

LEGISLATIVE ASSEMBLY DEBATES

TUESDAY, 13th MARCH, 1934

Vol. III—No. 2

OFFICIAL REPORT



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LEGISLATIVE ASSEMBLY,

Tuesday, 13th March, 1934.

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

MEMBERS SWORN.

Mr. Archibald Mervin Macmillan, C.I.E., M.L.A. (Bombay: Nominated Official); and

Mr. Sidheshwari Prasad Varma, M.L.A. (Government of India: Nominated Official).

QUESTIONS AND ANSWERS.

EXAMINATIONS HELD FOR PROMOTION OF POSTAL CLERKS TO THE LOWER SELECTION GRADE.

436. *Mr. N. M. Joshi: (a) Will Government be pleased to state whether during the years 1929 and 1930 examinations were held for promotion of postal clerks to the lower selection grade of Rs. 160—250?

(b) Were appointments to the posts in the lower selection grade, including those of Inspectors of Post Offices and head clerks to the Superintendents of Post Offices, to be made from amongst the passed candidates?

(c) Are Government aware that when the examination was introduced, the number of officials permitted to appear at the examination was restricted to ten times the number of likely vacancies in the lower selection grade?

(d) Was permission to appear at the examination restricted to only seniormost officials of the time-scale?

(e) Will Government be pleased to state whether in 1929 there was no rule allowing junior officials in the ordinary time-scale of pay, who had passed the first efficiency bar and whose age on the date of examination did not exceed 35 years, to appear at the examination?

(f) Was such a rule, as stated in part (f) above, introduced for the first time, *vide* the Director-General's Special General Circular No. 16, dated the 18th August, 1930?

The Honourable Sir Frank Noyce: (a) Yes.

(b) Yes, and also from those candidates who passed the old examination for Inspectors of Post Offices and Head Clerks to Superintendents of Post Offices and Inspectors, Railway Mail Service.

(c) Yes.

(d) The examination was open to the seniormost officials and also to a few selected junior officials.

(e) Yes, but as a special case the junior officials who had been already selected and promised permission to appear at the old Inspectors' examination (since abolished) were also allowed to appear in the 1929 examination.

(f) Yes, if by "part (f)" the Honourable Member means part (e).

CATERING CONTRACT FOR CRAIG DHU AND LONGWOOD, SIMLA.

437. ***Diwan Bahadur A. Ramaswami Mudaliar:** (a) Will Government be pleased to state if catering for Craig Dhu and Longwood, Simla, has been given on a contract? If so, to whom and from what date did it originally take effect, and when does the existing contract terminate?

(b) Do Government propose to consider the advisability of calling for fresh tenders due to fall in prices of commodities?

(c) Is it a fact that the caterer charges the Members of the Central Legislature a higher rate than he charges permanent residents in Craig Dhu and Longwood?

(d) Has any other catering firm offered to quote the same rates for Members of the Central Legislature as are charged to permanent residents if fresh tenders are called?

(e) Do Government propose to consider the desirability of calling for fresh tenders on the condition that the Members of the Legislature are charged the same rates as the permanent residents?

(f) Have Government considered the desirability of letting out Craig Dhu and Longwood on a system of rental lease along with catering contract, as is done by the Army authorities?

(g) Are Craig Dhu and Longwood insured against fire, and are the insurance charges paid by the caterer? Is it a system in the Army Department to insist on insurance of such buildings by the caterers, at their own expense, and, if so, will the same condition be introduced in the case of Craig Dhu and Longwood?

Sir Lancelot Graham: (a) The contract for official residents is made through the Public Works Department and was first given to Mr. Wenger in 1926, and has subsequently been renewed from time to time for periods of two years. The existing contract expires on the 31st March, 1934.

The contract for the portion of Longwood reserved for Members of the Indian Legislature is made separately through the Legislative Department and a fresh contract is executed each year for the period of the Session.

(b) No. The rates are carefully scrutinised on the occasion of the renewal or the execution of a fresh contract as the case may be, and rates have been reduced.

(c) Yes, owing to the smallness of the numbers and the shortness of the stay of Members of the Indian Legislature.

(d) and (e). No.

(f) The desirability of leasing Longwood was considered in 1924, but the idea was abandoned because it was thought firstly that such an arrangement would not suit Members of the Legislature, and secondly that suitable lessees would not be forthcoming on reasonable terms.

(g) No. Under Article 118 of the Central Public Works Department Code insurance is not required in these cases. Under the regulations in force for Army buildings a private individual to whom a building is leased for a period exceeding three months is required to insure. Government see no reasons for changing the Code rules now in force for Craig Dhu and Longwood.

Mr. N. M. Joshi: May I ask whether Government are aware that the smallness of the number of Members of the Legislature who stay at Longwood Hotel is due to the fact that the charges are much more than what are charged to others?

Sir Lancelot Graham: I do not know if the Honourable Member has ever stayed in those quarters, but so far as I can see (I have got the rates for the contract), a gentleman putting up at Longwood is living very cheap.

Mr. N. M. Joshi: Are Government aware that I was staying at Longwood last year and that I have decided not to stay there again? (Laughter.)

Sir Lancelot Graham: I am not aware of that fact.

Mr. M. Maswood Ahmad: Is it a fact that the caterers charge from the Members of the Central Legislature a higher rate than they charge from Government servants?

Sir Lancelot Graham: If the Honourable Member had listened to the question carefully, he would have got the answer.

Dr. Ziauddin Ahmad: What is mentioned here is "permanent residents" that is, either they are permanent residents or non-permanent residents; but the caterers charge higher rates from the Members of the Legislature than they do from the Government servants even if the latter stay for a day or two. I want that information.

Sir Lancelot Graham: The answer is in the affirmative.

Mr. M. Maswood Ahmad: Will Government be pleased to state the reasons for that?

Sir Lancelot Graham: That is in accordance with the terms of the contract, Sir.

Mr. Gaya Prasad Singh: May I know why this term in the contract has been inserted—because, if temporary residents are to be charged higher than permanent residents, that rule ought to operate both in the case of officials as well as non-officials equally?

Sir Lancelot Graham: I would suggest, Sir, that it is not quite suitable to answer that sort of question on the floor of the House. Members are fully aware that there is a House Committee for this purpose, and I do suggest that the proper place to discuss a matter of this sort is in the House Committee.

Mr. Gaya Prasad Singh: Is it a fact that this question of different rates was never placed before the House Committee even before the contract was given to the caterers?

Sir Lancelot Graham: The matter has, I believe, been before the House Committee. I have a file supplied to me by the Assembly Department which says that the matter has been before the Assembly House Committee.

Mr. Gaya Prasad Singh: Is it not a fact that if the contract was renewed in consultation with the House Committee, the mistake would not have been repeated? May I ask that if the contract is renewed now in consultation with the House Committee, the mistake may not be repeated?

Sir Lancelot Graham: I do not admit that there was any mistake.

Mr. Gaya Prasad Singh: Will Government take it from me that, as a member of the House Committee, I do not remember this question of contract being decided by the House Committee.

Sir Lancelot Graham: I am not sure whether the Honourable Member remembers aright or not.

The Honourable Sir Frank Noyce: I think my Honourable friend is under some misapprehension. To the best of my belief, there are no temporary official residents at Longwood. I think the official residents are there for the whole season.

CATERING CONTRACT FOR CRAIG DHU AND LONGWOOD, SIMLA.

438. ***Mr. T. N. Ramakrishna Reddi:** Will Government be pleased to state whether it is a fact that the present caterer at Craig Dhu and Longwood, Simla, recently asked for an increase in the catering charges and that another firm offered to cater at a lower rate and the question of calling for fresh tenders was considered, and that the present caterer, seeing that another firm was prepared to tender lower rates than the existing rates, withdrew the proposal for an increase in the rates?

The Honourable Sir Frank Noyce: The present caterer at Craig Dhu and Longwood, Simla, suggested an increase in charges when the question of the renewal of his contract came up recently. The question of inviting tenders was considered but no tenders were actually invited. Another caterer intimated that he was prepared to undertake the catering on the present terms. The continuance of the present caterer's contract without change in the terms is now under consideration. The Honourable Member will understand that I am referring to the catering arrangements made for official residents; the arrangements for Members of the Legislature are the subject of a separate contract which extends only to a short period covering the Simla Session.

ABOLITION OF THE POST OF HINDU WATERMAN AT THE LALIAN RAILWAY STATION.

439. ***Bhai Parma Nand:** (a) Are Government aware that Lalian (District Jharg) is an important town on the Lyallpur-Khushab Line, and that it has got a population of several thousands, a large number being Hindus, a high school, police station, two girls' schools and two hospitals?

(b) Is it a fact that this town has round about it several Hindu and Sikh settlements and *chaks* and that there is no other railway station near it for several miles?

(c) Are Government aware that the abolition of the post of Hindu waterman on that station is causing great inconvenience to the Hindu passengers and that their application to the Agent has received no attention?

Mr. P. B. Rau: (a) and (b). I am not aware of these facts, but I am quite willing to take my Honourable friend's word for it.

(c) I am forwarding a copy of the question to the Agent for consideration.

MEMBERS OF THE BOARD FOR RECRUITMENT OF POSTAL CLERKS IN PESHAWAR.

440. ***Bhai Parma Nand:** (a) Are Government aware that both the members of the board for recruitment of clerks in the Post Offices in the Peshawar Division and the Peshawar General Post Office are Muslims? Do Government propose to consider the advisability to replace one of them by a non-Muslim?

(b) Are Government aware that in the Peshawar General Post Office every responsible post, that is, of postmaster, town inspector, and appointment clerk, is held by a Muslim?

(c) Are Government aware that for the last fifteen or sixteen years no Hindu Superintendent of Post Offices has been sent to this Division?

(d) Are Government aware that the percentage of Hindus in the Peshawar Division is far below they are entitled to as a Central Department? If so, why?

(e) Are Government prepared to protect the rights of the Hindus in this Division?

(f) Are Government aware of the fact that all the posts of sub-postmasters and clerks in the Peshawar Division, carrying special pay and compensatory allowance, are held by Muslims?

The Honourable Sir Frank Noyce: (a) to (f). Information has been called for and will be laid on the table in due course.

AMALGAMATION OF THE OUDH AND ROHILKUND RAILWAY WITH THE EAST INDIAN RAILWAY.

441. ***Pandit Satyendra Nath Sen:** (a) Is it a fact that Government informed this House in reply to starred question No. 432 of the 2nd September, 1925, that the Oudh and Rohilkund Railway was amalgamated with the East Indian Railway with effect from the 1st July, 1925? If so, will Government please state whether the Divisional Superintendent, East Indian Railway, Moradabad, under his letter No. 12/15/28-E, dated the 3rd August, 1932, informed the staff that the statement that the Oudh and Rohilkund Railway was amalgamated with the East Indian Railway

from the 1st day of July, 1925, was not correct? If so, which of the two, that is, Government reply or the Divisional Superintendent's letter, is correct?

(b) Do the staff recruited between 1st April, 1925, and 1st July, 1925, by the Agency of the Oudh and Rohilkund Railway enjoy the rights, interests and privileges of the said Railway? If not, why not?

(c) Is the staff on the roll of the Oudh and Rohilkund Railway on the 30th day of June, 1925, entitled to enjoy the privileges, if elected, laid down in paragraph 12 of the Oudh and Rohilkund Railway Gazette No. 4 of 1931? If not, why not and under what Fundamental Rule?

(d) Is the staff paid the privileges mentioned in paragraph 1134 of East Indian Railway Gazette No. 41 of 1930? If so, how and under what Fundamental Rule?

(e) Did the staff suffer monetarily through the said incorrect information? If so, to what extent?

(f) Do Government propose to compensate the loss by deducting the amount from the pay of the official who infringed the principles of the rules and made the incorrect statement? If not, why not?

Mr. P. B. Rau: (a) The answer to the first part of the question is in the affirmative. I am not aware of the circular referred to, but if such a statement was made by the Divisional Superintendent, it is not correct.

(b) to (f). I have called for certain information and shall lay a reply on the table later.

STATUTORY INDIANS IN THE OFFICERS' GRADE ON STATE RAILWAYS.

442. *Diwan Bahadur Harbilas Sarda: (a) Is it a fact that in 1925, the percentage of Statutory Indians in the officer's grade on State Railways was 28.02 and in 1931 only 37.68, and that at this rate 50 years will elapse before the 75 per cent. is reached?

(b) Do Government propose to issue instructions to completely stop recruitment—either direct or by promotion from subordinate rank of European Officers, until such time as the percentage of Indians has reached the agreed figure of 75 per cent?

Mr. P. B. Rau: The figures for 1925 and 1931, quoted in this question are correct. I am afraid I am unable to say when 75 per cent. will be reached. My Honourable friend is doubtless aware that the arrangement adopted as a result of the recommendations of the Royal Commission on Public Services was that Indians should be recruited up to 75 per cent. of the total number of vacancies in the railway services. Details of the actual recruitment will be found in the administration reports of the Railway Board from time to time. Government do not consider that any change in their policy is called for at present.

Mr. S. C. Mitra: May I ask, Sir, whether the system of recruitment through approved apprentices trained in India and then getting their further training in England on the old system still exists or it has ceased?

Mr. P. E. Rau: It has not ceased, but I think no recruitment was made last year.

Mr. S. O. Mitra: Do Government propose to revive it this year or in the coming year?

Mr. P. E. Rau: The question is under consideration.

Mr. S. O. Mitra: Will Government also consider that, according to their view, when properly qualified Indians are not available, that is the only course to get Indians especially for these important posts?

Mr. P. E. Rau: Government realise that, Sir.

STATUTORY INDIANS IN THE OFFICERS' GRADE ON STATE RAILWAYS.

443. *Diwan Bahadur Harbilas Sarda: (a) Is it a fact that there are 274 European officers in the Mechanical Department of State Railways while the number of Statutory Indians is only 57?

(b) Is it a fact that Indians with necessary qualifications and training are available for the mechanical department, and do Government propose suitably to modify their method of recruitment to absorb the above, and recommend the same to the Company-managed railways as well?

(c) Are Government prepared to raise the age limit to allow of the best candidates from those who have been trained at their own expense being taken?

Mr. P. E. Rau: (a) The figures given by the Honourable Member relate to the Mechanical Engineering Department of all Class I Railways on the 1st April, 1931. The corresponding figure on the 1st April, 1933, is 264 Europeans and 62 Statutory Indians. The numbers on State-managed Railways on the latter date are 143 and 42, respectively.

(b) On account of the difficulty experienced in getting a sufficient number of Indians with the necessary qualifications for the Mechanical Engineering Department the Railway Board introduced in 1927, a system of selecting young men for appointment as Special Class Apprentices for training in India and in England. A sufficient number of candidates has been appointed as apprentices to fill all vacancies that are likely to arise on State-managed Railways in the near future and the question of making other special arrangements for recruitment does not, therefore, arise. Company-managed Railways are being addressed as to the method of recruitment of Indians for this Department.

(c) I understand that on the last occasion on which direct recruitment of trained officers was made to this Department on State-managed Railways, no age limit was prescribed.

SENIORITY OF OFFICERS ON STATE RAILWAYS.

444. *Diwan Bahadur Harbilas Sarda: (a) How is seniority of officers governed on State Railways? Is that the same as on Company Railways?

(b) Is it a fact that where an Indian starts as an officer on Rs. 350 per mensem and his European or other subordinate as Foreman getting Rs. 600 is later promoted as an officer, the latter will become senior to the Indian officer by virtue of his higher pay?

Mr. P. R. Rau: (a) and (b). Seniority on State-managed Railways is generally governed by the initial pay on the date of appointment in the case of officers recruited directly to this service. When two officers enter service on the same pay and on the same date their seniority depends on their age or if they were selected by means of the competitive examination, on their relative rank in the examination. The seniority of officers promoted from subordinate ranks is specially fixed at the time of promotion and depends mainly on the initial pay granted to them on promotion. Racial considerations do not enter into it at all. Government have no information as regards the practice on Company-managed Railways.

MANUFACTURE OF LOCOMOTIVES AND BOILERS IN INDIA.

445. ***Diwan Bahadur Harbilas Sarda:** (a) Is it a fact that 100 broad gauge and 100 metre gauge engines per annum are taken in India on renewal and addition accounts since 1927-28? Is it a fact that a broad gauge engine costs Rs. 45,000 to Rs. 2,00,000, and metre gauge Rs. 41,000 to one lakh rupees? Is it a fact that more than 50 per cent. constitutes labour charges and "fabrication" in India? Do Government propose to take early steps to manufacture all the required locomotives and boilers in India, utilising to the best the indigenous material and labour?

(b) Is it a fact that building engines and boilers in India is cheaper than getting them from England, and are engines manufactured in the Bombay, Baroda and Central India Railway workshops at Ajmer? If so, do Government propose to take necessary action to see that the example of Ajmer is followed to a greater extent so far as the needs of India require? If so, what?

Mr. P. R. Rau: (a) The answer to the first part of the question is in the negative. I place on the table a statement showing the number of locomotives on renewal and addition account purchased year by year between 1927-28 and 1933-34, and provided for in the Budget for 1934-35.

The average cost of a broad gauge locomotive is Rs. 90,000, and of a metre gauge locomotive is Rs. 65,000.

The labour charges and fabrication in India come to approximately five per cent. of total cost. The question of the possibility of manufacturing locomotives and boilers in India is being investigated by the Railway Board.

(b) Only metre gauge locomotives are constructed at the Ajmer workshops of the Bombay, Baroda and Central India Railway. Recent figures of cost of engines constructed at Ajmer do not show that they are cheaper than the current prices for manufacture in England, but, as I have said already, the question of the possibility of manufacturing locomotives in India is being investigated.

Statement showing number of Broad Gauge and Metre Gauge Locomotives provided on Class I Railways during 1927-28 to 1934-35, both on addition and renewal account.

	Broad Gauge.	Metre Gauge.	Total.
1927-28	58	63	121
1928-29	121	101	222
1929-30	110	44	254
1930-31	82	87	169
1931-32	40	58	98
1932-33		18	18
1933-34		5	5
1934-35	16	25	41
Totals	427	501	928

Mr. K. P. Thampan: May I ask, Sir, whether the Honourable Member will undertake to lay on the table of the House or make otherwise available to the Members the decision of the Government of India in regard to the manufacture of locomotives in India when the inquiry is over?

Mr. P. B. Rau: May I know what is the information my Honourable friend wants?

Mr. K. P. Thampan: The result of the inquiry?

Mr. P. B. Rau: I shall be pleased to do so.

Diwan Bahadur Harbilas Sarda: Do I understand the Honourable Member to say that the manufacture of engines in the Ajmer Workshop is not cheaper than those engines which are imported from England? If so, will he kindly give me the cost per engine of those manufactured in Ajmer and the cost of those imported from England?

Mr. P. B. Rau: I understand that owing to the fact that the prices in England are now low, according to the latest information available to the Railway Board, there is very little difference in the cost of manufacture at Ajmer and the cost of purchase in England, the difference being only Rs. 26, and it is not in favour of construction at Ajmer.

Diwan Bahadur Harbilas Sarda: I should like to know the exact figures. You are expressing an opinion. You think that the cost of a certain type of English engines is cheaper. That is all right. But what I want to know is the exact cost of an average engine manufactured at Ajmer in rupees, annas and pies and what is the similar cost of an engine imported from England?

Mr. P. B. Rau: I shall be very pleased to supply the figures to the Honourable Member.

Mr. S. C. Mitra: Apart from the question of costliness, do not Government consider that India should now try at least to manufacture her locomotives?

Mr. P. B. Rau: That is one of the reasons why an investigation has been undertaken by Government in the matter.

Mr. B. Das: Is it a fact that the construction of locomotives in India is still in an experimental stage and that 40 locomotives were constructed by the G. I. P. Railway and some of them were abandoned and some of them are being used on lighter tracks?

Mr. P. B. Rau: Is my Honourable friend referring to any period within the memory of living men? (Laughter.)

Mr. M. Maswood Ahmad: May I ask, Sir, whether the quality of engines made in India and those imported from outside is the same?

Mr. P. B. Rau: Engines are built in India and are purchased from abroad according to certain standard specifications.

Lieut.-Colonel Sir Henry Gidney: May I ask, Sir, where are these engines built?

Mr. P. B. Rau: Certain metre gauge engines are built at Ajmer.

Lieut.-Colonel Sir Henry Gidney: Is it a fact that these metre gauge engines built in Ajmer are repaired at an outlay of 40 per cent. of their original cost?

Mr. P. B. Rau: I have no information to that effect.

Lieut.-Colonel Sir Henry Gidney: Will the Honourable Member kindly tell us how many locomotive engines there are which have been purchased quite recently and which are now lying idle in the workshops of various State Railways?

Mr. P. B. Rau: That does not seem to arise out of this question, and I cannot carry all that information in my head. If my Honourable friend wants any information on that point, he will no doubt put a question on the paper.

Mr. S. C. Mitra: Will the Honourable Member kindly tell us how many engines were made at Ajmer roughly?

Mr. P. B. Rau: I am afraid I must ask for notice of that question. I think the average is about 15 a year.

Mr. M. Maswood Ahmad: Is it not desirable to impose some protective duty on the imported engines to encourage the manufacture of locomotives in India?

Mr. P. E. Rau: Government consider it unnecessary.

Mr. Gaya Prasad Singh: Do I understand the Honourable Member to say that there is very little difference in the cost of manufacturing engines in Ajmer and the cost of importing them from abroad?

