo on the imports of foreign cotton". The duty is raised and the same Honourable Members say: "This is going to ruin the industry; it is the most unpatriotic action that Government could have

taken; it is entirely indefensible". And these very Honourable Members had urged far more drastic action only a few weeks earlier.

Again, I have been asked "Why did you not reduce the United Kingdom preferences down to three crores as the unofficial advisers had asked you to do?" But Mr. Manu Subedar says, "You have reduced them by eleven crores but that is going to hurt Indian industries". That is what he said yesterday.

Mr. Manu Subedar (Indian Merchants' Chamber and Bureau: Indian Commerce): Sir, on a point of personal explanation, may I point out that I did not say anything of the kind?

The Honourable Sir Muhammad Zafrullah Khan: Very good; the official report will show what the Honourable Member said.

Then, Sir, the same Honourable Member said, "There is no quota upon piecegoods from Lancashire and the rates of duty cannot be raised in any circumstances above the basic rates". I explained it then and I hope the Honourable Member is no longer under that misapprehension. Then he said, "But how are you sure that Lord Nuffield will not grant a subsidy to imports of piecegoods from Lancashire? How are we to know that freights may not be reduced in order to help them?" If we were to proceed on the basis of such hypothetical considerations there can never be any agreement between two countries. On the other hand it may be said, "Are you sure that there may not be strikes in Lancashire? Are you sure that wages in Lancashire will not go up? Are you sure that freights will not be raised?" What is the use of spending time in putting forward these considerations and trying to judge these things on that basis?

The same Honourable Member said: "We have not been told what the maximum demand of Lancashire was". I do not know how it would help Honourable Members if they knew the maximum demand of Lancashire. Are they going to judge the merits of this Agreement on that basis? Is it the view that we gave them practically all that they asked for, it may be said that it is a bad agreement, though the concessions may be quite reasonable, but if we gave them very much less than what they demanded it must be a good agreement? However, if it will, in any way, help Honourable Members, I may state that their maximum demand was maximum of 666 million yards and a minimum of 333 million yards with a rate of duty of eleven per cent. and continuous reductions every year by a further 2½ per cent. till they went over their minimum.

Mr. Nauman asked, "What is the sacrifice that the United Kingdom is making?" I have cited the case of at least three manufactured articles from India enjoying the privilege of free entry with regard to which at least the United Kingdom are making active sacrifices. But it is not a question of direct sacrifices in that way. I have tried to illustrate what would happen if these preferences are taken away.

Sir Homi Mody made a complaint that when the Government at long last did give protection to the textile industry there were inordinate delays in raising duties and these were raised very grudgingly. I pointed out yesterday that the duties were raised from 11 per cent. to 15 per cent. in April, 1930.

Sir H. P. Mody: Five years after the first report was made.

The Honourable Sir Muhammad Zafrullah Khan: Then in April, 1931, they were raised by another five per cent.; in September, 1931, they were raised by another five per cent. That is to say, they were raised from eleven per cent. to 25 per cent. within the course of 18 months. Sir Homi Mody should really be the last man to say that this was a grudging concession. He insinuated that Government had no sympathy with his industry. He came to an agreement with the Clare-Lees delegation in 1933 that duties may be reduced by five per cent. . . .

Sir H. P. Mody: If only the surcharges were taken off.

The Honourable Sir Muhammad Zafrullah Khan: that the Indian mill industry would not oppose the reduction of duties by five per cent. and Government did not give that concession to Lancashire till three years later and even then only over a certain range.

Sir H. P. Mody: That is because the surcharges did not go off.

The Honourable Sir Muhammad Zafrullah Khan: I confess Sir Homi Mody was one of the very few Honourable Members who did try to bring to bear upon the examination of this Agreement considerations that were relevant to the Agreement itself, though he tried to make out that the burden likely to be placed upon his industry is unjustifiable. He is entitled to that opinion, as he was arguing the case of that industry. But I will say this that the greater part of the discussion on the motion has not been directed towards the terms of the Agreement. All sorts of extraneous considerations have clouded the issue.