Mr. P. E. Rau: There is a certain type of a locomotive which is built at Ajmer. At the present moment, the difference between the construction of that type at Ajmer and the importing of the locomotives of that type from abroad is very little.

Diwan Bahadur Harbilas Sarda: What is the approximate difference in the prices of the two? Is it a very small one?

Mr. P. E. Rau: I was told the difference is Rs. 26 only.

Diwan Bahadur Harbilas Sarda: The Government Member has stated that only a certain type of engine is manufactured at Ajmer. Are Government satisfied that the other types of engines required by Government cannot be manufactured at Ajmer? Have Government made an experiment and found that the engine of other types cannot be manufactured at Ajmer? If not, why has not an order been given to the Ajmer Workshop to manufacture the types of engines required by Government?

Mr. P. E. Rau: The Ajmer Workshops are fitted to manufacture only a certain type of metre gauge engines. As I have told the House, the question whether Government can profitably construct locomotives and boilers for broad gauge in India is at present under consideration.

Diwan Bahadur A. Ramaswami Mudalliar: Will that also be tried at Ajmer?

Mr. P. E. Rau: No, Sir: I do not think so.

Mr. Amar Nath Dutt: Are Government aware that Ajmer has a large factory for social reform legislation?

Mr. President (The Honourable Sir Shanmukham Chetty, : Next question.

PURCHASE OF ENGINES IN THE CHEAPEST MARKET.

446. ***Diwan Bahadur Harbilas Sarda:** (a) Is it a fact that English engines cost ten per cent. more than Continental or American ones and that in 1928-29 Swiss Locomotives cost Rs. 78,000 each and English Locomotives cost Rs. 90,000?

(b) Do Government propose to see that engines are bought in the cheapest market?

Mr. P. E. Rau: (a) Not in all cases. In 1928, Indian State Railways purchased 27 Swiss M. G. Locomotives of the Y. D. type at about Rs. 78,000 each. They purchased no English locomotives of that type during that year. The English locomotives purchased at about the price mentioned by the Honourable Member—actually they were purchased at Rs. 96,000—were broad gauge XA engines of a different type.

(b) This is the present practice. Locomotives are purchased to standard specifications from the lowest suitable tenders.

Lieut.-Colonel Sir Henry Gidney: Will the Honourable Member inform this House what was the total amount paid for the engines purchased in Germany in 1931?

Mr. P. B. Rau: I must ask for notice.

PURCHASE OF LOCOMOTIVES, BOILERS AND OTHER MACHINERY.

447. *Diwan Bahadur Harbilas Sarda: Do Government propose to give in their Railway Administration Report, Vol. I, figures to show the country of origin of the locomotives, boilers and other machinery purchased; and where English articles are purchased, give reasons why an English article, though costlier than the others, has been preferred?

Mr. P. B. Rau: In the small number of cases when the lowest tender is not accepted, full reasons for the decision are usually recorded. Government will consider the suggestion of the Honourable Member and will endeavour to make available to the House information regarding cases of importance of this nature in some suitable form.

OFFICERS DEPUTED TO INVESTIGATE INTO THE CAUSES AND EFFECTS OF THE LAST EARTHQUAKE IN NORTH BIHAR.

448. *Mr. Nabakumar Sing Dudhoria: Will Government be pleased to state:

- (a) the names of the officers who have been specially deputed to undertake investigations into the causes and effects of the last earthquake in North Bihar;
- (b) the Departments of the Government to which those officers belong;
- (c) their academical qualifications along with their practical training and past experience which befit them to undertake the duties on which they have been deputed;
- (d) whether they have been instructed to work in co-operation with other private agencies which have also been engaged in the same task; and
- (e) whether the full reports of their investigations will be published; if so, when?

The Honourable Sir Frank Noyce: (a) Dr. J. A. Dunn, Mr. D. N. Wadia, Mr. J. B. Auden and Mr. A. M. N. Ghosh.

(b) The Geological Survey of India.

(c) Their academic qualifications are given in the "List of Officers in the Department of Industries and Labour, Government of India, including the offices subordinate to it", a copy of which is available in the Library of the House. All the officers are qualified by geological knowledge and experience for the duties on which they have been deputed.

(d) Yes.

(e) Yes, as soon as possible after the investigations have been completed.

PRECAUTION FOR SAFEGUARDING OF LIFE AND PROPERTY FROM EARTHQUAKES.

449. *Mr. Nabakumar Sing Dudhoria: Will Government be pleased to state:

- (a) whether they have knowledge of the existence of some such scientific instrument or invention that can foretell the advent of an earthquake a few hours beforehand;
- (b) if so, whether they propose to requisition such an instrument for their use in India; and
- (c) whether in view of the magnitude of the disaster they propose in future to take every possible precaution for the safeguard of life and property in time; if so, what are those steps they propose to adopt?

The Honourable Sir Frank Noyce: (a) and (b). No device has yet been invented which could foretell the advent of an earthquake.

(c) As it is impossible to predict when or where the next earthquake will occur, it is not possible to take any special precautionary measures.

HEAD TICKET COLLECTORS IN THE MORADABAD DIVISION OF THE EAST INDIAN RAILWAY.

450. *Bhai Parma Nand: (a) Is it a fact that there were Head Ticket Collectors or Assistant Head Ticket Collectors on Rs. 120 per mensem on the East Indian Railway, Moradabad Division, on the 30th May, 1931?

(b) Is it a fact that on the introduction of the Moody-Ward System on the 1st June, 1931, the incumbents of the said posts of Head or Assistant Head Ticket Collectors were transferred as Ticket Examiners on reduced salary?

(c) Is it a fact that the said incumbents were substantively permanent in their posts on the 30th May, 1931?

(d) Is it a fact that on the restoration of the old scale of pay of the ticket checking staff from December, 1932, the said incumbents were also allowed their old rates of pay?

(e) Is it a fact that the said incumbents are not restored to their old posts of said Head or Assistant Head Ticket Collectors?

(f) If the replies to parts (a) to (e) be in the affirmative, will Government state:

- (i) whether the said incumbents on the restoration of their pay are entitled to hold their old posts; if not, why not;
- (ii) the circumstances under which junior men are allowed to hold the said posts in preference to the substantively permanent senior incumbents; and
- (iii) whether they now propose to permit the old incumbents to hold the old posts? If not, why not?

***Mr. P. E. Rau:** I have called for information and will lay a reply on the table of the House in due course.

UNIONS OF GOVERNMENT SERVANTS AND RAILWAY EMPLOYEES.

451. ***Bhai Parma Nand:** (a) Will Government please state the conditions upon which a service Union or Association of Government servants, including State or Company-managed Railway employees, is recognised by the Government of India or Railway Board or Agents of the Railways?

(b) What should be the minimum number of membership of a service Union required for recognition?

The Honourable Sir Harry Haig: (a) Rules governing the recognition of associations of Government servants were issued in 1921, and a copy is in the Library. Government have recently decided to issue separate rules for the recognition of Associations of Government's industrial employees and hope to be able to publish these for general information at an early date. Copies of these new rules will be placed in the Library.

Neither of these sets of rules apply to associations of employees of Company-managed Railways.

(b) The rules do not prescribe a minimum membership.

EXAMINATIONS FOR REFRESHER COURSES IN THE MORADABAD DIVISION OF THE EAST INDIAN RAILWAY.

452. ***Bhai Parma Nand:** Is it a fact that under rule 29 of Rules for the Recruitment and Training of Subordinate Staff on State-managed Railways, no refresher courses are considered necessary? If so, will Government please enquire and state the authority under which the Divisional Superintendent, East Indian Railway, Moradabad, holds examinations periodically for the personnel of this group and calls upon the permanent incumbents to appear at the examinations?

Mr. P. B. Rau: I have called for information and will lay a reply on the table of the House in due course.

RE-INSTATEMENT OF CERTAIN EMPLOYEES OF THE EAST INDIAN RAILWAY.

453. ***Mr. S. G. Jog:** (a) Will Government be pleased to enquire and state if it is a fact that the Honourable the Judges of the Court of Enquiry on the representations of certain cases recommended them immediately to the Agent, East Indian Railway, *i.e.*, before the close of the enquiry?

(b) Have such employees been re-instated or re-employed?

(c) If re-employed, on what considerations the benefit of re-instatement was not given to them, specially to those who had not been paid either Provident Fund or Gratuity or granted discharge certificate after their discharge and before their re-appointment?

(d) If a permanent employee of more than ten years' substantive service was discharged due to "Reduction of establishment" and served with a notice in terms of agreement and subsequently taken back on the special recommendations of the Court of Enquiry, is he held to have been re-employed or re-instated?

(e) Is it a fact that by re-appointment he is considered as a new entrant and has to forgo all claims applicable to his substantive post in respect of pay, allowances, leave, etc., whereas an employee who is re-instated claims all the privileges applicable to his substantive post?

(f) What are the various considerations on which such men were re-appointed and others re-instated?

Mr. P. E. Rau: (a) to (c). No such cases are traceable in the Report of the Court of Enquiry.

(d) and (f). The only recommendation for re-instatement or for further examination as to re-instatement made by the Court of Enquiry that Government are aware of is with respect to the re-instatement of certain employees whose names appear in Lists A and B, in paragraphs 267 to 273 of their Report. This recommendation was generally accepted by Government and the railway administrations were instructed accordingly. In this connection I would invite my Honourable friend's attention to paragraph 8 of the Communiqué dated the 6th June, 1932, a copy of which is in the Library of the House. This paragraph made it clear that the instructions regarding re-instatement would not apply to employees in Lists A and B, who had been discharged otherwise than as a measure of retrenchment.

(e) Retrenched staff on re-appointment are governed by orders issued in Railway Board's letter No. 1635-E. G., dated the 30th December, 1932, a copy of which is in the Library of the House.

Mr. Lalchand Navalrai: May I know if the decisions of that Court of Enquiry were incorporated into any book form?

Mr. P. E. Rau: Here is the book; a copy is in the Library.

Mr. S. G. Jog: What is the approximate number still on the waiting list?

Mr. P. E. Rau: I do not remember at present what is the total number on the waiting list, but these people will be employed when vacancies arise.

Mr. S. G. Jog: Is the Honourable Member aware that these people are on the waiting list for a long time and that their grievances are increased on account of their unemployment?

Mr. P. E. Rau: But the possibility of taking them back into the service depends on vacancies.

RE-INSTALEMENT OF CERTAIN EMPLOYEES IN THE DINAPUR DIVISION OF THE EAST INDIAN RAILWAY.

454. ***Mr. S. G. Jog:** (a) Will Government be pleased to enquire and state if it is a fact that certain employees in the Dinapore Division of the East Indian Railway who held a substantive post for more than 10 years were served with a notice of discharge (24 hours) in 1931 and paid one month's salary in advance since they had no leave at their credit?

(b) Is it a fact that others were granted leave due before they were finally discharged from service?

(c) Is it a fact that those who were granted leave due, on the representation of their case, were re-instated, whereas those who had no leave due were re-appointed?

(d) If the reply to part (b) be in the affirmative, are Government prepared to remedy the hardships entailed on such employees who by re-appointment have suffered a loss of the various benefits which were applicable in their substantive post in respect of pay, leave, etc. ?

Mr. P. R. Rau: (a) and (b). Government have no information.

(c) The Railway Board have recently ruled that persons for whom posts are found before the expiry of their leave would not be considered as having undergone a break in their service.

(d) The rules with regard to persons re-appointed are contained in Railway Board's letter No. 1635-E.G., dated the 30th December, 1932, a copy of which is in the Library. Government consider that these rules are adequate.

POSTING OF THE PERSONNEL OF THE DELHI-UMBALLA-KALKA RAILWAY TO THE MORADABAD DIVISION OF THE EAST INDIAN RAILWAY.

455. ***Mr. S. G. Jog:** (a) Is it a fact that Government, in reply to question No. 432 of the 2nd September, 1925, informed this House that the Ghaziabad Delhi Section of the East Indian Railway was transferred to the North Western Railway with effect from 1st April, 1925, and that the working of the Delhi-Umballa-Kalka Railway was also transferred to the North Western Railway from the same date ?

(b) Is it a fact that the Oudh and Rohilkund Railway was amalgamated with the East Indian Railway from 1st July, 1925 ?

(c) If the replies to parts (a) and (b) are in the affirmative, will Government please state the circumstance under which the personnel of the Delhi-Umballa-Kalka Railway were on return from the North Western Railway posted to Moradabad Division of the Oudh and Rohilkund Section of the East Indian Railway and the number of men posted to other Divisions ?

(d) Is not the said absorption against the assurance of Mr. P. R. Rau as given on the 30th August, 1933, in answer to starred question No. 997 of the 28th March, 1933 ? If so, what action has been taken to uphold the said assurance ? If not, why not ?

Mr. P. R. Rau: (a) and (b). Yes.

(c) Government have no information on this matter, but possibly they were transferred to the Moradabad Division because that was the division nearest to the section on which they were formerly employed.

(d) Not so far as I am aware.

PRIVILEGE PASS FOR THE FATHER OF A RAILWAY EMPLOYEE.

456. ***Mr. S. G. Jog:** Will Government please state whether the father of a railway employee, who is dependent on the earnings of his son, is entitled to travel on a privilege pass ? If not, why not ?

Mr. P. R. Rau: Except on the Great Indian Peninsula Railway where a pass for a father is granted under certain conditions, a railway employee is not entitled to a pass for his father. Government consider that the conditions attaching to the grant of free passes are already sufficiently liberal and they do not see reason to extend the concession further.

**DISCUSSION OF INDIVIDUAL CASES WITH THE REPRESENTATIVES OF
RECOGNISED UNIONS ON THE EAST INDIAN RAILWAY.**

457. ***Mr. S. G. Jog:** Is it a fact that Government informed this House on the 12th April, 1933, in reply to starred question No. 1219, that it was still under consideration of the Railway Board and the Government of India? If so, will Government please state:

- (a) the result of the decision arrived at;
- (b) if still under consideration, how long it will take to arrive at a conclusion; and
- (c) whether the Railway Board and the Government of India are two different bodies; if so, what is the respective function of each in respect of staff matters concerning Railway administrations?

Mr. P. B. Rau: (a) Yes. Government regret that no decision has yet been reached.

(b) I am not in a position to state at present when a decision may be expected.

(c) The Railway Board are responsible for administering the railways under the instructions of the Government of India to whom major questions of policy are referred by the Board.

**NON-RECOGNITION OF SERVICES RENDERED DURING THE GREAT WAR
BY THE EAST INDIAN RAILWAY EMPLOYEES.**

458. ***Mr. S. G. Jog:** With reference to the statement laid on the table of this House on the 1st September, 1933, in reply to starred question No. 966 of the 28th March, 1933, will Government please state whether non-employees, who proceeded on War Service without the approval of the Railway Administration but in response to the Call by His Majesty the King-Emperor, are allowed to count their military service for purposes of retiring gratuity, seniority and increment on the East Indian Railway? If not, why not?

Mr. P. B. Rau: I have called for information and will lay a reply on the table of the House in due course.

**POSTS OF TICKET COLLECTORS AND TRAVELLING TICKET INSPECTORS ON
THE EAST INDIAN RAILWAY.**

459. ***Mr. S. G. Jog:** (a) Is it a fact that before 1st June, 1931, the posts of Ticket Collectors and Travelling Ticket Inspectors on the East Indian Railway were substantively permanent?

(b) Is it a fact that before 1st June, 1931, the posts of Inspectors of Crews, Assistant Inspectors of Crews, Line Inspectors of Crews, Assistant Line Inspectors of Crews, Station Inspectors of Crews, Assistant Station Inspectors of Crews, Crews-in-charge and crewmen were substantively temporary?

(c) Is it a fact that the life of the crew system on the East Indian Railway was for six months at a stretch?

(d) Is it a fact that the life of the crew system was extended from time to time by six months?

(e) Is it a fact that the personnel of the crew system before 1st June, 1931, were never confirmed in substantively permanent posts?

(f) Is it a fact that the personnel of the crew system were in no wise senior to those substantively permanent confirmed personnel of the Old Ticket Collecting and (Travelling) Examining system?

(g) Is it a fact that on the 31st May, 1931, the crew system was abolished and its personnel discharged?

(h) Is it a fact that on the 1st June, 1931, some discharged persons of the crew system were recruited for the Ticket Collectors' Group of the Commercial Branch of the East Indian Railway?

(i) If the replies to parts (a) to (h) be in the affirmative, will Government please state whether on the 1st June, 1931 (and subsequent thereto, intervening the period by which the old scale of pay was restored to old personnel), the personnel of the crew system can in any way claim seniority over the personnel of the old Ticket Collecting and Examining (Travelling) system? If so, how and why?

Mr. P. B. Rau: I am collecting information required and will lay a reply on the table of the House in due course.

➤ **CIRCULAR LETTER NO. E./23/76/25, BY THE DIVISIONAL SUPERINTENDENT, MORADABAD DIVISION, EAST INDIAN RAILWAY.**

460. ***Mr. S. G. Jog:** (a) Has the attention of Government been drawn to the Divisional Superintendent, East Indian Railway, Moradabad's Circular letter No. E./23/76/25, dated April 8/9, 1929, reading:

"There are eleven D. U. K. Railway Assistant Station Masters on this Division, who are senior to you in service. They could not avail of the opportunity of passing the Goods Audit Examination as there was no such school as the Chandausi Transportation School on the old East Indian Railway. Your promotion to Station Masters' list will, therefore, pend till the men have appeared for the Goods Audit Examination."?

(b) If so, is not the said letter against rule 674 of the Hand Book of General Rules and Regulations of the East Indian (Company-managed) Railway? If so, will Government please state what is the difference between passing an examination earlier and passing an examination later?

(c) What encouragement an employee had if he passed an examination in his early service?

(d) Are employees sent for examination in turn of their employment or service or when they apply for an examination after preparation?

(e) What action has been taken to remove the discontentment caused by the said letter? If no action has been taken, why not?

Mr. P. B. Rau: (a) Only by my Honourable friend's question.

(b) to (e). Full powers have been delegated to the Agents in regard to the matters referred to, and Government do not see any necessity to interfere.

Mr. S. G. Jog: Do the Railway Board in their capacity as Railway Board exercise any powers of superintendence or control over the Agents of the Railways?

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

Mr. S. G. Jog: Do the Railway Board bring it to the notice of the Agents whenever their orders are disrespected and are not carried out?

Mr. P. R. Rau: How does the Honourable Member make out that the orders of the Railway Board have not been carried out by the Agents?

FREE PASSES TO THE PERSONNEL OF BRITISH ARMY IN INDIA ON THEIR DISCHARGE FROM THE ARMY AND ON APPOINTMENTS TO THE RAILWAYS IN INDIA.

461. *Mr. S. G. Jog: (a) With reference to the reply given to starred question No. 963 of the 27th March, 1933, will Government be pleased to state whether the personnel of British Army in India on their discharge from the Army in India, and on appointments to the railways in India, having non-Asiatic Domicile, are entitled to free passes? If not, why not?

(b) Can the certificate required from the Agent be refused in the case of the said personnel? If so, what is the number of cases in which a certificate has been refused by the Agent, East Indian Railway, during the period 1925—34?

(c) What facilities are afforded to the personnel of railways who were recruited before the concession was sanctioned?

(d) Is an employee entitled to a free passage if recruited before the grant of such concession? If not, why not?

(e) Is an employee at the time of recruitment informed of the condition of the free passage grant? If not, why not?

(f) Is an employee on recruitment informed of the fact that he is recruited in India as no Indian or Anglo-Indian could be had for the post? If not, why not?

(g) Is not an employee informed of the fact that no Indian or Anglo-Indian was available for the post on which he is recruited entitled to free passage and the Agent is bound to certify? If not, why not?

(h) Do Government propose to lay on the table a statement showing the names and dates of appointment of employees and number and date of the refusals by the Agent to grant the said certificate since the extension of the concession to subordinates? If not, why not?

Mr. P. R. Rau: (a) and (d). I lay on the table a copy of the rules issued in 1930, governing the grant of passages to non-gazetted officers of non-Asiatic domicile.

(b) Certificates can and ought to be refused when the conditions are not satisfied. Government have no information as regards the number in which they were so refused.

(c) I would refer the Honourable Member to the Passage (Subordinate) Rules, 1925, which will be found on pages 389—392 of Posts and Telegraphs Compilation of Fundamental and Supplementary Rules.

(e), (f) and (g). It is only when an application is made by the employee for the grant of the concession that his eligibility requires to be examined.

(h) No. The labour involved in collecting the information is too great.

GOVERNMENT OF INDIA.

RAILWAY DEPARTMENT.

(RAILWAY BOARD.)

No. 3563-E.

Dated Simla, the 9th September, 1930.

To

The Agents, North Western, Eastern Bengal, East Indian, Great Indian Peninsula and Burma Railways.

The Senior Government Inspectors of Railways, Circles Nos. 1, 2, 3, 4, 5, 6 and 7; and

Government Inspector of Railways, Circle No. II-A.

The Chief Publicity Officer, Indian State Railways.

The Chief Mining Engineer, Railway Board.

Dear Sir,

Extension of passage concessions to non-gazetted Railway Employees of non-Asiatic domicile under the Central Government.

In supersession of all the previous orders on the subject, I am directed to state that the Secretary of State for India in Council has been pleased to sanction the grant with effect from the 1st April, 1930, to non-gazetted Railway Employees of non-Asiatic domicile, recruited outside India, passage benefits for themselves and their families on the lines and conditions laid down in Schedule IV to the Superior Civil Services Rules, but substituting second class B for 1st Class B P. and O. passages.

These benefits will be admissible to the following classes of personnel :

- (i) Persons recruited outside India for permanent service in India;
- (ii) persons recruited outside India on contract and retained in permanent service on the expiry of the periods of their contracts; and
- (iii) persons recruited outside India on contracts for indefinite periods or on contracts for definite periods subsequently extended indefinitely;

and will be in addition to the initial passages granted to them to join their first appointments in India.

2. It is the intention that persons to whom the passage (Subordinate) Rules, 1925, apply during the periods of their original contracts should continue to be entitled to the benefits of these Rules even during the periods of their further service under Government, whether permanent or temporary, and it is proposed to amend the Rules with retrospective effect from the date of their first introduction, *viz.*, the 24th November, 1925, so as to make the intention clear. This being so persons belonging to classes (ii) and (iii) mentioned above, to whom those rules apply, will be given the option between the benefits admissible to them under those rules and the benefits described in this letter. The option once exercised will be final.

3. The Secretary of State has also sanctioned with effect from 1st April, 1930, passage benefits for themselves and their families on the lines and conditions laid down in Schedule IV to the Superior Civil Services Rules, but substituting second class B for 1st class B P. and O. passages to persons of non-Asiatic domicile recruited in India because Indians with the necessary qualifications were not available at the time or it was considered necessary from the administrative point of view to have a certain proportion of Europeans.

Yours faithfully,

(Sd.) K. M. HASSAN,

Deputy Director, Railway Board.

D.A.—Nil.

**ALLEGATIONS AGAINST AN OFFICIAL OF THE MORADABAD DIVISION,
EAST INDIAN RAILWAY.**

462. *Mr. M. Maswood Ahmad: (a) Has the attention of Government been drawn to an article concerning the East Indian Railway (Moradabad Division) Administration published in the *Daily Naujawan*, Lahore, dated the 27th July, 1933?

(b) Will Government be pleased to enquire and state:

- (i) whether any enquiries were made into the matter; if so, how the enquiries were conducted and with what result;
- (ii) who the railway official was against whom these allegations of maltreatment towards an injured passenger during Piran Kalyar Urs of Roorkee were brought in the article;
- (iii) if it is a fact that this very railway official had been reported by the Ruling Chief of Poonch State for misbehaviour during Adh Kumbh Mela at Hardwar last year;
- (iv) if it is a fact that sometime back a similar report was made against this very official for misbehaviour towards the Ruling Chief of Terhi State;
- (v) if they are prepared to lay copies of the above complaints on the table of this House for the perusal of the Members; and
- (vi) what and by whom enquiries were made into each of the above complaints and with what result?

(c) Will Government be pleased to enquire and state:

- (i) how long this railway official has been in the Moradabad Division; and
- (ii) if he has ever been tried in any other Division of the East Indian Railway?

Mr. P. B. Rau: (a) A copy of the article in question was received by the Railway Board on the 6th March, 1934, forwarded, I understand, by my Honourable friend.

(b) and (c). Government have no information regarding the matters referred to in these parts of the question, but I am obtaining information from the Railway Administration and will lay a reply on the table in due course.

**RULES FOR THE RECRUITMENT AND TRAINING OF SUBORDINATE STAFF
ON STATE RAILWAYS.**

463. *Pandit Satyendra Nath Sen: Is it a fact that under rule 25 of the Rules for the Recruitment and Training of Subordinate Staff on State-managed Railways, the normal promotion of a Ticket Collector (including Assistant Head or Head Ticket Collector) is to the post of a Travelling Ticket Inspector and not to that of a Junior or Chief Inspector of Ticket? If so, will Government please state:

- (a) the circumstances under which the Divisional Superintendent, East Indian Railway, Moradabad, transfers or appoints Travelling Ticket Inspectors as Ticket Collectors, and Ticket Collectors (including Assistant Head Ticket Collectors) as Junior Inspectors of Ticket;

- (b) the date and number of the Agent's decision as required by Rule 64 of the said rules for modifying the provisions of Rule 25 of the said rules;
- (c) whether Government desire to emphasise the observance of the Rules and Regulations framed by them; if not, why not; and
- (d) whether any action is proposed to be taken by Government on the infringements against the official concerned? If not, why not?

Mr. P. R. Rau: The general position with regard to these rules was explained by me in reply to Rai Bahadur Lala Brij Kishore's question No. 96 on the 6th February, 1934, to which I would invite my Honourable friend's attention. The circumstances stated in the question do not appear to call for the intervention of Government.

DISABILITY PENSION TO MILITARY EMPLOYEES INVALIDED DURING THE GREAT WAR.

464. ***Mr. B. V. Jadhav:** Will Government be kindly pleased to state whether the Controller of Military Pensions, Lahore, is now agreeable to assess disability pensions agreeably to Government reply to question No. 592, dated the 4th September, 1933, in this House, copy of which has been forwarded to the Controller, *vide* Government reply to question No. 1263, published at page 32 of the Assembly Debates for Wednesday the 24th January, 1934?

Mr. G. R. F. Tottenham: The attention of the Honourable Member is invited to the answer that I gave on the 6th February, 1934, to unstarred question No. 32 asked by Mr. S. G. Jog.

PROTECTION OF THE INDIAN SALT INDUSTRY AGAINST THE IMPORT OF FOREIGN SALT.

465. ***Mr. D. N. O'Sullivan:** (a) Are Government aware that two steamships, the S. S. "Changan" and the S. S. "Sagres", have recently been chartered to convey foreign salt from Rastafun to Calcutta?

(b) Will Government be pleased to state whether they propose in the near future to take such measures as will be adequate to protect the Indian Salt Industry against the import of foreign salt?

The Honourable Sir George Schuster: (a) I am prepared to take it from the Honourable Member that the arrangements which he describes have been made.

(b) The policy of the Government is that of the majority of the members of the Salt Industry Committee and will be found fully explained in the reports which that Committee has presented from time to time.

ALLOWANCES GRANTED TO A TRAVELLING TICKET EXAMINER.

466. ***Mr. M. Maswood Ahmad:** (a) With reference to the reply to starred question No. 1361 (a) in this House, dated 11th December, 1933, will Government be pleased to state:

- (i) if para. 362 of the State Railway Open Line Code, Volume II, has been amended as per reply of Mr. P. R. Rau to the question; and

(ii) whether sanction was obtained from the Government of India by the Agents, North Western and East Indian Railways, before introducing a new kind of allowance for the old Traveling Ticket Examiners and Inspectors from the 1st June, 1931?

(b) If the reply to part (a) (ii) be in the affirmative, will Government be pleased to lay on the table a copy of the Agents' letter on the subject and a reply of the Government of India to them?

Mr. P. B. Rau: (a) (i). The question is under consideration.

(ii) No. It was unnecessary.

(b) Does not arise.

UNSTARRED QUESTIONS AND ANSWERS.

"BUY POST OFFICE CASH CERTIFICATES" DATE STAMPS.

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

(a) the number and cost of manufacture of "Buy Post Office Cash Certificates" date stamps supplied to the Head Post Offices in India; and

(b) whether the total cost is debited to the Postal Department or it is borne by the Finance Department on whose behalf the Post Office does the Cash Certificate business?

The Honourable Sir Frank Noyce: (a) 256 stamps bearing the slogan "Buy Post Office Cash Certificates" were supplied to Head Post Offices throughout India and Burma at a cost of Rs. 1,010-4-7.

(b) The cost was met from the payment made to the Posts and Telegraphs Department by the Finance Department for doing Cash Certificate work.

CERTAIN CONCESSIONS GRANTED TO THE STAFF IN THE OFFICE OF THE DIRECTOR GENERAL, POSTS AND TELEGRAPHS.

187. **Mr. M. Maswood Ahmad:** (a) Is it a fact that the concessions sanctioned under the Industries and Labour Department letter No. 17-P. T. E., dated the 5th August, 1926, were granted to those employees also (i) who were actually employed in Director-General's Camp Office, Simla/Delhi, (ii) who were employed after the issue of the letter, (iii) who were transferred to Director-General's office from some other office after the issue of the letter, (iv) who were temporary on and after the date of the issue of the letter, and (v) who never maintained their homes in or in the neighbourhood of Calcutta?

(b) If the reply to part (a) above be in the affirmative, will Government be pleased to state who are the employees and how they fulfilled the conditions laid down in the letter, and were declared eligible?

(c) Is it a fact that the concessions referred to at part (a) above were refused to those (i) who were permanent prior to the issue of the letter, (ii) who maintained homes in or in the neighbourhood of Calcutta, and (iii) who were actually employed in Director-General's Office, Calcutta?

(d) If the reply to part (c) above be in the negative, will Government be pleased to state how those mentioned in the statement annexed to

starred question No. 134, dated the 4th September, 1929, have been declared not eligible?

(e) Will Government be pleased to state the reasons for refusing to certain clerks of the office of the Director-General, Posts and Telegraphs, the concessions sanctioned under the Industries and Labour Department letter No. 17-P. T. E., dated the 5th August, 1926, on account of their transfer from Simla to New Delhi?

The Honourable Sir Frank Noyce: (a) The facts are not as stated by the Honourable Member. A copy of the letter referred to is attached.

(b) Does not arise.

(c) The Honourable Member's attention is invited to the copy of the letter attached to the reply to part (a).

(d) and (e). As regards the reasons for debarring the officials in question from the benefit of the concessions, the Honourable Member's attention is invited to the replies given by the Honourable Sir Bhupendra Nath Mitra to part (a) of starred question No. 482 and to part (b) of starred question No. 135 in this House on the 19th March, 1928, and the 4th September, 1929, respectively. As these clerks were unaffected by the transfer of the Director-General's main office from Calcutta to Delhi they have no reasonable claim to any concession in connection with that change.

GOVERNMENT OF INDIA.

No. 17-P. T. E.

DEPARTMENT OF INDUSTRIES AND LABOUR.

POSTS AND TELEGRAPHS BRANCH.

Simla, the 5th August 1926.

From

The Hon'ble Mr. A. H. Ley, C.S.I., C.I.E., C.B.E., I.C.S., Secretary to the Government of India.

To

The Director-General of Posts and Telegraphs.

SUBJECT:—*Grant of certain concessions to the non-gazetted staff of the office of the Director-General of Posts and Telegraphs on its transfer from Calcutta to Delhi.*

SIR,

I am directed to convey the sanction of the Government of India to the grant of the following concessions to the non-gazetted staff of your office at Calcutta, who are transferred with that office from Calcutta to Delhi during the current year.

- (i) A bonus of two months pay subject to a maximum of Rs. 200;
.. (ii) Personal pay at the following rates to be absorbed in future increments :

	Rs.
Clerks on pay above Rs. 100	40
Clerks on pay up to Rs. 100	20
Record Suppliers, Duffries and Jamadars	4
Other peons and menials	2

- (iii) An advance of two months' pay recoverable in 12 monthly instalments;
(iv) Travelling allowance for family following the men within a year; and
(v) Double third class fare for menials.

2. As regards the staff of your camp office moving between Simla and Delhi, and of the Wireless Branch, I am to say that concessions (i) and (ii) referred to in the previous paragraph will be admissible if they are still maintaining permanent homes in Calcutta or in its neighbourhood on the date of these orders. They will also be entitled to concession (iv) relating to family travelling allowances, provided that the allowance has not already been drawn in respect of the transfer of their families from Calcutta to Simla or Delhi.

3. I am to add that these concessions will be admissible only to men who hold permanent appointments in your office on the date of these orders and will not apply to any future recruits. Nor will they apply to men who have been recruited for service at Simla or Delhi.

4. The Government of India desire that care should be taken to ensure that no unnecessary expenditure is incurred under these orders on account of the transfer of men who are on the verge of retirement or otherwise contemplate quitting the service.

5. The expenditure involved in this sanction should be met from the provision for the purpose made in the budget estimate of the Postal and Telegraph Department for the current year.

I have the honour to be,

SIR,

Your most obedient servant,

A. H. LEY,

Secretary to the Government of India.

CLERKS IN OFFICES UNDER THE AUDITOR GENERAL IN INDIA

188. **Mr. M. Maswood Ahmad:** Will Government be pleased to state the total number of permanent clerks on the 31st December, 1933, employed in all the different offices under the Auditor General in India, and how many of them were Muslims?

The Honourable Sir George Schuster: I would refer the Honourable Member to the reply given on the 24th of February, 1934, to Mr. Muhammad Anwar-ul-Azim's unstarred question No. 84.

NON-PAYMENT OF THE ALLOWANCE TO THE CREW STAFF ON THE EAST INDIAN RAILWAY.

189. **Bhai Parma Nand:** (a) Will Government please inquire and state the circumstances under which the allowance sanctioned by the Chief Operating Superintendent, East Indian Railway, under his No. T. E.-65/27-P. I., dated the 12th September, 1933, is not paid to the crew staff by the end of February, 1934?

(b) Are Government prepared to take necessary action to see that the said allowance is disbursed to the staff before the close of the financial year? If not, why not?

Mr. P. R. Rau: Government do not consider that their intervention is necessary to ensure that the orders passed by the head of a department on a railway are carried out.

APPEALS FROM THE EMPLOYEES ON THE EAST INDIAN RAILWAY.

190. **Bhai Parma Nand:** With reference to the reply to starred question No. 235 of the 7th February, 1933, will Government please lay on the table a statement showing:

- (a) the number of appeals during 1932 and 1933 which were received at the offices of (i) Railway Board, (ii) Agent and (iii) Divisional Superintendent from the employees on the East Indian Railway;
- (b) the name and designation of the officer, who passed the order against which an appeal was preferred;
- (c) the number of appeals disposed of during the said period by the said officers;
- (d) the name and designation of the officer, who disposed of the appeal;
- (e) the number of appeals referred to subordinate officers by the said offices together with reason in each appeal for such references; and
- (f) the manner under which the appeal was disposed of?

Mr. P. R. Rau: Government regret they are unable to supply the information asked for by the Honourable Member which cannot be collected without an undue expenditure of time and labour.

RULES FOR THE RECRUITMENT AND TRAINING OF SUBORDINATE STAFF ON THE EAST INDIAN RAILWAY.

191. **Mr. S. G. Jog:** Is it a fact that Mr. P. R. Rau, in reply to a supplementary question to question No. 909 of the 24th March, 1933, regarding rules for the recruitment and training of subordinate staff on the East Indian Railway, informed this House that there were certain rules regarding Appeals and Memorials which he believed were in the Library of the House? If so, will Government please state the number and date of the notification under which the said rules were promulgated to the staff, and lay a copy of the same on the table of the House? Are Government aware that the same is not available in the Library of the House?

Mr. P. R. Rau: The rules to which I referred were the rules regulating the discharge and dismissal of the State Railway non-gazetted Government servants and the rules regarding the submission of petitions to the Governor General in Council. A copy of the former was placed in the Library of the House in 1931. The latter were promulgated with Home Department Notification No. F.-472-II-2/23-Public, dated the 21st June, 1924, and published in the Gazette of India.

RULES FOR RECOGNITION BY GOVERNMENT OF ASSOCIATIONS FORMED BY THEIR EMPLOYEES.

192. **Mr. S. G. Jog:** With reference to the statement laid on the table in reply to question No. 104 of the 22nd March, 1933, will Government

please lay on the table a copy of the rules issued in 1921 and amended to date relating to recognition by Government of associations formed by their employees?

The Honourable Sir Harry Haig: A copy of the rules referred to by the Honourable Member is in the Library.

SELECTION OF CANDIDATES FOR THE POSTS OF INSPECTORS IN THE
TRANSPORTATION DEPARTMENT, EAST INDIAN RAILWAY.

193. **Mr. S. G. Jog:** With reference to the reply to part (g) of starred question No. 909 of the 24th March, 1933, will Government please state (a) the number of Selection Boards with the name of their personnel, held during the years 1925—34 to select candidates for the posts of all Inspectors in the Transportation Department, East Indian Railway, and (b) the number of vacancies in the said cadres during that period and the manner in which they were recruited or appointed or filled?

Mr. P. E. Rau: Government consider that the collection of the information required will involve expenditure of time and labour which will not be justified by results.

RULES FOR THE RECRUITMENT AND TRAINING OF SUBORDINATE STAFF
ON THE EAST INDIAN RAILWAY.

194. **Mr. S. G. Jog:** With reference to the reply to starred question No. 909, part (b), dated the 24th March, 1933, regarding rules for the recruitment and training of the subordinate staff on the East Indian Railway, will Government please state the result of the decision arrived at? If no decision has yet been arrived at, when is it likely to be done?

Mr. P. E. Rau: Agents of State-managed Railways have been informed that the Railway Board consider it desirable that Selection Boards should record in writing their reasons for selecting employees for posts in selection grades where such selection involves a departure from normal principles.

STATEMENTS LAID ON THE TABLE.

CASES IN WHICH THE LOWEST TENDERS HAVE NOT BEEN ACCEPTED BY THE
HIGH COMMISSIONER FOR INDIA IN PURCHASING STORES FOR THE GOVERNMENT OF INDIA.

The Honourable Sir Frank Noyce (Member for Industries and Labour): Sir, I lay on the table a statement, furnished by the High Commissioner for India, showing all cases in which the lowest tenders have not been accepted by him in purchasing stores for the Government of India, during the half year ending the 31st December, 1933.

HIGH COMMISSIONER

INDIA STORE

ABSTRACT OF CASES in which tenders for stores demanded by the Central Govern
goods demanded, were accepted on the grounds of superior quality,
inspection, quicker

HALF-YEAR ENDING

Stores ordered.	Contract Number.	Name of Contractor.	Amount of Contract.
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**PART A.—Cases in which lower foreign tenders, including British tenders for
ten**

			£ s. d.
Zinc sheets. No. 64 . . .	P. 1182/1439/31-8-33	London Zinc Mills, Ltd.	18 18 2 (British)
Bright Mild Steel Bars. 25½ tons.	P. 2009/2966/20-12-33	Brunton's (Mussel- burgh), Ltd.	348 6 6 (British).

PART B.—Cases in which the discrimination

Bearing plates. No. 2400 .	P. 995/1397/5-8-33.	Barrow Haematite Steel Co., Ltd.	115 5 1 (British).
Moderating glasses. No. 675	P. 1386/2050/29-9-33	W. Ottway & Co., Ltd.	34 5 0 (British).

PART C.—Cases in which the discrimination

Peptone. 20 lbs.	P. 1502/1705/17-10-33	George T. Gurr . . .	12 6 0 (U. S. A.)
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PART D.—Cases in which lower British tenders have

Nil.

FOR INDIA.

DEPARTMENT.

ment, other than the lowest complying with the technical description of the superior trustworthiness of the firm tendering, greater facility of delivery, etc.

31st DECEMBER, 1933.

Lowest Tender not accepted.	Reason for acceptance.
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foreign made goods, have been set aside wholly or partially in favour of British ders.

£ s. d.	
15 17 8 (Belgian).	The accepted tender was the better offer, having regard to the cost of inspection abroad.
308 5 0 (Belgian).	The difference between the two tenders is compensated for partly by the differential tariff on foreign steel (£29 6s. 4d.) and partly by the higher cost of inspection abroad.

is between British firms only.

93 6 1 (British).	Accepted on the grounds of earlier delivery, as the bearing plates were very urgently required in India.
33 15 0 (British).	The indent stated that the glasses were required in India immediately. The second lowest tender was therefore accepted because of the earlier delivery offered.

is between Foreign firms only.

12 0 0 (Continental).	The order was placed with the higher tenderer on account of the superior quality of the peptone offered, which represented more than the difference in price.
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been set aside in favour of foreign tenders.

Nil.

The Honourable Sir Frank Noyce (Member for Industries and Labour): Sir, I lay on the table:

- (i) the information promised in reply to parts (b) to (j) of unstarred question No. 293, asked by Mr. Gaya Prasad Singh on the 11th December, 1933; and
- (ii) the information promised in reply to parts (a) and (b) of starred question No. 66 asked by Mr. K. P. Thampan on the 5th February, 1934.

—

APPOINTMENT OF CHRISTIAN GIRLS AS TELEPHONE OPERATORS IN THE AGRA TELEGRAPH SUB-DIVISION.

293. (b) The fact is not as stated by the Honourable Member. His assumptions that an examination was held in 1930, and that an approved list based on the results of that examination was maintained, are not correct. Ten posts have recently been filled, three by Hindus (males), one by a Muslim (male) and six by Christians (females), all of whom passed an examination held in 1933; all these appointments have been made in an officiating capacity in accordance with the existing ban on making permanent appointments.

(c) No. The candidates who had worked in officiating vacancies had not been employed as a result of any examination held in 1930; further the complaints received against the majority of them, shewed that their work could not be regarded as satisfactory.

(d) In order to select the best qualified amongst the candidates who had previously worked in officiating capacities, complaints against most of whom had been received, and amongst outside candidates.

(e) Does not arise in view of the reply given to parts (a) to (d).

(f) No. As explained in my reply to part (b) above, there are no candidates who passed an examination in 1930, and no vacancies are being permanently filled. Further, of the candidates who had worked in officiating vacancies, only four passed the 1933 examination and they have been provided for in four of the ten posts mentioned in that reply. The cases of those candidates who failed to appear at that examination are being examined by the Postmaster-General concerned. The other six posts were given to the six Christian women who also passed the 1933 examination.