I have already dealt with most of the matters touched upon by Sir Cowasji Jehangir. I was rather surprised to hear from him that even without an agreement England took large quantities of Indian cotton. He forgot that under the Ottawa Agreement they were under an obligation to do whatever was possible for them to do to increase the offtake of Indian cotton and they regarded it as a contractual obligation and they fulfilled it honestly and honourably. Then, Sir, it was said, "You have no business to fiddle with the rates of duties in respect of a protected industry unless the Tariff Board makes a report that the reduction is justified". That again is a simple enough matter. The unofficial advisers were convinced, as was pointed out by Mr. Aney and as is quite clear from their reports, that it was essential to come to some arrangement with Lancashire, having regard to the very low figures to which their trade had fallen,—not out of a feeling of charity for Lancashire, as alleged by some Honourable Members, but in order to help the growers of Indian cotton. Whatever the views of Honourable Members may be on the merits of the arrangement, that was the main consideration that brought this question to the fore. But let me say a word or two on this question of a Tariff Board. It has been pointed out by one Honourable Member, I think by Mr. James, that a Tariff Board is due and has, of course, to be appointed to determine the period and level of further protection of the industry which comes to an end on the 31st of this month. As Honourable Members are aware, a Tariff Board has not been appointed so far because Government cannot determine, in the absence of some decision with regard to this Agreement, what the actual scope of the Tariff Board inquiry will be; that is to say, whether they would have to determine the quantum of protection, if any,

to be continued to the textile industry *vis-a-vis* the United Kingdom as well as foreign countries or only *vis-a-vis* foreign countries? That is the reason for the delay in setting up a Tariff Board. But supposing a Tariff Board is appointed, indications are that some reduction in the duties will be recommended on the merits *vis-a-vis* at least the United Kingdom. If there is no agreement, that reduction must be given to Lancashire free of any obligation on their part to do anything for us. The Agreement links the concession,—possibly a larger concession than the Tariff Board might recommend—with the offtake of raw cotton and to get something in return for it.

I shall now refer to one or two points in Mr. Jinnah's speech and then conclude. Mr. Jinnah said "Everybody has been talking of their particular interests: I shall look at this matter from my particular point of view, that is to say, how it will affect the Muslims". As representing the Muslims no doubt he was perfectly entitled to take that point of view. But what I am entirely unable to accept is this: that in these matters you could separate the interests of different communities into watertight compartments; and I was rather surprised that a Leader of Mr. Jinnah's standing and ability should have put forward the point of view, that it is only certain commodities which are largely produced in areas where there is a preponderance of Muslims that the Muslims would be benefitted by it. No doubt they would be benefitted by an improvement in respect of those commodities. But I would go further and say that whatever helps the export trade of India confers benefits upon every section of the population of India.

Mr. Jinnah also took up two specific matters in connection with his thesis that Muslims are interested only in certain commodities. In regard to cotton I have already explained how the undertaking or arrangement or guarantee—call it whatever you like—will work. With regard to raw hides and skins I was frankly not able to follow Mr. Jinnah's argument. He said the trade with the United Kingdom has no doubt increased, but because there is a preference there are large re-exports from the United Kingdom to Germany and France and, therefore, Germany and France instead of taking direct from us take from the United Kingdom, because the hides and skins go into the United Kingdom under preference: and, therefore, France and Germany get them cheaper from the United Kingdom than they could from us. But the trouble is that raw hides and skins enjoy no preference and, therefore, the whole of that argument falls to the ground. It may be a matter of astonishment to the Honourable Member but that is so

Mr. M. A. Jinnah: I am sorry that the Honourable Member in his position wants to take advantage of technicalities. They enjoy free entry: that is the protection.

The Honourable Sir Muhammad Zafrullah Khan: That is a valuable concession. But the whole argument was based on the fact that they enjoyed a preference.

Mr. M. A. Jinnah: No.