(g) Government understand that four of the six women had worked in officiating vacancies. They were not, however, senior to all the officiating operators.

(h) The Honourable Member is referred to reply given to his own unstarred question No. 292, in this House on the 11th December, last. There has been no change in the position since then.

(i) The reply is in the negative, since, as already explained in the reply to parts (b) and (f) above, no permanent appointments have been made. Further, the appointments were made on the results of an examination and the four old candidates who passed the examination and have been appointed, three of whom are matriculates, have been given seniority over the six Christian women. The latter part of the question does not arise.

(j) Does not arise in view of the reply given to parts (f) and (h) above.

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RECRUITMENT OF POSTAL CLERKS IN MADRAS.

*66. (a) The reply to the first part is in the affirmative. As regards the second part, 46 candidates were selected.

(b) 30.

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

- (i) the information promised in reply to part (a) of starred question No. 1289 asked by Mr. B. R. Puri on the 7th December, 1933;

- (ii) the information promised in reply to starred question No. 1426 asked by Mr. S. G. Jog on the 16th December, 1933;
- (iii) the information promised in reply to starred question No. 1474 asked by Sardar Sant Singh on the 20th December, 1933;
- (iv) the information promised in reply to starred question No. 26 asked by Mr. Jagan Nath Aggarwal on the 24th January, 1934;
- (v) the information promised in reply to starred question No. 93 asked by Rai Bahadur Lala Brij Kishore on the 6th February, 1934;
- (vi) the information promised in reply to starred question No. 94 asked by Rai Bahadur Lala Brij Kishore on the 6th February, 1934; and
- (vii) the information promised in reply to starred question No. 156 asked by Mr. S. G. Jog on the 16th February, 1934.

SALE OF STEEL SCRAP FOR EXPORT TO JAPAN BY THE NORTH WESTERN RAILWAY.

*1299. Steel scrap on the North Western Railway used to be sold in two main classes, miscellaneous light and miscellaneous heavy. This was bought up by dealers who picked out the material in local demand, worth 20 to 80 rupees a ton, and disposed of the balance to exporters who sent it abroad for remelting. Genoa and Hamburg used to be markets, but Japan has always been an important and at present is the main market.

2. In 1931, the major portion of the more valuable scrap was sorted out for separate sale and this was possibly one of the reasons for the very low tender of Rs. 2-7-3 per ton for the miscellaneous scrap. At the suggestion of the Railway Board a lot of 5,000 tons was put up by the East Indian Railway at Calcutta on behalf of the North Western Railway and realised Rs. 5-12-0 per ton. The purchasers were Messrs. Nursing and Co., one of the principal export firms, who booked the material to Karachi for shipment. The Railway material rate to Karachi is Rs. 9 per ton, so that from the Railway point of view this rate was equivalent to Rs. 14-12-0 at Karachi.

3. In March, 1932, auctions were held at Moghalpura and Karachi and the accompanying extracts from the auction lists (Annexure No. 1) show the prices obtained for some small lots of similar material. Several lots were withdrawn at Moghalpura as the offers were not considered good enough.

4. In October-November, 1932, further auctions were held at Moghalpura and Karachi, at which small lots of material were put up for auction. The rates obtained for a number of lots are shown in Annexure II.

5. In November-December, 1932, several offers were received for material for immediate export. A list of the offers which it was considered to the advantage of the administration to accept are shown in Annexure III, also certain offers which were not accepted.

6. Messrs. Mitsui Bussan Kaisha's offer of Rs. 20-6-0 for light steel scrap and Rs. 17-8-0 for heavy was considered a favourable rate for plain export scrap. The offer covered :

Light Scrap.

Light scrap of thickness 3/8" and up, length under 5 feet and width under 2 feet, including such items as scrap steel eccentric straps, quadrant links, big and little butt ends, slide bars, brake hangers, wedges, eccentric rods, stay plates. Scrap cast steel axleboxes, axlebox guides, crossheads, brackets for reversing levers, couplers, couplers crosshead motion plates.

Scrap mild steel plate cuttings, pipe cuttings, Gusset plates, rolled sections under 5 feet washers, pins, rivets and rivet heads, bolts and nuts, cotters. Scrap steel cut rail pieces under five feet, fish plates, bearing plates, dog spikes, fishbolts and nuts.

Heavy Steel Scrap.

Skeleton engine wheels, engine frame plates, boiler tube plates and rings, engine domes etc.

The offer was for 6,000 tons more or less to be delivered in approximately 6 months. It was accepted, *firstly* as it was the best offer for this class of material received up to that date; *secondly* by its acceptance a minimum rate for scrap was fixed, but the Railway were free to put up at one of the regular auctions any material which there were grounds for believing would fetch over Rs. 11 at Moghalpura or Rs. 20 at Karachi; *thirdly* it promoted the direct despatch of export material without the Railway having to pay intermediate charges or profits.

ANNEXURE I.

Auction March, 1932, Moghalpura.

Steel axle boxes	Not sold.
Cast steel loco. fittings	30 tons 4 cwts. Rs. 10-4-0—Beli Ram Sita Ram.
Steel buffers with springs	29 tons 11 cwts.—Kharati Ram Rs. 10.
Steel buffers without springs	Not sold.
Brake shafts	Not sold.
Skeleton wheels	19 tons 12 cwts.—Mukand Iron Works Rs. 8-8-0.
Heavy consisting of engine frames, Boiler plates, boiler shells	Not sold.
Buffers with and without springs	66 tons—Kundan Lal Sita Ram Rs. 11.
Buffer sockets	66 tons Rs. 6-5-0—Allah Din.
Draw bar pieces	} Not sold.
Steel axle boxes	
Loco. axle guards, axle keeps, etc.	} Not sold.
Engine cylinders	
Axle guards	334 tons 6 cwts.—Munshi Ram Rs. 7.
Buffer sockets	22 tons—Bhagat Singh and Son Rs. 11-4-0.
Skeleton wheels, full and broken	77 tons—Said Allah Din Rs. 6-12-0.
	20 tons 17 cwts.—Devi Dyal Panna Lal Rs. 7.
Light miscellaneous cut pieces, nuts, bolts, rivets, miscellaneous loco. parts	Not sold.

Auction March, 1932, Karachi.

Mixed light scrap-no details available.

Tons.	Rs.	A.	P.	
1,500	17	0	0	Devi Pershad Ram Chand.
40	15	4	0	Devi Pershad Ram Chand.
160	10	0	0	Devi Pershad Ram Chand.
10 7 cwts.	23	12	0	
654	16	0	0	Noorbhoy Alibhoy.
132 17 cwts.	17	0	0	Noorbhoy Alibhoy.

Skeleton wheels 160 tons 11 cwts. Rs. 11—Mitsui Bussan.
 Mixed (no details) 75 tons Rs. 14-12-0—Nursing & Co.
 Scrap steel sleepers 130 tons Rs. 13-12-0—Shori Lal Madan Lal.
 Mixed (no detail) two lots 27 tons 17 cwts. Rs. 15—Hasham Mohd.
 Mixed (no detail) 13 lots 81 tons Rs. 22-15-0—Haji Ahmed.

ANNEXURE II.

Auction Moghalpura, November 1932.

Quadrant links, big & little butt ends, slide bars, brake hangers, axle boxes, wedges, eccentric rods, stay plates	43 tons 6 cwts. Rs. 8 per ton—Tulsi Ram.
Steel axle boxes, axle guides, cross heads, brackets for reversing levers, motion plates	25 tons 8 cwts. Rs. 7-11-0—Bansi Lal.
Couplers, axle boxes, guards plate couplers, cross heads	42 tons 18 cwts.—Rs. 6-8-0 per ton.—Hasham Mohamed.
Axle boxes	320 tons 2 cwts. Rs. 6-2-0 per ton.
A. B. C. Couplers, Rings, Chimneys, Draw bar cradles, pieces of plate	56 tons Rs. 10-8-0—Fazal Ellahi.
Scrap cradles, rings, A. B. C. couplers, piston heads, boiler plates, chimneys, etc.	90 tons Rs. 10—Ragoo Ram.
Skeleton wheels broken	32 tons 9 cwts. Rs. 11-12-0—Ditta Mall.
Skeleton wheels full	26 tons Rs. 7-12-0—Mangal Mal.
Engine skeleton wheels	77 tons Rs. 8-4-0—Ragoo Ram.
Engine and tender frames	38 tons 4 cwts. Rs. 4-8-0—Ghulam Mohamed.
Boiler plates	71 tons 7 cwts. Rs. 4-4-0—Tulsi Ram.
Boiler shells	69 tons 5 cwts. Rs. 6—Mangal Mal.
Engine frame plates and boiler plates and rings	Offer Rs. 2-9-0—Not sold.
Engine Domes	11 tons 17 cwts. Rs. 8-4-0—Mukand Iron Works.
Roof plates	211 tons 2 cwts. Rs. 9-5-0—Jawanda Mal.
Axle boxes	40 tons Rs. 6-4-0—Mukand Iron Works.
Scrap light wrought iron miscellaneous	330 tons Rs. 7-15-0—Mangal Mal.

Auction Karachi, October 1932.

Mixed heavy scrap steel	150 tons 15 cwts. Rs. 10-12-0—G. M. Thakar.
Skeleton wheels	62 tons 15 cwts. Rs. 14-12-0—Hasham Mohd.
Steel sleepers of sorts	50 tons Rs. 15-4-0—Tulsi Ram.
Axle Guards	19 tons 10 cwts. Rs. 14—Durga Dass Dwarka Daes.
Keeps axles and covers	6 tons Rs. 17-8-0—Jawanda Mal Dhana Mal.

ANNEXURE III.

*Material sold as export scrap.**By auction.*

January 1932, Nursing & Co., Calcutta	5,000 tons Moghalpura Rs. 5-12-0.
	Miscellaneous.

By offer.

November 1932, Punjab Engineers Supply Co., Lahore	335 tons Sukkur Rs. 9-12-0—P. W. material bearing plates fish plates, etc.
November 1932, Nursing & Co., Calcutta	175 tons F. O. R. Karachi Rs. 17—Bridge scrap.
Ditto ditto	165 tons Jhelum Rs. 4-15-0—Bridge scrap.
Ditto ditto	150 tons Jhelum Rs. 4-15-0—Bridge scrap.
Ditto ditto	150 tons Jhelum Rs. 4-15-0—Bridge scrap.
Ditto ditto	500 tons Moghalpura Rs. 7-15-0—mixed small.
Ditto ditto	40 tons Moghalpura Rs. 6-4-0—Axle boxes.
Ditto ditto	134 tons Raewind, Rs. 6—P. W. scrap.
December 1932, Nursing & Co., Calcutta	24 tons Moghalpura Rs. 6-4-0—Axle boxes.
January 1933, Mukand Iron Works through Nursing & Co.	977 tons Moghalpura Rs. 3-4-0—Heavy material requiring to be cut up by purchaser for export.
March 1933, Mitsui Bhusen Kashi	6,000 tons F. O. R. Karachi—light, Rs. 20-6-0, heavy, Rs. 17-6-0.

Offers received and not accepted.

November 1932, Punjab Engineering Supply	500/600 tons engine and wagon wheels at Moghalpura Rs. 4-8-0—auction rate Rs. 8-4-0.
November 1932, Punjab Engineering	25 tons Sukkur Rs. 12-4-0 about 18 tons was tie bars and it was considered this lot was worth at least Rs. 15 per ton.
November 1932, Punthakey & Co., Karachi	500 tons cast iron Rs. 21 per ton—miscellaneous light, Rs. 17-8-0 per ton F. O. R. Karachi, miscellaneous heavy, Rs. 14 per ton F. O. R. Karachi—accepted for cast iron only miscellaneous light and heavy not immediately available at Karachi though rates considered reasonable.
March 1933, Sita Ram Agarwal	Rs. 11 per ton for all scrap at Sukkur Rs. 8 per ton for all at Raewind for export. The material at Sukkur and Raewind included much material more valuable for local sale.
March, Durga Dass	1,000 tons scrap at Karachi Rs. 19 per ton. Better offer under consideration.
April 1933, Punjab Engineers Supply Co.	1,000 tons miscellaneous export scrap—Moghalpura Rs. 7-8-0. 150 tons Skeleton wheels Rs. 7-10-0. 300 tons Skeleton wheels cut up Rs. 8. 300 tons Boiler plates Rs. 7-11-0.

Rates all lower than Mitsui Bussan Kaisha Karachi offer.

CLASSIFIED LIST OF STATION MASTERS AND ASSISTANT STATION MASTERS ON THE EAST INDIAN RAILWAY.

*1426. (a) In April, 1933, the Chief Operating Superintendent, East Indian Railway issued such a list. I may add for the information of the Honourable Member that each division has its own seniority list and promotes staff without reference to the Head Office upto a maximum of Rs. 350 p. m.

The Chief Operating Superintendent controls promotions to grades higher than Rs. 350 only. The combined seniority list of staff on grades rising to Rs. 350 was compiled to facilitate reference only.

(b) (i) The staff in grades rising to Rs. 350 on all six divisions have been combined in one seniority list in their class. Seniority is based on the earliest date of promotion to any grade in that class.

(ii) The channel of promotion from the combined seniority list is to higher grade Station Masters and Yard Masters, Inspectors, Deputy Controllers, Deputy Station Superintendents and Station Superintendents according to grade.

SENIORITY OF THE TICKET CHECKING STAFF ON THE EAST INDIAN RAILWAY.

*1474. (a) At the time of absorption of staff in the Moody Ward scheme, temporary men of over twelve months service were ranked equally with permanent staff. Seniority was determined by pay, and, if this was equal, by length of service.

(b) No. The reduction of the Crew Staff was not part of the economy campaign and would have taken place in any case. As such the special terms contained in Railway Board's letter No. 683-E.G., of 3rd March, 1931, did not apply.

(c) Yes.

(d) The letter referred to applies only to the fixation of seniority of staff transferred from the East Indian to the Oudh and Rohilkhand section or *vice versa*, and does not refer to the fixation of seniority on a man's own section.

(e) Seniority was fixed as detailed in the reply given under item (a) above.

(f) In December, 1932, the old Travelling Ticket Inspectors of the Accounts Department who were absorbed in the Moody-Ward Scheme, as Travelling Ticket Examiners were allowed the option of retaining the scale of pay applicable to the former permanent posts held substantively by them with the benefit of increments therein. The re-adjustment of their pay on this basis has no doubt in some cases resulted in their being given a higher position of seniority, *vide* answer to part (a), than some of the other Travelling Ticket Examiners.

CRITERION OF EFFICIENCY FOR PROMOTION ON THE NORTH WESTERN RAILWAY.

*26. (a) Four Indians, seven Europeans and two Anglo-Indians have been appointed to officiate as Assistant Commercial, Transportation and Personnel Officers on the North Western Railway since August, 1951, in the Lower Gazetted Service.

(b) It is not understood what efficiency bar is referred to. Efficiency bars exist at certain stages in many of the incremental grades for subordinates on the North Western Railway beyond which no one can pass without securing the prescribed qualifications.

(c) and (d). Promotions to officiating rank in the Lower Gazetted Service are made after careful consideration by the Administration of the general efficiency, character and capabilities of recommended subordinates.

Confirmation in the Lower Gazetted Service is made from the officiating subordinates in order of merit giving due consideration to the length of officiating service.

PROVISION OF A SCHOOL NEAR THE INDIAN RAILWAY COLONY AT THE GOODS MARSHALLING YARD, CAWNPORE.

*93. (a) (i) Agent, E. I. Railway reports that this is not a fact. There is an Upper Primary School on the same side of the Railway line as the staff quarters at the Goods Marshalling Yard in question. There is also a Middle English School 2½ miles from the quarters also on the same side of the line.

(ii) The Agent reports that he is aware of only one representation which was made in November, 1931, and the staff were advised to address the Municipality for a Primary School.

(b) In view of (a) (i) above this does not arise.

PROVISION OF FACILITIES FOR THE RECREATION AND EXERCISE OF THE RAILWAY STAFF AT CAWNPORE.

*94. The Agent, East Indian Railway reports as follows :

(a) (i) Yes.

(ii) This is so.

(iii) Though the Institute in question is not a joint one, East Indian Railway employees who are members of the Institute are represented on the committee of management to the extent of 25 per cent. of committee members, by election.

(iv) Yes.

(b) Owing to the existing financial stringency it is not possible at present to consider the provision of a separate institute.

NON-PROVISION OF FREE QUARTERS TO THE TRAVELLING TICKET EXAMINERS ON THE EAST INDIAN RAILWAY.

*156. (a) Government have seen the article in question.

(b) (i) Under the Old Company Rules certain staff were entitled to rent free quarters or house rent allowance in lieu and other staff were not. The Old Company staff

who were absorbed as Travelling Ticket Examiners in the Ticket Checking Branch continue to be governed by the rent rules which were applicable to them in their permanent substantive appointments, prior to their absorption in the Ticket Checking Branch. Therefore, some of the Travelling Ticket Examiners governed by Company Rules are allowed rent free quarters or house rent allowance in lieu and others are not, in accordance with the rules which were previously applicable to them.

(ii) Travelling Ticket Examiners who are old Oudh and Rohilkhand Railway staff and who were entitled to free quarters, when available, under the old O. & R. Railway rules applicable to them are still allowed the same, and are not charged rent. Any Travelling Ticket Examiners who are old O. & R. Railway employees and who were not allowed rent free quarters under the rules applicable to them in their previous substantive posts, are still governed by their old rules and are charged house rent accordingly.

(iii) and (iv). No staff of the ticket checking branch who were entitled to rent free quarters under the rules prior to 1st August, 1928, have been deprived of this privilege since that date.

(c) Does not arise.

ELECTION OF THE STANDING FINANCE COMMITTEE.

The Honourable Sir George Schuster (Finance Member): Sir, I beg to move:

“That this Assembly do proceed to the election, for the financial year 1934-35, in such method as may be approved by the Honourable the President, of a Standing Finance Committee of the Assembly not exceeding fourteen in number, to which shall be added a Member of the Assembly to be nominated by the Governor General. The Member so nominated shall be the Chairman of the Committee”.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

“That this Assembly do proceed to the election, for the financial year 1934-35, in such method as may be approved by the Honourable the President, of a Standing Finance Committee of the Assembly not exceeding fourteen in number, to which shall be added a Member of the Assembly to be nominated by the Governor General. The Member so nominated shall be the Chairman of the Committee.”

The motion was adopted.

Mr. President (The Honourable Sir Shanmukham Chetty): I may inform Honourable Members that, for the purpose of election of members to the Standing Finance Committee, the Assembly Office will be open to receive nominations upto 12 Noon on Thursday, the 15th March, and that the election, if necessary, will, as usual, be held in the Secretary's Room on Monday, the 19th March, 1934. The election will be conducted in accordance with the principle of proportional representation by means of the single transferable vote.

THE SUGAR (EXCISE DUTY) BILL.

The Honourable Sir George Schuster (Finance Member): Sir, I move for leave to introduce a Bill to provide for the imposition and collection of an excise duty on sugar.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That leave be given to introduce a Bill to provide for the imposition and collection of an excise duty on sugar".

The motion was adopted.

The Honourable Sir George Schuster: Sir, I introduce the Bill.

THE MATCHES (EXCISE DUTY) BILL.

The Honourable Sir George Schuster (Finance Member): Sir, I move for leave to introduce a Bill to provide for the imposition and collection of an excise duty on matches.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That leave be given to introduce a Bill to provide for the imposition and collection of an excise duty on matches".

The motion was adopted.

The Honourable Sir George Schuster: Sir, I introduce the Bill.

THE SUGAR-CANE BILL.

Mr. G. S. Bajpai (Secretary, Department of Education, Health and Lands): Sir, I move for leave to introduce a Bill to regulate the price of sugar-cane intended for use in sugar factories.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That leave be given to introduce a Bill to regulate the price of sugar-cane intended for use in sugar factories."

The motion was adopted.

Mr. G. S. Bajpai: Sir, I introduce the Bill.

THE INDIAN CARRIAGE BY AIR BILL.

The Honourable Sir Frank Noyce (Member for Industries and Labour): Sir, I move for leave to introduce a Bill to give effect in British India to a convention for the unification of certain rules relating to international carriage by air.

Mr. President (The Honourable Sir Shanmukham Chetty): The question is:

"That leave be given to introduce a Bill to give effect in British India to a Convention for the unification of certain rules relating to international carriage by air."

The motion was adopted.

The Honourable Sir Frank Noyce: Sir, I introduce the Bill.

THE INDIAN TARIFF (TEXTILE PROTECTION) AMENDMENT BILL.

The Honourable Sir Joseph Bhole (Member for Commerce and Railways): Sir, I move:

“That the Bill further to amend the Indian Tariff Act, 1894, for certain purposes (Textile Protection), be referred to a Select Committee consisting of Diwan Bahadur A. Ramaswami Mudaliar, Mr. H. P. Mody, Mr. B. Sitaramaraju, Dr. Ziauddin Ahmad Mr. B. Das, Mr. K. P. Thampan, Mr. S. C. Sen, Mr. R. S. Sarma, Lala Rameshwar Prasad Bagla, Mr. Nabakumar Sing Dudhoria, Mr. C. S. Ranga Iyer, Raja Sir Vasudeva Rajah, Mr. J. Ramsay Scott, Mr. F. E. James, Mr. A. H. Ghuznavi, the Honourable Sir Frank Noyce, Mr. G. S. Hardy and the Mover, with instructions to report within ten days, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five”.

Sir, I confess that I have never before been faced by a tariff problem so complex or so refractory as the problem of the Indian cotton textile industry and its claim to protective treatment. If, therefore, lacunæ appear in my presentment of the case, I would ask the House to set my omissions down to the complex nature of the issues involved and the very wide range of problems to be covered.

Happily, however, our task has been greatly lightened by the settlement which has been reached with Japan, and the agreement which has been come to between the Millowners' Association, Bombay, and the Lancashire Delegation. The House will observe that this Bill deals with cotton, silk and artificial silk; and I would like to make it clear that it extends over the whole range covered by the two Reports of the Tariff Board on cotton textile and on the sericultural industry. It is impossible to deal with cotton textiles without considering the case of artificial silk. This has been made clear by the report on the cotton textile industry; and equally, as will appear from the report on the sericultural industry, it is impossible to deal with silk without referring to artificial silk. The connection between these and its consequences must be clearly borne in mind. Comment has been forthcoming in regard to the delay in dealing with these two Reports. Now, Sir, as these two Reports are in the hands of Honourable Members, I think they will realise that there was everything to be gained by dealing with them at the same time, and that the problem of cotton, silk and artificial silk could not have been dealt with while negotiations with Japan were impending or were actually proceeding. I venture to assert, Sir, that we are dealing with these two Reports at the earliest moment at which they could have been dealt with properly, effectively and completely. As I have said, Sir, cotton, silk and artificial silk for our present purposes form parts of a connected problem, and I will begin by taking up first what is, after all, the most important section of that problem, namely, cotton textiles and cotton yarn. The two main questions which have to be answered in this connection are: has the industry established its claim to protection; and, secondly, if so, what should be the measure of the protection. It seems to me, Sir, that the first of these questions must depend upon the answer to three other questions, namely,—firstly, has the industry set its house sufficiently in order during the past period of protection to justify its extension for a further period: secondly, has it attained a reasonable standard of efficiency, and, if so, does it still need protection against competition from abroad; and, thirdly, will the continuance of protection so seriously affect

the interests of the consumer as to outweigh the benefits which might accrue to the country from the maintenance and the extension of this industry. Now, Sir, I do not propose to go into any detail in the examination of these questions. I am content to take the findings of the Tariff Board, explicit or implied, on these matters, and I submit that the general effect of its findings on these points is to support the case for continued protection. In Chapter II of its Report, the Tariff Board has considered the progress of the industry. It has pointed out how production has increased, how the quality of Indian goods has improved, and how in certain classes of goods Indian mills can now hold their own on level terms with competition from abroad. In Chapter III, the Tariff Board has considered generally the question whether the industry has set its house sufficiently in order to meet the charges of inefficiency which have been levelled against it from different quarters

Mr. N. M. Joshi (Nominated Non-Official): What is the verdict?

The Honourable Sir Joseph Bhoré: I am coming to the verdict.

Mr. H. P. Mody (Bombay Millowners' Association: Indian Commerce): Not guilty.

The Honourable Sir Joseph Bhoré: That, Sir, is the plea of the prisoner at the bar. It would have been surprising indeed, Sir, if the Tariff Board had been able to record an absolute and unqualified finding on these points. Progress has not been uniform or equally sustained on all fronts, but a careful examination of the record of the progress of the industry leaves the general conclusion that though progress may not have been as much as one might have expected, still in many phases of the industry's work and organization there has been notable development. The industry has a long way to go yet, before it can stand before the bar of Indian public opinion and claim that its house is in perfect order. But, at the same time, a perusal of the Tariff Board's Report makes it absolutely clear that effort has definitely been made and that in many directions that effort has been eminently successful. It is easy to point to failure here and a lack of effort there but, I think that the progress of the industry during the past few years justifies its claim for consideration for a further period of time. In arriving at its conclusions, the Tariff Board has made it clear that it has demanded a standard of reasonable efficiency from the industry, and that, in making its recommendations for protection, it has not been influenced by the case of those mills which have failed to come up to a standard which it regarded as reasonable.

Now, Sir, we come lastly to the question which, I think, it is essential for us to answer, namely, whether continued protection is likely seriously to affect the interests of the consumer. I have on more than one occasion in this House given figures which have shown that even the enhancement of the duty to 75 per cent. has not only had no effect in raising prices appreciably, but that, in the case of certain varieties of cloth, prices have actually fallen despite the enhancement to this high level of duty, namely, 75 per cent. That there may be, as a result of the arrangements that we have entered into, a rise in prices is possible. Indeed, Sir, we hope that such a result may be achieved in certain cases where price levels are uneconomic, but the existence of internal competition is, I think, the

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surest guarantee that the interests of the consumer will be safeguarded. On this point, Sir, I ought to draw the attention of the House to the finding of the Tariff Board, a finding, I think, which will be endorsed by every one who knows the conditions of the Indian cotton textile industry today. In referring to the acute external competition, the Board points out that the industry is subjected to an equally acute internal competition. In paragraph 92 this is what the Board says:

"In the case of the cotton industry, however, not merely is foreign competition unusually severe, but internal competition as regards at any rate the bulk lines of goods has reached a stage which is without parallel among Indian industries".

I venture to submit, Sir, that that is the best justification for the protection given in the past and the surest guarantee that the interests of the consumer will be safe. With these facts and findings before us, I do not think that we need be unduly anxious in regard to what may befall the consumer if we extend the period of the present protection.

Now, Sir, I come to the next question, namely, the degree of protection which is required. This is a problem the bearings of which have been entirely altered since the Tariff Board completed its Report. The two factors which have entirely altered this problem are the conclusion of the agreement with Japan and the agreement which has been entered into between the Millowners' Association, Bombay, and Lancashire. These factors have rendered largely inapplicable the recommendations of the Tariff Board. Why this is the case I will endeavour to explain quite shortly. In making its recommendations, the Tariff Board was compelled by the facts of the case to concentrate its attention on the effects of the competition from the one quarter from which it was most intense and severe, namely, Japan. The procedure which it adopted was to compare the fair selling prices of certain lines of Indian products with prices actually obtained by these in the Indian market which according to the Board were conditioned and regulated by foreign competition, the difference between the two being the measure of protection required for the Indian product. Now, Sir, from the figures given by the Board it is perfectly clear that that external competition was competition from Japan. The problem of Japanese competition has now, however, been entirely altered by our arrangements with Japan. Not only has the fixation of a quota definitely set a limit to the inroads which Japan can make upon the internal markets of India, but we believe that the fixation of a quota will result in the elimination, or at any rate, substantial reduction of price cutting from that quarter. It is I think reasonable to argue that so long as it was open to Japan to capture the entire internal market of India by lowering her prices, she would lower her prices hoping to make up for her smaller profits by a larger turnover in her sales. Now that her market in India has been definitely fixed, there should be no inducement to her to reduce her prices unnecessarily. In fact, I think we may reasonably assume that she will only lower her prices so far as to enable her to work up to her quota and that it will be to her interest to make up for the limitation of her sales by appropriating to herself as much benefit as she can by higher prices. That those prices should not be unreasonable I think can be ensured by the maximum tariff rates which have been agreed to by Japan. In fact, such information as is available at the present time goes to show that our assumption is being justified.

Now, Sir, with the elimination or the regulation of Japanese competition, the only substantial remaining competitor in the Indian market is the United Kingdom, and as the Tariff Board's recommendations in regard to tariff rates have clearly been fixed with regard to Japanese competitive prices, we are now left to fix suitable rates to meet the competition from the only other remaining competitor, namely, the United Kingdom. The Tariff Board has admitted that the requisite tariff duties in this case would be lower than the duties necessary against Japan. Were it not for the agreement, we might possibly have found it necessary to have a more or less elaborate enquiry into what rates were necessary to meet a new situation in which the factor of Japanese competition had been regulated and controlled. The agreement, however, furnishes us with the answer to the question what rates we should now impose, at any rate, for the present.

I do not propose at this stage to make any detailed observations as to the merits of the two agreements to which I have referred. I will only say that they appear to us to have been conceived in the best interests of the country, so far as it is possible for us to judge at present. If the course of our discussion shows criticism of these agreements, I shall endeavour, to the best of my ability, to meet such arguments as may be raised.

Starting from the basis of the two agreements, it becomes a comparatively easy task to build up a protective scheme of duties, so far as cotton textiles are concerned. Honourable Members will observe that these two agreements furnish the basis and the framework of our protective scheme.

Now, Sir, I need only say a very few words at this stage in regard to the agreement between the Millowners' Association, Bombay, and Lancashire. It proceeds on the basis that a much smaller measure of protection is needed against Lancashire than against Japan. There is ample evidence in the pages of the Tariff Board's Report itself to substantiate the position that the duties required against Japan are wholly unnecessary against the United Kingdom. Indeed, it is a fact so patent and so generally admitted even by the Indian industry itself that we may safely act upon it. The comparative figures, which have been given by the Tariff Board in the tables at pages 149 and 150 of its Report, afford conclusive evidence on this point if such evidence were really required.

As I have said, once these agreements are accepted, the main duties practically fix themselves. Beginning with the duties on United Kingdom goods embodied in the agreement between the Millowners' Association, Bombay, and Lancashire, and imposing thereupon our agreement with Japan, we can start with a complete scheme of cotton textile duties which in our view may be held fairly to meet the requirements of the industry for the present,—at any rate, until we are in a position, as the result of actual experience, to decide whether any modification of those duties is called for.

At this stage I would like to place before the House a few considerations in regard to the agreement between the Millowners' Association, Bombay, and Lancashire. In the first place, we have been asked "Why have you accepted the verdict of this Association and why have you ignored the protests that have been made against it?" The answer is, I submit, a very simple one. The Millowners' Association,

12 Noon.

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Bombay, is the most important and the most widespread organisation in the Indian textile industry today. More than half its membership comes from outside Bombay, and there is hardly any part of India which is not represented in the Association. I can say this definitely that, as far as my calculation goes, the protests which we have received from the industry itself, and that is the important point, come from by far the smaller section of the industry. Then, secondly, our point is that this agreement will assist, as nothing else could possibly assist, a larger off take of Indian cotton by Lancashire. We believe that the only hope or the future prosperity of the Indian millowners themselves lies in increasing the purchasing power of the masses, and we have no hesitation in coming to the conclusion that any other method of dealing with this problem will fail to reach the real root of the matter. We must remember, of course, that Lancashire will have to re-orientate her attitude towards the use of Indian cotton. That she is already doing this is amply evident, for not only is she making experimental manufacturing tests with Indian cotton on a very extended scale, but she is actually spending large sums of money in preparing the way for a largely increased purchase of Indian cotton. We must recognise the fact that, in view of her very large dependence in the past on foreign cotton, the turnover in Indian cotton cannot be made in a day or a month or perhaps even in a year, but, Sir, there is absolutely no reason to doubt the good faith of Lancashire in this matter. The most patent proofs exist that she is doing everything she possibly can to extend and extend largely her purchase of Indian cotton. If Honourable Members will look into the figures, they will realise that even this year her purchases of Indian cotton are far in excess of what they were in the year previous. I would here like to repeat what was said in this House a few days ago, I think, by my Honourable colleague, the Finance Member. You cannot hope to sell to others unless you are prepared to buy something from them in return. For many years to come, it will be absolutely essential for us to find substantial markets abroad for our agricultural products, and unless we do this, thereby rehabilitating the Indian agriculturist and his purchasing ability, in my own view, the mere piling on of protective duties must lead to failure and, I believe, eventually to disaster. Thirdly, I would point out that for some years to come India will not produce or at any rate will not produce, in the quantities required, the special lines of goods which are at present supplied so largely by the United Kingdom, and it will surely be against the interests of the consumer and of the country at large if we either exclude or penalise by unnecessarily high duties what we cannot ourselves produce at the moment in sufficient quantity, more especially, and this is the point, when by buying these goods from the United Kingdom we will incite a greater demand for our own raw cotton. Lastly, while we could not possibly sacrifice the interests of any Indian industry, I would submit that, in the larger interests of this country it is essential for us, wherever this is possible, to try and embark upon a policy of co-operation with the United Kingdom.

Turning now to the duration of the period of protection, I am afraid we must regard the period of ten years as too long. While in no way belittling the considerations which have been set out by the Board in support of their recommendation, we feel that we could not possibly mortgage the interests of the consumer, despite the admitted fact of internal competition,

for a longer period than five years. There are already the plainest possible indications that the industry is re-organising itself by the establishment of up to date factories on a sound basis. To allow an industry, not by any means a new industry, which has already been in possession and enjoyment of protection for nearly four years, to continue to shelter itself behind the certainty of protection for another decade, would, I think, instead of proving a spur to improvement, place a premium upon a "go-easy" policy. We think that five years should be the limit, and that, if the industry feels that it has a case for the continuance of protection beyond this period, it should be prepared to establish that case before a Tariff Board, before the expiry of the period of protection.

I must now refer briefly to the case of cotton yarn, and I would point out that here we are not following the recommendations of the Tariff Board. We quite realise that the interests of the handloom weaver should be borne in mind. We quite appreciate the necessity for considering the interests of that industry and indeed we had more than one consultation with the representatives of that industry who formed part of our non-official body of advisers during the conduct of the Japanese negotiations. What the Tariff Board has recommended is that the existing rate of $1\frac{1}{4}$ annas a pound or an *ad valorem* rate of $6\frac{1}{4}$ per cent. should be substituted by a duty of one anna per pound on counts up to fifties, or the *ad valorem* rate of revenue duty, and that, in regard to counts above fifties, there should be imposed only the *ad valorem* rate of revenue duty. Here, Sir, it is a case of holding the balance between two indigenous industries: and we believe that the proposals that we have made should, in practice, have the effect of meeting the claims of both the indigenous yarn industry and the handloom industry. Our proposals are these. Firstly, in respect of counts up to fifty, we propose the following rates of duty, in the case of United Kingdom goods, a specific duty of $1\frac{1}{4}$ annas per pound, or five per cent. *ad valorem*, whichever may be higher, in the case of foreign yarns, $1\frac{1}{4}$ annas per pound, namely, the existing rate of duty or $6\frac{1}{4}$ per cent. *ad valorem*. Secondly, in the case of yarns above fifty, we propose that the preferential rate should be five per cent *ad valorem*, and the standard rate $6\frac{1}{4}$ per cent *ad valorem*. Now, Sir, I may say that the representatives of the handloom industry with whom we discussed the matter in Simla . . .

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): May I know who they were?

The Honourable Sir Joseph Bhore: There were three gentlemen. I cannot give their names straight off, but I shall be happy to send the names to my Honourable friend later on.

An Honourable Member: Were they Indians or Englishmen?

Another Honourable Member: They were the Directors of Industries of various Provinces.

The Honourable Sir Joseph Bhore: One of them was my friend, Mr. Ramakrishna, at present sitting behind me. I have said that the representatives of the handloom industry advised us that even higher rates than these would not have caused any inconvenience to the handloom industry, provided steps were taken to organize and develop co-operative buying and selling on behalf of the handloom industry. The Government of India have, therefore, decided that they will invite Local Government and Local Administrations to place before them suitable schemes for developing co-operative

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buying and selling on behalf of the handloom weaver, and, generally, for the better organization and improvement of the industry. They propose to make grants-in-aid of such schemes as may appear suitable to them, the grants-in-aid per annum not to exceed, in the aggregate, an amount equal to the amount of the proceeds of an import duty of a quarter anna per pound on yarns up to fifties imported into the country, and to last so long as the protective measures in this Bill are in force. We calculate that we shall have something like Rs. 3½ lakhs per annum to distribute for this purpose. I ought, Sir, at this stage I think to summarise more precisely the attitude of the Government of India on the question of protection and the protective rates of duty so as to remove all possibility of doubt or ambiguity in the future. In the first place, as I have said, we consider five years should be the limit of the period of the protection which we should be prepared to give at the present moment. If the industry, after adequate experience of the next few years, feels that it can make out a case for continued protection, then it should establish that case before the Tariff Board and further protection will depend upon the examination of the Board's recommendations by the Government of India. The tariff rates on British goods will remain in force for two years in accordance with the terms of the agreement between the Lancashire Delegation and the Millowners' Association, Bombay, that is, the present rate of 25 per cent *ad valorem*, or 4½ annas a pound on plain, grey goods and 25 per cent *ad valorem* on other goods will, during this period, continue until the second surcharge comes off as a general measure. If and when this happens, the duty will be reduced to 20 per cent *ad valorem* or 3½ annas a pound on plain, grey goods and 20 per cent *ad valorem* on other goods. On the expiry of the two years covered by the agreement, the duties on British goods for the remaining period of protection will have to be decided on a review of the conditions then existing, and, in the light of such experience as may have been gained. I have referred to the second surcharge coming off as a general measure. I mean by that the removal of the surcharge on a reasonably large proportion of, not necessarily all, the items now subject to it. The duties on Japanese goods imposed in accordance with the recent agreement will normally continue for the period of that agreement. Thereafter the Government of India will have to satisfy themselves, on a review of the existing conditions, what rates are, in the interests of the industry, essential. In short, what the Government of India undertake to do is to give adequate protection to the industry for a period of five years.

I come next to the question of silk, and I think the House will agree that the most sympathetic consideration should be given to any proposals which have for their object the rehabilitation of the cottage worker. The sericulture industry is almost entirely a cottage industry and it affords a subsidiary occupation to the agriculturist in the districts in which silk worms are reared. We must, however, be careful to see that indiscriminate protection is avoided, for it may well recoil upon the heads of those for whose ostensible advantage it is given. I can illustrate my meaning by a very simple example. If by a heavy duty on raw silk we raise unduly the price of raw silk, we might be inflicting a real hardship on the handloom weaver. Obviously, the higher price for his finished goods must affect the demand and, with the lowering of the demand for his finished products, the demand for raw silk itself may be affected. Protection is a double-edged weapon and its use must be most carefully scrutinised and regulated. (Hear, hear.) Now, there are certain *prima facie* reasons for not accepting all the recommendations of the Tariff Board in this connection as they stand. So far as

the principle of granting protection is concerned, I think a definite case has been made out in the Tariff Board's report, but I would prefer to accept the Tariff Board's own description of the character of the measures necessary in this case. I would prefer to regard the measures we propose more in the nature of safeguarding duties than of protective duties. I would point out that in arriving at a fair selling price, the Tariff Board has allowed for a price for cocoons which form the largest item in the price of raw silk, far in excess of that prevailing in what is the largest single raw silk producing area in India, namely, Bengal. Bengal produces nearly half the raw silk in India and it is well known that the costs of production there are lower than anywhere else. We find great difficulty in accepting the recommendations of the Tariff Board which take little account of the cost of production in the largest single raw silk producing area in India. For these reasons, we think we should abandon the method adopted by the Board in arriving at its recommendations and proceed upon the lines definitely indicated by the Board's finding in paragraph 192 of its Report. Here it definitely states that the sericultural industry needs more safeguarding than protection. We accept that finding and we have proceeded to assess the safeguarding duties necessary in this case on the lines on which we have assessed similar duties on other goods. We have taken the year 1926, when competitive conditions were more or less normal before the depreciation of the Chinese currency had begun, as our starting point. From the Board's report it is evident that then the condition of the industry was good. From the price then prevailing we have deducted what was necessary to allow for the general depression factor, that it is to say, to allow for the general fall in prices, and we have arrived at a figure which would have given us a fair selling price today if abnormal circumstances had not intervened. That price we compare with the price of imported raw silk, and the difference between the two is the amount of safeguarding we propose. In actual figures, it amounts to Rs. 1-7-6 per lb. We propose to give this measure of protection in the shape of an *ad valorem* duty combined with a specific duty as a fair means of taxing goods which have a wide range of quality and which vary considerably in price. Now, Sir, having decided that raw silk is to be protected, it follows that we must continue the chain of protection and extend it to silk yarn and silk piecegoods. If, for instance, we left silk piecegoods untouched, we should be treating the handloom weaver unfairly for we would have raised the price of his raw materials and we should be denying protection to his finished goods against the competition of foreign articles. We accept the period of five years for protection recommended by the Board in this case, though, when I use the word "protection", I want to make it clear that the character of the measures we propose is, as I have already said, rather of the nature of safeguarding than of substantive protection.

We pass on from silk piecegoods to artificial silk piecegoods. Here, of course, it is common knowledge that artificial silk is not an indigenous product. But, as has been pointed out both in the Report of the Cotton Textile Tariff Board and the Report on the sericultural industry, it is an article which enters into the severest competition, both with cotton textiles and with silk fabrics. Obviously our scheme of protection would be open to objection if we failed to safeguard the industry from an attack from this quarter. In dealing with the case of artificial silk piecegoods, we have the recommendations both of the Cotton Textile Tariff Board and the recommendations of the Sericultural Tariff Board. The latter is the later Report and its recommendations are apparently based upon the duty now existing. We propose to maintain that duty which is 50 per cent. *ad valorem* or four

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annas a square yard whichever is higher, because we find that the actual effect of that duty has been very definitely to reduce the imports of artificial silk piecegoods within reasonable limits. We feel, therefore, that any higher duty would be unreasonable and unjustified.