The Honourable Sir Muhammad Zafrullah Khan: It is a small point

Mr. M. A. Jinnah: It is part of the Agreement that the hides and skins have also got an advantage. If I used the word 'preference' it might have been a slip of the tongue. But it is enjoying a preference because it has got free entry. I hope you understand me now.

The Honourable Sir Muhammad Zafrullah Khan: I agree that it is after all one point in a long criticism but then I have to reply to what Honourable Members have said; and if the Honourable Member did not mean what he said I shall not pursue the matter.

Mr. M. A. Jinnah: Now, I am putting it to you.

The Honourable Sir Muhammad Zafrullah Khan: Sir, I will now conclude by saying that the Agreement must be taken as a whole. There has been a tendency, when favourable aspects of the Agreement were stressed, to divide the Agreement into two parts, one dealing with cotton textiles and raw cotton and the other dealing with preferences. In order to judge what the effect of the Agreement will be whether it is likely to work for the benefit of India or not, the whole Agreement must be taken together. Nobody has attempted to conceal the fact that the textile industry is called upon to make a certain amount of sacrifice. There may be sharp differences of opinion as regards the degree of sacrifice that they are called upon to make; but that has to be put against not merely the cotton Articles but against the whole of the rest of the Agreement. I am afraid, Sir, that the question really boils down to Ahmedabad *versus* the rest of India. I am not given to quoting poetry, but I cannot help feeling that the attitude of the industry towards this matter is illustrated by the Yorkshire quatrain:

*"Hear all, say nout,
Eat all, pay nout,
And if tha' dost out for nout,
Do it for tha' sen."*

Sir, I now leave the matter in the hands of the House.

Mr. President (The Honourable Sir Abdur Rahim): The Chair will now put the amendments that have been moved.

Mr. Akhil Chandra Datta (Chittagong and Rajshahi Divisions: Non-Muhammadian Rural): So far as my amendment is concerned, Sir, I ask for leave of the House to withdraw it.

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

"That leave be given to the Honourable Member to withdraw his amendment."

The amendment was, by leave of the Assembly, withdrawn.

Mr. President (The Honourable Sir Abdur Rahim): The next is the amendment moved by the European Group. The question is:

"That the consideration of the motion be adjourned till the Simla Session pending the report of a Committee of the House, consisting of a majority of elected members, elected by the single transferable vote which Committee shall examine the probable effect of the Agreement on the agricultural, industrial and commercial interests of India."

The Assembly divided:

AYES—49.

Abdul Hamid, Khan Bahadur Sir
Abdur Rasheed Chaudhury, Maulvi.
Ahmad Nawaz Khan, Major Nawab
Sir.

Aikman, Mr. A.
Aiyar, Mr. T. S. Sankara.
Ayyar, Mr. N. M.
Bajpai, Sir Girja Shankar.
Bhagchand Scni, Rai Bahadur Seth.
Boyle, Mr. J. D.
Burt, Sir Bryce.
Buss, Mr. L. C.
Chanda, Mr. A. K.
Chapman-Mortimer, Mr. T.
Christie, Mr. W. H. J.
Dalal, Dr. R. D.
Dalpat Singh, Sardar Bahadur
Captain.
Dow, Mr. H.
Gidney, Lieut.-Colonel Sir Henry.
Greer, Mr. B. R. T.
Griffiths, Mr. P. J.
Grigg, The Honourable Sir James.
James, Mr. F. E.
Jawahar Singh, Sardar Bahadur
Sardar Sir.
Kamaluddin Ahmed, Shams-ul-Ulema.

Kushalpal Singh, Raja Bahadur.
Laljee, Mr. Huseinbhai Abdulabbai.
Lillie, Mr. C. J. W.
Mackeown, Mr. J. A.
Maxwell, The Honourable Sir
Reginald.
Menon, Mr. P. A.
Menon, Mr. P. M.
Metcalfe, Sir Aubrey.
Miller, Mr. C. C.
Mukerji, Mr. Basanta Kumar.
Nur Muhammad, Khan Bahadur
Shaikh.
Ogilvie, Mr. C. M. G.
Pillai, Mr. N. R.
Rahman, Lieut.-Col. M. A.
Rajah, Raja Sir Vasudeva.
Row, Mr. K. Sanjiva.
Scott, Mr. J. Ramsay.
Sircar, The Honourable Sir Nripendra
Sivraj, Rao Sahib N. -
Slade, Mr. M.
Spence, Mr. G. H.
Stewart, The Honourable Sir Thomas.
Sukthankar, Mr. Y. N.
Sundaram, Mr. V. S.
Zafarullah Khan, The Honourable Sir
Muhammad.

NOES—53.

Abdul Qaiyum, Mr.
Abdul Wajid, Maulvi.
Asaf Ali, Mr. M.
Ayyangar, Mr. M. Ananthasayana.
Basu, Mr. R. N.
Chaliha, Mr. Kuladhar.
Chaudhury, Mr. Brojendra Narayan.
Chettiar, Mr. T. S. Avinashilingam.
Chetty, Mr. Sami Vencatachelam.
Chunder, Mr. N. C.
Das, Mr. B.
Datta, Mr. Akhil Chandra.
Desai, Mr. Bhulabhai J.
Deshmukh, Dr. G. V.
Deshmukh, Mr. Govind V.
Gadgil, Mr. N. V.
Govind Das, Seth.
Gupta, Mr. K. S.
Hans Rai, Raizada.
Hegde, Sri K. B. Jinaraja.
Hosmani, Mr. S. K.
Jedhe, Mr. K. M.
Jehangir, Sir Cowasji.
Jowendra Singh, Sirdar.
Joshi, Mr. N. M.
Kailash Behari Lal, Babu.
Lahiri Chaudhury, Mr. D. K.

Maitra, Pandit Lakshmi Kanta.
Malaviya, Pandit Krishna Kant.
Mangal Singh, Sardar.
Manu Subedar, Mr.
Misra, Pandit Shambhu Dayal.
Mody, Sir H. P.
Mudaliar, Mr. C. N. Muthuranga.
Muhammad Ahmad Kazmi, Qazi.
Paliwal, Pandit Sri Krishna Dutta.
Pande, Mr. Badri Dutt.
Raghubir Narayan Singh, Choudhri.
Ramayan Prasad, Mr.
Ranga, Prof. N. G.
Rao, Mr. M. Thirumala.
Saksena, Mr. Mohan Lal.
Santhanam, Mr. K.
Satyamurti, Mr. S.
Sham Lal, Mr.
Sheodasa Daga, Seth.
Singh, Mr. Gauri Shankar.
Singh, Mr. Ram Narayan.
Sinha, Mr. Satya Narayan.
Som, Mr. Suryya Kumar.
Sri Prakasa, Mr.
Subharayan, Shrimati K. Radha Bai.
Varma, Mr. B. B.

The motion was negatived.

Mr. President (The Honourable Sir Abdur Rahim): Then, there is **Sardar Sant Singh's** amendment.

Sardar Sant Singh: Sir, I wish to withdraw it.

The amendment was, by leave of the Assembly, withdrawn.

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

"That this Assembly approves the Trade Agreement signed on the 20th March, 1939, between His Majesty's Government in the United Kingdom and the Government of India."

The Assembly divided:

AYES—47.

Abdul Hamid, Khan Bahadur Sir.
 Ahmad Nawaz Khan, Major Nawab Sir.
 Aikman, Mr. A.
 Aiyar, Mr. T. S. Sankara.
 Ayyar, Mr. N. M.
 Bajpai, Sir Girja Shankar.
 Bhagchand Sont, Rai Bahadur Seth.
 Boyle, Mr. J. D.
 Burt, Sir Bryce.
 Buss, Mr. L. C.
 Chanda, Mr. A. K.
 Chapman-Mortimer, Mr. T.
 Christie, Mr. W. H. J.
 Dalal, Dr. R. D.
 Dalpat Singh, Sardar Bahadur Captain.
 Dow, Mr. H.
 Gidney, Lieut.-Colonel Sir Henry.
 Greer, Mr. B. R. T.
 Griffiths, Mr. P. J.
 Grigg, The Honourable Sir James.
 James, Mr. F. E.
 Jawahar Singh, Sardar Bahadur Sardar Sir.
 Kamaluddin Ahmed, Shams-ul-Ulema.
 Kushalpal Singh, Raja Bahadur.