The next article that we turn to is artificial silk yarn, and here we have conflicting recommendations from the two Tariff Boards. The Tariff Board on the sericultural industry recommended a prohibitive duty of one rupee a pound and the Cotton Textile Tariff Board recommended the *ad valorem* rate of revenue duty. Now, it must be remembered that artificial silk is used in this country by the handloom weaver and also in small factories for the manufacture of hosiery and also, I believe, piecegoods. It is, therefore, essential that we should not impose a prohibitive duty upon this article, but at the same time we should see that its import in excessive quantities is prevented. The present rate of duty is 18½ per cent *ad valorem* and we believe that our object will be served if we increase this rate to 25 per cent *ad valorem*. These, Sir, cover the main recommendations of the two Tariff Boards with which we are now dealing. It is, I think, unnecessary for me to go into any detail in regard to the ancillary proposals. I need only say that we have, as Honourable Members will realise, accepted the majority of them. There is one other matter that I should not omit to mention before I close. Under Article 11 of the Ottawa Agreement, we are committed to giving a preference in respect of the articles shown in Schedule G to that Agreement, that is, ten per cent. in respect of such of the articles in Schedule G as we decide do not need protection after we have considered the recommendations of the Tariff Board. We have implemented that obligation which arises from the fact that we have, so to speak, already received payment in advance through the preferences that have been given to us by the United Kingdom. In respect of certain articles which we have protected, as, for instance, silk cloth, we have given no preference. In respect of others which we are protecting, we have imposed differential rates of duties on British goods in accordance with the Agreement come to between the Millowners' Association, Bombay, and Lancashire. No one, I am sure, in this House, would object to our levying those rates unless they adversely affected the interests of the Indian industry. On that point, I think that the concurrence of the Millowners' Association of Bombay should carry an assurance to all who are assailed by honest doubts. Sir, no one, I hope, in this House will refuse to give a concession to Lancashire simply because it happens to be Lancashire. The interests of this country must undoubtedly come first, but subject to that basic and essential condition. I would ask this House to endorse and endorse emphatically a policy of friendliness towards Lancashire and through Lancashire to the United Kingdom as an earnest of that co-operation which is essential if the coming Constitution is to function satisfactorily. (Cheers.) Sir, I move.

Mr. President (The Honourable Sir Shanmukham Chetty): Motion moved:

"That the Bill further to amend the Indian Tariff Act, 1894, for certain purposes (Textile Protection), be referred to a Select Committee consisting of Diwan Bahadur A. Ramaswami Mudaliar, Mr. H. P. Mody, Mr. B. Sitaramaraju, Dr. Ziauddin Ahmad, Mr. B. Das, Mr. K. P. Thampan, Mr. S. C. Sen, Mr. R. S. Sarma, Lala Rameshwar Prasad Bagla, Mr. Nabakumar Sing Dudhoria, Mr. C. S. Ranga Iyer, Raja Sir Vasudeva Rajah, Mr. J. Ramsay Scott, Mr. F. E. James, Mr. A. H. Ghuznavi, the Honourable Sir Frank Noyce, Mr. G. S. Hardy and the Mover, with instructions to report within ten days, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

Mr. B. Das (Orissa Division: Non-Muhammadan): Sir, I beg to move:

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 7th July, 1934."

Sir, it was my proud privilege and very painful duty in 1930 that I had to oppose the consideration of the Textile Protection Bill when it was introduced that year. If I follow my personal inclination, I would oppose the present Bill tooth and nail, but I feel that, as this Bill affects the interests of the great commercial communities of India, it is but right that this Bill should be circulated to the different Chambers of Commerce and to the public at large, so that we may have their opinion, and, then, when we meet in the Simla Session of the Assembly, we may consider whether the Bill is worth considering or throwing out. When I heard the Honourable the Commerce Member giving his halting explanation as to why he has departed from the time-worn custom of Commerce Members as regards the design of this Bill, that this Bill is not a protective measure as the Honourable the Commerce Member himself admitted, it is a safeguarding Bill. . . .

The Honourable Sir Joseph Bhoré: I pointed out that the character of the measure in respect of silk was of the nature of safeguarding.

Mr. B. Das: I will just read the Preambles of the various protective measures passed by this House so far and I hope the House would listen to them:

"Whereas it is expedient in pursuance of the policy of discriminating protection of industries in British India with due regard to the well-being of the community that increased import duties should continue to be levied on certain iron and steel articles, etc., etc., for the purpose of fostering and developing the steel industry in British India that the rates of duty, etc., etc., should be increased."

What does the Preamble to this new Textile Bill say:

"Whereas it is expedient further to amend the Indian Tariff Act, 1894, for the purpose of affording protection to the sericultural industry and to the cotton and silk textile industries in British India and for certain other purposes: It is hereby enacted as follows":

This shows that there is a mixture of the two things in the Bill. Although the Honourable the Commerce Member maintains that it is a Safeguarding of Industries Act to a certain extent, I maintain that it is primarily a Safeguarding of Industries Bill giving a little protection here and there throwing a little crumb to my Honourable friends of the Bombay Millowners' Association, headed by my Honourable friend, Mr. Mody. I want this Bill to be circulated for eliciting information and I have seven reasons for that course.

The first reason is that the Indo-Japanese negotiation is incomplete and has not been fully discussed on the floor of the House and has not yet been ratified by this House. The second reason is that the Anglo-Japanese negotiations are going on in England and it has been reported in the Press that it has broken down and it may be that England and Japan may not come to an agreement, and so, if the masters do not come to an agreement, how can a subordinate body like the Government of India enter into a pact with Japan, and, as the Honourable the Commerce Member the other day, with great humiliation to India, admitted that they have got the substance and that I was pleading only for the shadow

[Mr. B. Das.]

when I was pressing that the Honourable Sir Joseph Bhore should put his signature to the Indo-Japanese Agreement and that the same be signed in India. I feel now that the agreement may not be signed at all. My third reason is that the Bombay Island Millowners' Association and the Lancashire Agreement, popularly or vulgarly known as Mody-Lees Pact, is so anti-national and so very humiliating to India, that it requires to be closely studied by the public at large and also by the different mercantile communities all over India. The fourth reason is that the Bombay Island Millowners' Association does not represent the majority of millowners in India. It has membership of 101 mills of which only 73 belong to the Bombay City, and, even out of these, forty have collapsed during the recent mill collapse. The Bombay Millowners' Association, which negotiated with Lancashire, are only an infinitesimal part of the large number of millowners, and if the report of the Tariff Board is correct, I find there are 361 mills in India and Mr. Mody only represents 40 mills of the Bombay City which are also tottering like a pack of cards and this measure of protection would not give them any new lease of life.

This measure, in my opinion, is designed purely as an Imperial preference measure. Let my Honourable friend be honest and say that this is protection to Lancashire and I will then meet his point. Sir George Schuster also spoke in similar strain in 1930, and I will come to that point presently. If this Bill does anything at all, it protects Lancashire and it indirectly throws a little crumb to the henchmen of Lancashire, namely, the Bombay millowners. It penalises all the countries barring the British. The Honourable the Commerce Member talked of Japan only. It does not penalise Japan alone, but it penalises also the United States of America, Italy and every other manufacturing country barring Britain. This is not protection to the Bombay millowners, but it is protection to Lancashire. The next reason is that the Ottawa Agreement not only comes in in the matter of Safeguarding of Industries, but it does also come in in the matter of cotton yarn which is a protected article. This measure incorporates the agreement which my Honourable friend, Mr. Mody, after taking a glass of champagne with the representatives of Lancashire, entered into, that the cotton yarn of British manufacture should get a preference. (Interruption.) I had the privilege to dine at one of the tripartite dinners where Mr. Mody and myself were both present. I find a differential tariff, a discrimination between British goods and non-British goods prevails throughout this Bill, and so I cannot be a party to it, and the opinion of the larger section of the public minus the forty mills of Bombay should, therefore, be ascertained in this matter.

The last point is that the handloom weavers' interests have not been protected adequately (Hear, hear), although a certain amount of recognition has been given to their demand that the predecessors of my Honourable friend, the present Commerce Member, failed to recognise, from the year 1926. Therefore, I propose that this should be circulated.

The other day, in reply to a question, my Honourable friend, the Commerce Member, said that the mercantile communities and the Chambers of Commerce voluntarily expressed their views on the Mody-Lees Pact without being asked. When a nation is humiliated and when a nation in anguish expresses its view, and if the representatives of the Ahmedabad millowners and other millowners express their views, that is no excuse for the Government of India not to circulate this Bill. My friend, Mr. Mody, here does not represent the Bombay Millowners' Association.

Rightly that seat belongs to the Ahmedabad Millowners' Association. They non-co-operated at one stage and so, by a fluke, the Bombay Millowners' Association finds representation here: therefore, he is not rightly occupying that seat; and if that is so, what are the views of the Ahmedabad Millowners' Association? They want this Bill to be circulated. They do not agree at all with this Mody-Lees Pact—they want it to be examined; and that is the reason why I want it to be examined. I would quote the views of the Ahmedabad Millowners' Association and also the opinion of the Federation of Indian Chambers of Commerce and Industry—a resolution which they forwarded to the Government of India, and I hope my friends from Bombay island had had time to read it. They say:

"The Committee of the Federation protest against the action of the Government of India in fixing in the recent Indian Tariff (Textile Protection) Amendment Bill on imports from Lancashire a lower rate of duty than that unanimously recommended by the Tariff Board, and in adopting the terms of the Bombay-Lancashire Agreement, despite general protests throughout the country."

—I want the House to recognise that there has been general protest throughout the country, barring the forty mills of Bombay—

"The Committee suggest that Government should take steps to amend the Bill by excluding that portion thereof which relates to duties and other conditions in the terms of the Bombay-Lancashire Agreement, and obtain public opinion thereon, maintaining in the meanwhile at least the present scale of duties on Lancashire Imports."

That is all my motion demands. I want the Bill to be circulated. The Honourable Member the other day came and asked this House to give permission to extend the life of the present scheme of protection to the textile industry for one month. We are quite willing to give him permission to extend the same terms of privilege to the cotton millowners for another six months. Let public views be ascertained in the meantime and then we will know how we stand and whether at all the Bombay island deserves any compassion from this side of the House.

As my Honourable friend, Mr. Mody, does not rightly represent the Ahmedabad millowners on the floor of the House and as that seat rightly belongs to the Ahmedabad Millowners' Association, I would just quote from the opinion of the Ahmedabad Millowners' Association:

"My association therefore respectfully submits that the present Tariff Act be extended for a period of six months and Government be pleased to ascertain the commercial opinion before proceeding with the measure, particularly in view of the opposition from all quarters except Bombay" (Bombay means Bombay Island) "to the uncalled for concessions granted to the United Kingdom by the Bombay-Lancashire pact."

In point of importance, of course, the Indo-Japanese Agreement deserves the first consideration from this House; and opinion was expressed that, whatever this House ratifies, the Government will approve of that. I once again take this opportunity of congratulating the Honourable the Commerce Member and his colleagues—the Members for Industry and Labour and for Education, Health and Lands—on the successful negotiation which they carried out with Japan. It was a very tiresome and difficult negotiation. The difficulties were greatly enhanced by the manipulations and subterfuge of the tactics of the Bombay Island millowners: the Japanese have an international reputation for being astute negotiators; and, in the face of all this, they successfully negotiated and brought out an agreement to a certain extent satisfactory to both countries. After saying that, I will now say which portion of the agreement I am dissatisfied with.

[Mr. B. Das.]

It seems the loud noise which emanated from the Bombay Island and which was inspired through the British, Japanese and Indian Press by the clever tactics of the Bombay Millowners' Association, overshadowed all other bearings except the interest of the textile industry in that Agreement. If we look at the Indo-Japanese Agreement which was published in the press, we find that the first part contains only a reference to the most-favoured-nation treatment. Does India deal in one commodity alone with Japan, in cotton and cotton piecegoods? India deals with various other commodities. I asked before and I did not get a reply, but I ask again today: did the Honourable the Commerce Member, did the Government of India negotiate with the Japanese delegation about the retaliatory policy of Japan against Indian pig iron and Indian rice? It seems, before 1930, Japan used to charge 1·7 yen per ton on Indian pig iron: that went up to six yen per ton and is the same now: I have consulted my friends in Bombay and Calcutta and inquired of them if, after the Indo-Japanese Agreement was initialised by the Honourable the Commerce Member and His Excellency Mr. Sawada in India on the 5th January, Japan had taken off these retaliatory duties that were put on Indian pig iron and Indian rice. My information is—and I speak here subject to correction from the Honourable the Commerce Member who might have received recent cables—that Japan still maintains those retaliatory duties against Indian pig iron and Indian rice and they have not taken steps to reduce them to the old level

The Honourable Sir Frank Noyce (Member for Industries and Labour): My Honourable friend has referred to retaliatory duties against pig iron levied by Japan: against what were those duties a retaliation?

Mr. B. Das: My friend knows it well that Japan adopted a retaliatory attitude after the Textile Protection Act of 1930

An Honourable Member: Against what?

Mr. President (The Honourable Sir Shanmukham Chetty): Does the Honourable Member mean discriminatory duties against Indian pig iron?

Mr. B. Das: Retaliation against Indian goods.

The Honourable Sir Joseph Bore: Does my Honourable friend suggest that the duty on pig iron was discriminatory as against India?

Mr. B. Das: I think my Honourable friend ought to enlighten me on that, but he knows it well

The Honourable Sir Joseph Bore: Sir, I shall be happy to enlighten him on that point. The duties are by no means discriminatory against India.

Mr. A. H. Ghuznavi (Dacca cum Mymensingh: Muhammadan Rural): Is my Honourable friend aware that before the ink was dry on that document, India raised by 260 per cent. on hosiery?

Mr. B. Das: My friend can with authority speak of hosiery, but hosiery is a matter of very recent occurrence, but Japan raised the duty from 1·7 yens to 6 yens per ton in 1930, and it is a prohibitive duty.

Then, Sir, there is another thing. Indian shippers, whether they are at Osaka, in Japan or in India, cannot ship Indian cotton, because all Japanese ships are controlled by Japanese shipping interests. Since this Agreement has been signed, no Indian shipper has shipped more than 100 bales of cotton in Japanese bottoms. There is a combine, a sort of monopoly, that is working to shut out Indian shippers and Indian traders and prevent them either from exporting to or importing from Japan goods, unless they are shipped through Japanese firms that are working in India or in Japan. Sir, is that most-favored-nation treatment? There are very few British steamers that go from India to Japan, and so Japan is controlling these cargo freights and she does not allow Indian merchants to export cotton to Japan or import Japanese goods. I want a reply to that from the Honourable the Commerce Member whether this is not a fact.

Now, I shall take this opportunity to reply to my friend, Diwan Bahadur Ramaswami Mudaliar, who, the other day, pointed out that as a responsible Member of this House I should not have said anything about the commercial morality of another nation. I have always believed in placing my political destiny and political career in the hands of righteousness and truth and I am prepared to take a kick and give a kick in return. Sir, ten years ago, I was one of the founders of the Budha Society in Bombay, and, thereafter, in the Congress and outside the Congress, I supported the scheme of Asiatic Federation as against Europe, but what has Japan done now? Since then, Japan's Imperialistic outlook has been more distressing than of any of the other European nations. So if occasionally I speak out a little against the commercial immorality of other nations, and particularly Japan, which is sapping the very backbone of Indian industries, I speak with all the responsibility that I as a Congress nationalist can have, and I do so on the floor of this House and outside this House, and I maintain also that attitude in public platforms

Mr. S. G. Jog (Berar Representative): The Congress is still having the attitude of Asiatic Federation.

Mr. B. Das: That idea of Asiatic Federation after the conquest of Manchuria is now finished. It can never come now. But I may tell my friend, Diwan Bahadur Mudaliar, that what is loss to Japan is gain to England. I am going to place greater and greater confidence in England than in Japan. Japan has been more Imperialistic in controlling Manchuria than England has been in controlling India.

My friend, Mr. Mody, got a certificate from the *Manchester Guardian* the other day, and it has been given out all over India that the Mody-Lees Pact has not been given effect to in this Bill. I will just quote two lines from the *Manchester Guardian* which gives a little certificate to the Honourable the Commerce Member and then it goes for him. This is what the *Manchester Guardian* said:

"There has been nothing to indicate that the Government of India feels the need for any other basis than that provided by the Bill in so far as it endorses the Indo-Japanese trade agreement and the Lancashire-Bombay pact. It might easily be argued that the new Schedule, by granting British preferential rates for a number of textiles in which there was formerly no discrimination as to the country of origin, fulfils the promise of a reconsideration of the treatment of British goods". Later on it says:— "It is something at any rate, that preferential duties have been applied to a larger number of textiles, even though this has involved an increase in the number of textiles to which alternative specific duties may be applied."

[Mr. B. Das.]

Sir, it is pointed out that the Mody-Lees Pact will not operate before 1935, and this certificate from the *Manchester Guardian*,—and the *Manchester Guardian* is the representative of the Manchester Chamber of Commerce which means the Lancashire cotton mills,—knows what the Lancashire people are looking forward to. Therefore, Sir, this kind of propaganda in the press or in the lobby that the Mody-Lees Pact will not operate before 1935 is all bosh

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Who said that it would not operate?

Mr. B. Das: Sir Cowasji has no time to come to us, commoners, and know what happens. My friend, Mr. Mody's attitude over the Bombay Island Millowners' Association has been commented by various Chambers of Commerce, and here is a passage:

"As you are aware, the Indian (Tariff Protection) Amendment Bill gives effect among other things, to the Bombay-Lancashire agreement and thus the very features we have been condemning in that pact, will now become legally effective. This reminds me of the disastrous effects of exchanging platitudes even of goodwill and benevolent co-operation although these might be intended only as a gesture."

That is what my friend meant, but the gesture secured national jubilation

Mr. N. M. Joshi: Whose views are these?

Mr. B. Das: I have now something to say about my friend, Mr. Anklesaria, and this is what the President of the Maharashtra Chamber of Commerce said:

"The Cotton Millowners of Bombay Island started, to use a Sanskrit saying as recently repeated by the Rt. Hon. Mr. Shastri, to make a deity (Vinayak) of Lancashire, but their enthusiastic follower in the person of Mr. Anklesaria out-did them in the fervour of his enthusiasm by developing and practising the 'gesture' a little further and produced instead a monkey (Vanas) in the shape of his Bill or amendment."

—My friend, Mr. Mody, must have read this speech before—

"Will the Bombay Island Millowners now make him their Chairman for the service he is rendering them in the Assembly in the form of his Bill or amendment to somebody else's Bill? This Bill, in principle, seeks to perpetuate the fact that India shall continue to be the supplier of raw material which will be transported to foreign countries, manufactured into cloth and sent back to India to compete with our own industry and particularly the Bombay Island Industry whose only hope now lies in going into finer counts.

Experts like Kasturbhai claim that India with even her present equipment can produce almost all she requires except probably Mr. Mody's tie-collar and other apparel."

(Laughter.)

—I am sure that my Honourable friend, Mr. Mody, is now wearing his Parisian costume today —

"It does not however seem far distant now to collar and tie Mr. Mody, for the up-to-date Ahmedabad Millowner is equipping himself with the most modern finishing machinery. But the Bombay Island Millowners do not want to put any restriction on the quantity and quality Lancashire will export to India."

Sir, as my Honourable friend, Mr. Joshi, is anxious to know who it is that has said this,—it is the President of the Maharashtra Chamber of Commerce, Mr. Walchand Hirachand, a colleague of Mr. Mody in the Bombay Scindia Steam Navigation Company.

I shall now make a few observations on the merits of the Bill. The Ahmedabad millowners and others think that the Bill ought to have incorporated what the Tariff Board recommended, namely, 25 per cent. *ad valorem* or six annas for all cotton piece-goods. It is given in the tariff schedule in the Report at pages 195, 196, and 197. The Honourable the Commerce Member said that the Tariff Board had somehow, not in their actual recommendations, but in their descriptions, given a tacit blessing to the differential duties which my Honourable friend had proposed, of course, at the instance and with the support of my Honourable friend, Mr. Mody, from Bombay. But I have read the Tariff Board's Report upside down (Laughter), inside out,

Mr. President (The Honourable Sir Shanmukham Chetty): That explains some of the Honourable Member's difficulties!

Mr. B. Das: Mr. Mody has brought us to that frame of mind that we do not want to read the contents of the book, because it is so much coloured and prejudiced. The only reason why this Tariff Board wrote this Report,—and it had as its member one of our ex-colleagues who was a great friend of Mr. Mody and mine too, and a great supporter in the Imperial Preference scheme of 1930, Mr. Fazal Ibrahim Rahimtoola—they say:

"If we ask the rest of the country—as we unhesitatingly do—to take into account in considering the claim of the cotton textile industry to protection the very important place which it holds in the economic and social life of Bombay, we do so in the hope that the burden thrown on the country will not be unnecessarily prolonged or rendered unnecessary heavy by the action of its own citizens."

And the Tariff Board says that the Bombay Island is nothing but Bombay cotton mills, and, without the textile industry, Bombay cannot exist, although 40 of the mills have vanished during the last six months, and when I recently visited Bombay, I understood that mills with capital and block account of Rs. 50 or 60 lakhs each,—there are not buyers for even Rs. 5 or Rs. 6 lakhs, and, therefore, those mills are now going through the process of liquidation. Many a time have I felt since 1927, when the Imperial Preference was first introduced, that Bombay, which was given as a dowry to the Queen of England, should have separation from the rest of India just as we shall have the separation of Burma and the separation of Aden, so that we may not suffer from all the distresses from which we are suffering. (Laughter.) The Honourable the Commerce Member wanted us to bear goodwill and shew spirit of co-operation to Britain in view of Constitutional Changes. His colleague, the Finance Member, in 1930, also expressed a similar sentiment. Sir George Schuster then said:

"It is obvious that any gesture of friendship which India can spontaneously and without compulsion make to the British Government in their present great industrial trouble is bound to strike a responsive note."