Lillie, Mr. C. J. W.
 Mackeown, Mr. J. A.
 Maxwell, The Honourable Sir Reginald.
 Menon, Mr. P. A.
 Menon, Mr. P. M.
 Metcalfe, Sir Aubrey.
 Miller, Mr. C. C.
 Mukerji, Mr. Basanta Kumar.
 Nur Muhammad, Khan Bahadur Shaikh.
 Ogilvie, Mr. C. M. G.
 Pillai, Mr. N. R.
 Rahman, Lieut.-Col. M. A.
 Rajah, Raja Sir Vasudeva.
 Row, Mr. K. Sanjiva.
 Scott, Mr. J. Ramsay.
 Sircar, The Honourable Sir Nripenra.
 Sivaraj, Rao Sahib N.
 Slade, Mr. M.
 Spence, Mr. G. H.
 Stewart, The Honourable Sir Thomas.
 Sukthankar, Mr. Y. N.
 Sundaram, Mr. V. S.
 Zafrullah Khan, The Honourable Sir Muhammad.

NOES—59.

Abdul Qaiyum, Mr.
 Abdul Wajid, Maulvi.
 Abdur Rasheed Chaudhury, Maulvi.
 Aney, Mr. M. S.
 Asaf Ali, Mr. M.
 Ayyangar, Mr. M. Ananthasayanam.
 Bajoria, Babu Baijnath.
 Basu, Mr. R. N.
 Chaliha, Mr. Kuladhar.
 Chaudhury, Mr. Brojendra Narayan.
 Chettiar, Mr. T. S. Avinashilingam.
 Chetty, Mr. Sami Vencatachelam.
 Chunder, Mr. N. C.
 Das, Mr. B.
 Datta, Mr. Akhil Chandra.
 Desai, Mr. Bhulabhai J.
 Deshmukh, Dr. G. V.
 Deshmukh, Mr. Govind V.
 Gadgil, Mr. N. V.
 Govind Das, Seth.
 Gupta, Mr. K. S.
 Hans Raj, Raizada.
 Hegde, Sri K. B. Jinaraja.
 Hosmani, Mr. S. K.
 Jedhe, Mr. K. M.
 Jehangir, Sir Cowasji.
 Jogendra Singh, Sardar.
 Joshi, Mr. N. M.
 Kailash Behari Lal, Babu.
 Lahiri Chaudhury, Mr. D. K.
 The motion was **negatived**.

Lalchand Navalrai, Mr.
 Laljee, Mr. Husenbhai Abdullahai.
 Maitra, Pandit Lakshmi Kanta.
 Malaviya, Pandit Krishna Kant.
 Mangal Singh, Sardar.
 Manu Subedar, Mr.
 Misra, Pandit Shambhu Dayal.
 Mody, Sir H. P.
 Mudaliar, Mr. C. N. Muthuranga.
 Muhammad Ahmad Kazmi, Qazi.
 Paliwal, Pandit Sri Krishna Dutta.
 Pande, Mr. Badri Dutt.
 Raghubir Narayan Singh, Choudhri.
 Ramayan Prasad, Mr.
 Ranga, Prof. N. G.
 Rao, Mr. M. Thirumala.
 Sakseena, Mr. Mohan Lal.
 Sant Singh, Sardar.
 Santhanam, Mr. K.
 Satyamurti, Mr. S.
 Sham Lal, Mr.
 Sheodass Daga, Seth.
 Singh, Mr. Gauri Shankar.
 Singh, Mr. Ram Narayan.
 Sinha, Mr. Satya Narayan.
 Som, Mr. Suryya Kumar.
 Sri Prakasa, Mr.
 Subbarayan, Shrimati K. Radha Bai.
 Varma, Mr. B. B.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 30th March, 1939.