I am here to respond, but I have not got a chance to respond.

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): But you have got the White Paper. What more do you want?

Mr. B. Das: That is my misfortune, I cannot respond to it. I could not respond in 1930 to the five per cent preference that was given to Lancashire. I can recall to my memory the history of those days when all the nationalists had to fight with the Government for the humiliation that was heaped upon them by the Cotton Textile Bill of those days. If my friends, the millowners' representatives or the millowners that were present in this House, had only been honest and had they accepted only 15 per cent. duty to which the Government were agreeable, my Honourable friend might revise his memory, though he was not here, by going through the files and would find that my friends, the millowners, wanted to have their pound of flesh from the handloom weavers, and thereby they committed this House to Imperial Preference whereby great leaders like Pandit Malavia, Mr. Jayakar, Pandit Kunzru, Dr. Moonje, Mr. Aney who, after leaving this House, is acting as the President of the Indian National Congress today,—they all left. Those gentlemen had private conference with the Government spokesmen, and what did they do? They got protection on their heavier counts. They wanted to manufacture finer counts of saris and thereby they killed the income, the livelihood of the handloom weavers. Today there are two millions and 500 thousand handloom weavers in India

An Honourable Member: Six millions.

Mr. B. Das: From the Tariff Board figures it is $2\frac{1}{2}$ millions, but I believe Dr. Ziauddin's figures must be more correct than Government statistics—there are six million handlooms which employ at least ten millions of people. Even the Tariff Board, taking into account a family working a whole day, not eight hours as my Honourable friend, Mr. Joshi, wants, but working 14 hours a day, they earn eight annas—husband, wife, daughter, son, four or five people all working the whole day. My friends, the millowners, betrayed the handloom weavers by combining with the Government and giving five per cent. extra preference to certain British articles. For thousands of years we have been having our arts and artistic crafts of handloom weaving and these can never be killed. Yet, Sir, today the handloom weaving industry is going to be killed by sheer mass production of Bombay mills and by other mills and, therefore, certain Directors of Industries and certain representatives of the weavers on behalf of the handloom industries demanded that the mills should stop manufacture of certain qualities of cloth. If this Bill is meant to give protection to the textile industry, the textile industry is not confined to the 361 mills which manufacture only 3,000 million yards of cloth, but the handloom weavers who, according to the Tariff Board figures, manufacture about 1,500 million yards of cloth,—half of what the mills produce, but my own view is that these figures are incorrect. These Directors of Industries, sitting as they do in Government Secretariats and aloof as they are from the public owing to the Heaven born service to which they belong in most of the Provinces, cannot gauge the real production of the country. So even admitting it is 50 per cent., why is it that the handloom weavers all over the country are starving? If millowners are suffering, they are suffering for their extravagance, for their mismanagement, for their lack of patriotism, for their organised inefficiency. Their

lack of patriotism was explained by my Honourable friend, Sir Frank Noyce, in that admirable report of his on Cotton Textile Industries in 1927. These millowners are insurance agents and they are buying and selling agents too. Some of them are still the insurance agents of foreign companies. The money goes to the foreign countries and the commission goes to the mill agents. And then they happen to be also mill store agents. What have they done to develop the manufacture of these mill stores in India? They supply foreign mill stores to their own mills. Why should they not develop as a subsidiary industry the manufacture of mill stores in India and then there is the buying and selling commission which the Bombay managing agents pocket.

Mr. H. P. Mody: What are you reading from?

Mr. B. Das: I am not reading anything. I am reviewing the position of the maladministration of these cotton mills. I must bow my head to Sir Cowasji Jehangir. His mills are very well organised. I am saying this so that he may not misunderstand me. One reason why the Bill should be circulated is that I have received only this morning a bunch of papers from the Mysore Chambers of Commerce. They want more protection to sericulture and silk yarn and silk cloth. That is one of the reasons why this Bill should be circulated.

Then, Sir, about the protection which has been provided about hosiery. I think that is inadequate. I think the Honourable Member should go back to his original proposition in the Safeguarding Act. It should be Rs. 1-8-0 a pound, but from the opinions expressed by the various Chambers of Commerce one rupee a pound will satisfy me and the different Chambers of Commerce in India.

My friend, Mr. Gaya Prasad Singh, is the father and mother of the Khadi Bill to which my friend, Mr. Mody, took objection. There is that khadi industry which needs protection and spurious khadi should not be manufactured by the millowners, so that honest trade may flourish.

Sir, I would ask my Honourable friend, the Commerce Member, to withdraw this Bill. Thereafter, he should introduce two Bills, one for the cotton textiles and the other for sericulture, so that there will be no controversy on one aspect of the Bill on which most of us agree. I want my Honourable friend to bring out a protective measure for cotton textile and not a Safeguarding Bill. My friend, Mr. Mody, a good many years ago, when he was not here and I was not here, was the Boswell of Sir Phiroze Shah Mehta. I used to feel then that another Sir Phiroze Shah Mehta was rising on the horizon of Bombay, but he took up this lost cause of the tottering millowners of Bombay. He has gone down step by step and taken the whole nation down to depths of humiliation, which the nation is not in a mood either to respond to or to bless. I hope that my Honourable friend, Mr. Mody, after he washes his hands clean of the association of these Bombay millowners, when he joins the firm of Jamshedji Tata—if the press report is to be believed, a month or two hence,—would carry on the principle of Jamshedji Tata who fought clean, who fought hard and established the reputation of his great business house and made it as it is today—as compared with what it was 25 years ago.

One point more and I have finished. I think these Bombay millowners need a little protection. I would suggest that they should be given some little territorial bounty. They should not be given any protection in

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the shape of high tariff. They should be given a certain amount of money and the whole scheme of protection should be based, not on what Bombay needs, but on what India needs. If we devise some such method, then we will find that the recommendations of the Tariff Board, coloured as they are with too much partiality to Bombay, will not stand the test at all.

Mr. President (The Honourable Sir Shanmukham Chetty): Amendment moved:

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 7th July, 1934."

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

The Assembly re-assembled after Lunch at Twenty Minutes Past Two of the Clock, Mr. President (The Honourable Sir Shanmukham Chetty) in the Chair.

Mr. B. Sitaramaraju (Ganjam *cum* Vizagapatam: Non-Muhammadan Rural): Sir, I regret to have to state that I cannot accept the motion of my Honourable friend, Mr. Das, for circulation of this Bill. In matters of this kind the unsettled conditions which trade and industry have got to face by prolonging this agony, I consider, there is enough justification for not supporting the motion for circulation. The Report of the Tariff Board had been suppressed for over 18 months and that gave rise to a lot of speculation detrimental to business regarding the proposals of the Tariff Board. In all fairness, however, to the Honourable the Commerce Member I must admit that the non-publication of that Report has done one good and that was with reference to the negotiations with Japan, as Honourable Members will be able to realise when they read the actual Report itself. Sir, I am not very much enamoured of this Tariff Board Report. In legal phraseology, I would like to call it as a special pleading on behalf of the mill-industry. If the Tariff Board were to publish Reports of this kind, I must come one day to the House and plead for the abolition of the Tariff Board itself.

Sir, I am very glad, my Honourable friend, the Commerce Member, is today in his seat to pilot this Bill. When my Honourable friend was engaged on the Olympic heights of Simla in negotiating for a great international agreement between this country and Japan, I was, like all the world, watching him. It was the first attempt of this kind to come to amicable settlement in the history of the present economic conflict of the world. I was reading at the time an American newspaper where my Honourable friend, the Commerce Member, was pictured as a young boy cheerfully smoking a cigarette on a cask of gun-powder. It was prophesied that he would be blown to atoms and that he would be setting fire to the whole world but I am very glad to find that my Honourable friend is still healthy and very much alive amidst us, than he ever was, to pilot this Bill. Sir, as the first Indian Commerce Member, he had a very hard task set for

him. He piloted, as Honourable Members are well aware, the Ottawa Agreement through the storm of Indian suspicions in this country. He piloted that agreement successfully, but may I remind the Honourable the Commerce Member that on that occasion he gave us a little promise? He told us that the very beneficial results of that Agreement could be watched by co-opting a committee of this House and evidently because of the seriousness of the deficiency he was making up on the tariff proposals and because of the very arduous task he set before us, he has forgotten . . .

The Honourable Sir Joseph Bhore: No, Sir, I have not forgotten, and I propose before the end of this Session to move for the establishment of such Committees.

Mr. B. Sitaramaraju: I am very thankful my Honourable friend has not yet forgotten, and I hope he will constitute that Committee to watch the beneficial results of not only this Agreement, but of every agreement entered into as a result of which we really do not know where we are.

Sir, turning towards this Indo-Japanese Agreement, I must also make a reference to a certain publication which appeared at the time in an American newspaper. It was said in that American newspaper, while these negotiations were going on, that the Japanese Ambassador in London brought pressure to bear upon His Majesty's Government as a result of which the Secretary of State had had to be in constant communication with the Honourable the Commerce Member on this subject. Sir, I do not wish to attach much importance to newspaper writings excepting, I may say, its advertisement sheets. However, Sir, I would like to know whether the Secretary of State was in touch with the Honourable the Commerce Member during all these negotiations which have been prolonged for such a long time, whether my Honourable friend would be pleased to place any communications that he had received prior to this agreement being arrived at by him from the Secretary of State, and whether he would be pleased to place the same on the table of this House. Sir, I know it must be very embarrassing for my Honourable friend to have to give a reply. Sir, I cannot forget the fact that the so-called fiscal autonomy convention deals with this question and lays down that where the Government of India and this Legislature are in agreement, the Secretary of State would not interfere with such agreements, that is to say, that the Government of India would be a free agent to come, not only to terms with Japan, but to come to an agreement with us before such agreement could be ratified or approved by the Secretary of State. Sir, are the Government of India today in a position to come to an agreement with us, either to alter, modify or even to reject this Agreement? If not, what is that we are asked to do in this matter? It may be pointed out that we have in the case of this Bill the same legislative rights as we have in the case of any other Bill. But having regard to the fact that this Agreement has been entered into by the two Governments and having regard also to the fact that large reserve powers are provided in that Constitution to rectify any interference we may choose to make with these Agreements. I would ask what are we expected to do on this measure? I mean particularly the Agreement with Japan and India. Sir, we have no liberty of action, the foundation of all trade, without which the work is imperfect: the foundation is wanting: trade is not trade. India is a dependency without the benefit of the charter of liberty of action even in trade matters. This House is after all a petty Council without the privileges of a Parliament. Our

[Mr. B. Sitaramaraju.]

liberty of action, if any, is by stealth, and our trade is only possible by permission. Even for the benefits of legislation we have to depend upon other people. Under these humiliating conditions, what are we expected to do? We are not indifferent to the Agreement that the Honourable the Commerce Member entered into between this country and Japan. On the contrary, we are very glad that friendly relations have been established between this old country and that new country. It may be that my Honourable friend, Mr. B. Das, has changed his affections from young Japan to old England, but probably it was due to the champagne. For the reasons which I have already mentioned on the actual results which have been achieved between this country and Japan, I do not propose to offer my own remarks. The quota system is after all a confession at the most of our impotency, but the encouragement that it would do through the export of raw cotton is the only redeeming feature. Nevertheless, it is too early to say with any assurance on matters of this kind. These Agreements, as is the case with all such agreements, look innocent enough. Like the painless dental operation, whether a bad tooth is taken out or a sound tooth is pulled out by mistake, the operation can be declared to be successful and that by a very painless method, but it is the after effects that do really matter. The after effects can only be judged when the agreements are actually in action. Be that as it may, I am thinking for the moment not of the benefits that may accrue or may not accrue, but I am just thinking of the mere glory of the achievement of establishing friendly relations with Japan and this country.

Japan is today occupying the proudest position in the East. We are not envious of her. We do realise that in the very near future she has got to play a very important part in the development of this part of the world. Consistent with considerations of our own safety and of our own economic welfare, we do desire to do all we can to promote her prosperity and sustain her strength and her activities in all legitimate fields. My Honourable friend, Mr. B Das, was evidently mistaken when he thought of Manchuria. Probably he means the development of Manchuks, and if he cares to come to me, I shall be able to show that after all they are not so bad as he thinks. Young India today looks forward with great hope towards Japan. The recent developments have made her look with great hope and with more than a passing interest in the recent developments in Manchuko than Mr. Churchill and his friends would care to know.

I now turn to the other Agreement, the Agreement entered into between my Honourable friend, Mr. Mody, and Sir William Clare-Lees. My Honourable friend, Mr. Mody, ostensibly appears to give something for nothing and that has sent my Honourable friend, Mr. Das, into hysterics. But, I am very much intrigued about this Agreement. Knowing my Honourable friend, Mr. Mody, as I do, it is difficult to believe that he will be giving something for nothing. A gentleman who only the other day invited us to dinner and gave us only tea (Laughter) can be expected to be smart enough to take jolly good care of his pocket. But that does not necessarily mean that he shows the same solicitude for the pockets of others as my Honourable friend, Mr. Thampan, will be able to say when he rises to speak for the great southern Indian industry—cotton yarn—whether he has a respect for the pockets of others or not. My friend, Mr. Mody, with his ability and with his vigilance, is quite capable of taking good care of himself and the interests he represents. Of that I have no doubt. That

he played his cards well and played them boldly, none can gainsay. That he faithfully discharged the duties he owes to his interests and that he has got every right to speak for them, I do not question. I do believe that none can question that. If he has not been able to carry with him today the whole body of the millowners, it is his misfortune, a misfortune in which perhaps even a man like myself can sympathise. I knew my Honourable friend to be very clever, but since then I have realised that in his family of millowners in this country there are men who are cleverer than himself. They are as anxious as he himself is to share the fruits of his labours, but not willing to pay up their share of the price which he paid to secure those fruits. They are willing to share the spoils and even accuse him for not getting more, but they refuse to back the penalty he gave. As industrialists, they weep with him, as businessmen, they share the spoils which he secures for them, but as patriots, they hang him. Sir, they must be thinking that we are a very simple people here in this House, so simple as to believe that patriotism can be a business virtue.

Mr. B. Das: Never, never.

Mr. B. Sitaramaraju: This is not the first time that my Honourable friend, Mr. Mody, has accepted Imperial Preference. The first time, when a substantial dose of protection was given to him, was the occasion when I first entered this august Assembly and I knew that with all seriousness the Honourable the predecessor of Sir Joseph Bore, Sir George Rainy, communicated to this House the considered request of His Majesty's Government that a preference might be given to them. The patriotism of the Honourable Members on this side of the House did get the better of that consideration. Then Sir George Rainy took a pistol in his hand and said: "Well, give this preference as the price you have got to pay for the protection that your industry can have, if you do not do that off goes your head". That is, he would withdraw the Bill. My Honourable friend, Mr. Mody, and those, who sympathise with him, promptly paid that price. All pucca businessmen do that. Some do with a bravado, others with a greater care for their reputation. Imperial preference as a principle to be accepted by this House,—it is not necessary for me to say at any great length that the principle was not accepted by this country as the one suitable for its welfare. Even that Imperialist of Imperialists, Lord Curzon, said that Imperial preference could not be given by this country as she had much to lose and very little to gain. But, Sir, you will excuse me, I hope Honourable Members opposite will excuse me if I say that we are not guided merely by sentiment, it is something more than sentiment. Imperial preference, after all, is a voluntary gift and it must necessarily be so. It is as a voluntary gift we have to give it. We are bound hand and foot, and, at the point of the bayonet, we are asked to give this Imperial Preference or off goes our head. That is not a gift. It is robbery. When this morning Sir Joseph Bore remarked and drew our pointed attention to the fact of our having to receive some Constitutional advance from England, in spite of the very sweet language in which it was delivered, I must say that it was nothing short of a threat. However oppressed, and however helpless we are, we have not lost our manhood so much as to allow ourselves to be dictated either at the point of the bayonet or by any threats regarding Constitutional advance. I, for one, may say that I am prepared to receive their bayonet rather than giving a gift under this condition.

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran: Non-Muhammadan): You are a true Kshatriya.

Mr. B. Sitaramaraju: As for these millowners, from the point of view of the country, whether they come today to us as friends or whether they come to us as foes, we have realised that for forty years their interests have been at variance with the best interests of this country. From the point of view of a large body of my countrymen, who are the consumers in this country, I must lodge my emphatic protest against this proposal for this industry. Sir, for years, if I remember aright, from 1896 to the present day, whether in the shape of a revenue duty or in the shape of protection, pure and simple, they have been receiving small doses, big doses, substantial doses, and doses out of all proportion to the requirements of this industry. All this has been contributed by the distressed poor of this country. For what? To maintain my Honourable friends on the lap of luxury when the whole country is suffering. (Hear, hear.) Not only to maintain them on that lap of luxury, but to eat away the sustenance of this country in idleness, in incompetency and extravagance. The time, therefore, has come for a revision of this policy of protection to this industry. I have no complaint against protection by itself. Protection, after all, is a policy, protection, after all, is an expedient, and, what is more, it is a temporary expedient. You cannot constitute a permanent burden for ever and ever whatever may be the reasons that are advanced from time to time in a country like this, and is there any hope that the country could get rid of these oppressive claims of the millowners? They will come today, they will come tomorrow, and they will come every day of their lives if there is somebody to give them. They are not so foolish as to refuse any help that we are foolish enough to give them. From time to time diverse were the reasons that were advanced to justify continued protection. In 1927, when all other nations had organised themselves and reorganised their industries to suit the requirements of their economic conditions that had come into existence after the War, our friends in this country had neglected to take any steps to organise the industry. They had neglected to reorganise their industry, and that was the reason for giving a substantial dose of protection, on the understanding that it would be temporary. Again, in 1930, a further dose of protection had to be given. Why? For what reason? Was there any enquiry made whether the promises that the millowners held out that, if a temporary shelter was accorded to them, they would reorganise their industry, were fulfilled? Was that enquiry made? No, Sir, on a supposed condition of the labour conditions of the competing countries, further protection was called for. This was the justification then to give that protection. But a subsequent examination did show that those unfair labour conditions did not exist. Then, again, a further increased dose of protection was given. This time the justification for that dose was depreciation of currency by Japan. It is true that Japan had depreciated her currency, but that was estimated by the Tariff Board to be worth only a small percentage, not the 75 per cent. that had been accorded by my Honourable friend, the Commerce Member. For years and years, for nearly 40 years, they have been receiving this protection in some shape or other. After receiving for forty years this shelter, I would like to ask very respectfully the Honourable the Commerce Member whether he will call that period a temporary period. Even assuming for a moment that the period, when substantial protection was given to this industry, should

only be taken into consideration, even then I would like respectfully to ask the Honourable the Commerce Member whether he would call that so small a period as to justify it being called temporary. What is the hope, even the Tariff Board does not say that this protection should only continue to be temporary for a few more years. They said they did not know when these mills could dispense with protection.

At the same time, the Tariff Board was fair enough to admit that there were very many mills in this country which could today dispense with your protection. They were classed as first class mills and they say that the second class mills alone required protection. Why have the second class mills not developed into first class ones? What was it that was keeping them from doing so? Why are they not able to reorganise themselves? What were those conditions which prevented them from attaining that standard of efficiency which was expected of them and for which the country was bled all these years? Was the industry so completely disorganised? It is all very well to say that there was an increase of production. Of course there was bound to be an increase of production when all legitimate competition is shut out. But I would like to ask whether they adopted all the methods for increased efficiency which they were asked to take? No. On the contrary, the Tariff Board says that efficient methods were abandoned. Were the labour conditions, for the improvement of which protection was accorded, rectified? No. The Tariff Board says that the labour conditions still continue to be very bad, particularly in the Province of my friend, Mr. Mody

Mr. N. M. Joshi: Unemployment and reduction of wages!

Mr. B. Sitaramaraju: Nothing has been done by this industry all these years, in spite of the substantial dose of protection we have been giving them on the condition that they would set their house in order. Were they developing outside markets? On the contrary, they have throttled the home industry, namely, the handloom industry.

Sir, the Government in this country have not been either fair to them or even fair in some cases to the mill industry itself. While they gave substantial protection to these mills at the cost of the consumers, at the same time they were trying their level best to make the cost of production in that industry too costly. How? They have been taxing the very primary constituents of production, namely, machinery. They have imposed heavy taxation on machinery which ought to be on the free list. Machinery was on the free list for a number of years. That is not fair either to mills or the people who have to ultimately pay. Imperial Preference, coupled with this protection, has been severely handling the consumers of this country. The consumers are invited to suffer in both cases: in one case, they are invited to suffer in order to line the pockets of the white man; in the other case, they are invited to suffer to line the pockets of the black man. If I am going to be robbed, it makes no difference to me whether the hand which robs me is white or black.

A great deal has been said about this industry being a national industry. I venture to submit that neither is this industry a national industry, nor are the people who run it nationalists

Mr. R. S. Sarma (Nominated Non-Official): Explain your point please..

Mr. B. Sitaramaraju: If there is any industry in this country which can be called the real national industry, that industry is the handloom industry. I say that, not because I have anything to say against the policy of protection, but because continued protection is not needed for the mill industry. If at all there is to be any protection, the protection which we want is protection for the handloom industry from the mills themselves. I call the handloom industry a national industry, because, while my friend, Mr. Mody's industry gives occupation only to a few thousands of people, no less than ten millions of this country's people are entirely dependent upon the handloom industry. They are not rich people; you do not find them going in Rolls Royces on the highways of life; they are very poor people and we have to find them only in the gutters and bylanes in this country. They are people who cannot invite you for luncheons and dinners, because they have no luncheon, or dinner, for themselves. They have not got the sophisticated oratory of my Honourable friend, Mr. Mody; they have got merely the unsophisticated pleading of the poor and the destitute. They need protection very much. Protection, if it is to be given at all, must be given only to them. The Tariff Board has recommended certain directions in which that protection should be given to the handloom industry. This is what the Tariff Board says:

"We still think that the Bombay and Ahmedabad Millowners Association and also other mills in India should regard it as an essential obligation arising from the grant of protection to refrain from entering into unfair competition with the handloom industry so as to impair its relative position."

I have one quarrel with this recommendation. While I generally agree with the Tariff Board that they should consider it an essential obligation to give protection to this industry, it should not be as a consideration for the protection they may now or hereafter enjoy, but for the protection they have already enjoyed for the last forty years. For that purpose, I ask them to give protection to the handloom industry, because I maintain that the mills do not deserve any longer protection.

The second suggestion we have received is this: it is the cotton mills which stand to benefit chiefly from this policy of protection. A small cess, at any rate, not exceeding three pies a pound, should be levied on their output for the purpose of creating an all-India fund from which contributions may be made to the Provinces in aid of the development of the handloom industry. Here is a suggestion that was made, namely, that an excise duty should be imposed upon all the mills in order to develop the handloom industry in this country with the aid of that fund. When the Tariff Board made this recommendation, they were not aware that the Indian States also could be brought into it. That was considered a difficulty to levy the cess. Since then, when my Honourable friend, the Finance Member, introduced his Bill the other day, he said in his speech that arrangements were being made with Indian States with regard to the match industry. In the same way, I ask the Honourable Sir Joseph Bore to impose, in consultation with Sir George Schuster, an excise duty upon all these mills out of the proceeds of which assistance could be given to the handloom industry in this country

The Honourable Sir Joseph Bore: My Honourable friend has overlooked the fact that I have already stated that it is the intention of Government to make grants in aid of schemes to be applied for the improvement and organisation of the handloom industry.

Mr. B. Sitaramaraju: When you are going to give grants-in-aid to the handloom industry, I should like to say something more. Further, I desire that protection in this form should be stopped for the mills. We have now entered into a quota system with Japan—so far as Japan is concerned, it is definitely fixed that so many yards only will be imported by that country, and, therefore, the competition of Japan is controlled. Our friends say that they do not fear any competition from the United Kingdom. If we dispose of the competition of the United Kingdom like that, where is the justification for giving them any protection at all? As a matter of fact, the Tariff Board itself says that no protection is needed for first class mills: it is only the second class mills that need protection. If, at all, you want to give some help, give some grants-in-aid to the second class mills also, as you propose to do in the case of handlooms. Why do you touch the pockets of the consumers further and why do you not give them the benefit of low prices.

Sir, further, the way in which these mills are being managed is a scandal and a disgrace to this country which has given them protection
 3 P.M. at such cost. I would particularly like to refer to one aspect of the manner in which they have been managing things. All their accounts are cooked up accounts

Mr. B. Das: For income-tax purposes.

Mr. B. Sitaramaraju: and the lion's share of their profits is eaten up by their managing agents. Sir, the managing agency system is a standing disgrace to the industry itself. This is what is stated in the *Bombay Chronicle* :

"A ghastly net work of inefficiency and corruption has grown round the textile industry and has made it unable to stand on its legs in a period of stress. That there is corruption is an open secret, though it is disguised under the garb of custom.

Firms speculating in cotton on their own account also embark on hedging transactions on behalf of the mill, transferring to the mill account transactions which have resulted in failure. Managing agencies have been hawked about, mortgaged and sold as if they were privileges instead of being recognised as responsibilities The shareholders are in a most helpless position, continually overruled and only half aware of what is going on."

An Honourable Member: What is that book from which you are reading?

Mr. B. Sitaramaraju: I am reading from a book called "Lancashire and the Far East".

Now this is the condition of the Ahmedabad industry. This is what the Editor of the *Commercial News* says:

"I have to observe that to keep the show running some mills are playing with figures and are distributing dividends improperly which are not warranted or justified by the results—profits. Thus it appears that when the net profits are of Rs. 66,62,592, and which would have been below Rs. 50,00,000, the agents were entitled to a commission of Rs. 48,55,696 and that they have actually drawn a sum of Rs. 40,89,500."

Sir, I make no distinction between my friend, Mr. Mody, and my friend, Mr. B. Das, who speaks for Ahmedabad. When we ask for a restriction on the production of coarse cloth which is competing with handlooms, my friend, Mr. Mody, agrees that he would undertake it, on behalf of the mill industry in Bombay, and that he would not manufacture hereafter certain counts which would compete with the handloom industry, whereas these super-patriots, for whom my friend, Mr. B. Das, speaks, have given no such undertaking.

[Mr. B. Sitaramaraju.]

On this managing agency system, one of the distinguished Members sitting on the Government Benches, who was responsible, I believe, for the prospectus of the India Sugars and Refineries, Ltd., issued at Madras, says this:

“The most noteworthy safeguard”,
—says Mr. Ramkrishna, I.C.S.,—

“however, devised in the interests of the shareholders, is the basis of remuneration to the managing agents. The basis of remuneration provided to Messrs. A. Ranganatham and Co.”

—Sir, in Madras, they have discovered that the way in which the lion's share of the profits go to the managing agents is bad and vicious in principle, and they have devised a new system—

“The basis of remuneration provided to Messrs. Ranganatham and Co., recognises and co-ordinates the legitimate interests of the management on the one hand and of the investing public and of the shareholders on the other. The managing agents are to be paid no salary, no allowance and no commission on purchase or sales.”

They have stated that by giving the managing agents a fixed commission, there is a great chance of their not taking a legitimate interest in the fruits of their labours, and they have devised a scheme by which the managing agents will be compelled to take greater interest to produce more efficiently and more economically the production of which they are in charge. This is what they say again:

“Further, only after the Preference shareholders shall have received the full interest of 7½ per cent per annum on their paid-up capital, and after the ordinary shareholders shall have received a dividend of 9 per cent. on their capital, 20 per cent. of the remaining profits in each year will be paid as remuneration to the Managing Agents.”

Thus, the House will observe that there is no incentive to make these people work the industry economically, so long as they get princely salaries, so long as they get their fixed commission. They will have no incentive to work and to see that the industry pays its way and that the people who have financed that industry get a proper return. Once you provide for a proper percentage of dividend to be paid to the shareholders and remuneration be paid only from the nett profits and prevent this managing agency system, the managing agents will take jolly good care to see how they run these industries on proper lines.

Sir, I do not wish to say more on this. All that I would like to say is that this industry has been given protection for a sufficiently long time. It, of course, cries “protection”, “protection”, as though the very devil is on their heels to fool the Government and oppress the people.

Mr. J. Ramsay Scott (United Provinces: European): Mr. President, this Bill is one of the greatest importance, for it permits of discussions on several subjects of great interest to India,—firstly the Indo-Japanese Trade Agreement, secondly, the agreement between the Millowners, Bombay, and Lancashire, thirdly, the Tariff Board Report, and fourthly, the Bill itself.

With regard to the Indo-Japanese Agreement, I would say that I welcome such an agreement, and that I whole-heartedly congratulate the Government on being able to arrive at an agreement, and I feel sure that the Japanese Government, even though they have not got all that they asked for, are well satisfied that they have been fairly treated and that due consideration has been given to their point of view. On the other hand, a certain section of India's agricultural interests has received considerable

assistance, for, the sale of the one-third of the cotton crop has been provided for. It has been necessary, in the carrying out of these arrangements, to give a *quid pro quo* and the mill industry has had to be sacrificed, but this sacrifice has been made readily and willingly and in the most generous and friendly spirit. The Government of India, by their courageous action, drew on themselves the full brunt of the Japanese attack, for, on the result of these negotiations, depended the action which could be taken by the rest of the British Empire and by the rest of the world. It is easy to blame the Government of India for giving up the right to discriminate, but we, who were not present at the proceedings, cannot understand the difficulties which the Government were up against or the full force of the Japanese arguments. The Government of India alone know,—and the secret has been well kept,—but I do feel that India's interests were in good hands, and I do think that this Assembly and India as a whole ought to thank and congratulate Sir Joseph Bhole, Sir Frank Noyce and Sir Fazl-i-Husain on the good fight they have put up and on the successful issue. This is the first time that India has taken up the cudgels on her own behalf, and as one who was in Simla at the time watching each step of the negotiations, I feel that I can state that these three Members of His Excellency's Council spared themselves no time or trouble in their onerous duties. I hope that India will always remember how much she owes to the ability, tact and pertinacity of her representatives.

Sir, at the beginning of these proceedings in Simla, in September, I was surprised and horrified to find that among the Indian advisers to Government there was no unanimity of agreement, but when finally the cotton grower of the Punjab met the spinner from Madras, and the handloom weaver of Dacca met the millowners of Ahmedabad and thrashed out their grievances, the atmosphere cleared and finally a united front was presented. These Conferences served such a useful purpose that I would like to suggest that they might be continued as yearly Conferences, perhaps under the auspices of the Imperial Council of Agricultural Research. I think I may say that in December, when negotiations were very near a breakdown, the cotton growers told the Government that they were not prepared to see a yard of cloth above the 400 million yards coming in from Japan, and that they realised that the millowners had already made a sufficient sacrifice. India is a large continent, full of divergent interests, and Provinces are up against each other. I do, therefore, think that exchanges of views round a table might help both Government and the interests concerned.

With regard to the duty of 50 per cent. on cotton piecegoods, I feel that if the Tariff Board's recommendations had been acted on earlier, the 75 per cent. duty would have been in existence long before the talk of an abrogation of the treaty and that the Japanese would have then had no cause for complaint that the duty was raised while negotiations were being considered. I maintain that the Government of India should appreciate the necessity for urgent action in these matters. The help given is usually too late and too meagre. I wish that the Commerce Department would adopt the text, "He who gives quickly gives twice". I often feel in my visits to that Department that even that which I have will be taken away. (Laughter.) During the negotiations I had hoped that with the Japanese suggesting a reduction to 41 per cent. from 75 per cent. a halfway house would have been reached of nearer 60 per cent. than 50 per cent, for if the increase of duty to 75 per cent. in June were justified, nothing had since happened to justify a reduction.

[Mr. J. Ramsay Scott.]

The quota of Japanese goods is on the high side and much above the average of the last ten years, leaving out, of course, the last two abnormal years. I shall have something to say on Japanese yarns at a later stage. I am very glad to see that there is a clause that if the yen depreciates below the rate on December 31st, 1933, then that further depreciation can be adjusted by the raising of all duties. As the yen has been dropping slightly, I hope any such further depreciation will be nullified by action being taken at once.

The very best instance which I can give of the value of this Agreement, as far as the cotton growers are concerned, is that America, according to the Lloyd Bank's Review for January, does not welcome this Agreement as it envisages a decreased Japanese demand for American cotton.

Now, I come to the Indo-Lancashire Agreement, and here I speak with a knowledge of what actually happened, for I was a party to the Simla proceedings. I would like to pay a special tribute to Mr. Mody for the capable way in which he conducted the tripartite Conferences and congratulate him on arriving at any agreement at all. I do not quite agree with all the points of the Agreement, but, on the general principles, and taking a broad view, I consider the Agreement to have been in the best interests of India. My Honourable friend, Mr. Mody, has had many hard things said against him over this Agreement, but Mr. Mody has done his utmost and has never spared himself. It must not be forgotten that, although Japan is an outlet for Indian cotton, Great Britain buys more than four times as much of the agricultural produce of India as Japan does. Why should India be so anxious to conciliate Japan, a country which only consumes one or two of India's commodities, and yet be ready to antagonise another country whose purchases are so very much more and who is making every effort to increase her use of Indian cotton? This, Sir, is a short-sighted policy, and one which cannot do the Indian agriculturist any good at all. I fully believe that the Mody-Clare-Lees Pact will be one of the landmarks in the history of the textile industry. It is pure Swadeshi, conceived and brought to fruition in Bombay. Can nothing good come out of Bombay? (Laughter.) It seems to me that this is a forerunner of other commercial agreements between India and the United Kingdom.

It is pleasing to note that Great Britain is using more Indian cotton and is exploring every avenue to increase the purchase of Indian cotton. The will is there, and I feel sure, a way will soon be found. As my friend, Mr. Kurata, at one of the Conferences said, cotton is a peaceful subject, while iron and steel are warlike ones. Mr. Mody, I hear, like the great fighter that he is, is joining the Iron and Steel Industry, and I feel that the Assembly will wish him the best of luck in his new venture. Our Bombay orphan has at last been adopted. (Laughter.) I feel it is a great pity that the Government of India did not wait to give effect to the whole of this Agreement at one and the same time, as the yarn and the piece-goods industry would then have made an equal sacrifice. I would also like to have seen the Mody-Clare-Lees Agreement on yarn carried out in full and the specific duty of 1½ annas placed on all yarns coming from the United Kingdom. I hope Government will accept this as being more equitable.

Now, thirdly, I should like to mention the Tariff Board Report. I would suggest to Government that action should be taken within six months.

of the Report being presented to Government, either by a Bill or by executive action. Speed is the essence of action in such matters, and Government must remember that a Tariff Board takes four or five months to complete an enquiry and write their Report. I might suggest that perhaps the Tariff Board might at an early stage give Government the trend of their ideas, so that Government could act quickly and take executive action at once. I would urge that Government should realise that, within a few months or even weeks, an industry can be ruined or thoroughly disorganised. Trained labour is dismissed and lost, and when protection finally comes, it is too late. Government's failure to act quickly usually is the cause of a lot of its troubles and many of its difficulties today are caused by its drifting and putting off policy in industrial affairs.

Finally, there is the Bill itself, it is really "much ado about nothing". Hosiery, after a long delay of 15 months more than need be, now enjoys protection after a Tariff Board enquiry. The protection, however, which purports to be worked out on the Tariff Board's Report is entirely inadequate and the manner by which a poundage figure is obtained is one which was never considered by the Tariff Board. The Tariff Board worked out their scheme on the trade custom of selling by the dozen, and stated that, if poundage was considered, certain aspects would have to be given consideration, and I submit that these facts have not been given effect to. Let me read to you the Tariff Board Report,—page 179:

"If the duty is levied on the basis of weight, allowance will have to be made for the difference in weight between comparable qualities of Indian and Japanese goods. We understand that the imported goods often weigh not more than two-thirds of the weight of the Indian manufactures with which they compete. Thus, Indian goods weighing three pounds a dozen have to compete with imported goods whose average weight will not be more than two pounds a dozen. To afford adequate protection it will therefore be necessary to fix the duty per lb. sufficiently high to cover the difference."

Sir, these are the recommendations of the Tariff Board which the Government have paid no attention to, or perhaps have lost sight of, in the intervening fifteen months between the signing and presenting of the Tariff Board's report.

A little earlier in the Report, after careful calculation, the Board stated that Rs. 3-14-0 was a fair selling price for a dozen Indian undervests weighing 3 lbs. 2 oz. while the Japanese undervests weighing 2½ lbs. per dozen cost c.i.f. Rs. 2-6-0 per dozen. Now, Sir, if I turn these figures into a poundage figure, the cost is roughly just about 15 annas 3 pies per lb. The fair selling price is Rs. 3-14-0. This latter rate must be divided by two, which gives us Rs. 1-15-0 per lb. Therefore, the duty that is required is nearly one rupee per lb. A little further on, the Tariff Board Report gives another instance where the fair selling price is Rs. 4-8-0 a dozen against the Japanese garments c.i.f. price of Rs. three per dozen. The Japanese cost c.i.f. is, therefore, Rs. 1-8-0 per lb, while the fair selling price is Rs. 2-4-0 per lb, so that here a duty of 12 annas per lb is necessary. In both cases, the Tariff Board reported at a time when the yen was about 90, while it is now about 75. Therefore, the minimum duty should be at least 14 annas per lb.

In the other House, on the 19th of February, the Honourable Mr. Stewart said that the protective policy of the Government of India was still a policy of discriminatory protection and any industry which could make good its claim under the conditions which governed this policy would be given the necessary protection. Sir, I appeal for this necessary protection. The industry is one which is established in every Province, both in factories and in cottages. At the present moment, it has a large output, and will,

[Mr. J. Ramsay Scott.]

in the course of a year or two, be able to supply all India's requirements, and the raw material is India's own cotton yarn. I claim that no industry has ever made out a better case for adequate protection. I feel sure that this House will support me in my request that justice should be done to the hosiery industry. Socks and stockings and piecegoods and other knitted goods equally require protection, and I am afraid that, unless the Tariff Classification is comprehensive enough, means of evasion will be found. I ask that the Government should protect the industry properly and leave no loophole. Government are very sure of their machinery, but I have my doubts.

Sir, I remember a story of a famous Scottish divine, who missed no opportunity of telling the Glasgow folk that they were taking the shortest cut to Hell. One Sunday morning, when preaching on this theme, a fly settled on the Holy Book. The learned Doctor pointed at the fly and said: "You have no more hope of getting to Heaven than that fly has of getting away". He brought down his hand heavily with the intention of killing the fly, but the fly escaped. Nothing daunted, the old man exclaimed: "You've one more chance, for I have missed it." Sir, I don't want to allow the Japanese even the one more chance to evade these duties.

Now, I come to the duty on cotton yarn, and I do not consider this duty adequate. The specific duty on cotton yarn should be three annas against foreign countries or the yarn spinner will have to go out of business. The handloom weaver cannot expect to buy his yarn below the economic cost of production and he is protected equally with the millowner by the piecegoods duties. The specific duty on yarns is very small and quite inadequate as compared to that on piecegoods, and I feel sure that it is not the intention of Government to be unfair to one section of the cotton industry. However, Mr. Mody will make a much more eloquent appeal than I can, and I hope, as this may be the last time the Beggar's Bowl is passed round, the response will be generous. Cotton hosiery fabric is a cotton piecegoods and should, therefore, come under the 50 per cent. cotton piecegoods duty and the Japanese quota.

The cotton braid industry is also not satisfied with 6½ annas per lb. and I trust that the Government will put forward a higher duty in the Select Committee.

Lastly, we come to the duty on Flour and Farina. Here, in the long interim between the signing and the issue of the Tariff Board's Report, America has gone off the gold standard and there seems to be a very good case owing to the depreciation of the dollar for an increase in this duty to 25 per cent. I trust that Government will allow the Select Committee to consider whether or not this duty should be 25 per cent.

In conclusion, I would like to draw the attention of Government to Japan's latest legislative act. Japan has just introduced a Bill enacting that an *ad valorem* duty of 100 per cent. can be placed on any article they wish. Sir, there is no need for further comment.

I support the motion that this Bill be referred to a Select Committee.

Mr. N. M. Joshi: The subject which we are discussing this afternoon is a very large one. I would, therefore, confine myself to certain broad aspects of this vast subject.

[At this stage, Mr. President (The Honourable Sir Shanmukham Chetty) vacated the Chair which was then occupied by Mr. Deputy President (Mr. Abdul Matin Chaudhury).]

The first thing which I would like to say at the very outset is that the cotton textile industry is one of the most important industries of this country. It is an industry for which we are specially equipped. We have the raw material, We have a suitable climate and we have also a very large home market. From the point of view of international trade, our right to develop these industries cannot be challenged. We have a right, therefore, to control the imports. We have a right also to export our cotton goods. This seems to be quite an obvious fact, but I feel that it is better that we should keep this very obvious fact before our mind as a pole star whenever we enter into a discussion on this question.

We are discussing today the Agreements with Japan and Lancashire. In both these countries, the cotton textile industry may be said to be an exotic, but I shall not deal in detail with that aspect. I shall first turn my attention to the Indo-Japanese Pact, and, before I deal with its merits, may I enter my emphatic protest upon the failure of Government to associate with the Advisory Committee which they appointed during the negotiations, a representative of labour along with the representatives of other interests. In this connection, I feel that the angle of vision of the Government of India towards industrial questions requires a radical change. The Government of India feel that it is the man who invests his money into an industry that forms the industry.

Sir Cowasji Jehangir: Oh, no. You form the industry.

Mr. N. M. Joshi: Out of the two factors, capital and labour, which form the industry, I have absolutely no hesitation in saying that it is the workers who form the more important element in the industry. What I feel is that the Government of India should give due importance to the various factors that go to make up an industry. If any one of these two factors is the more important, I feel it is labour. Take the capitalist who invests his money in the cotton textile industry. Suppose my friend, Mr. Mody, and his other friends in Bombay find some other more lucrative investment for their money, say, in Great Britain, will they not send their money to Great Britain and make profits there instead of investing their capital in India? They have done so before, but where will the Indian workers go if there are no industries in India? It is the workers who care more for the industrial development of this country than the capitalists of this country.

Sir Cowasji Jehangir: Does not labour go abroad if it finds more lucrative employment?

Mr. N. M. Joshi: In very small numbers.

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muhammadan Rural): Will not labour leave the textile industry and go to another if better wages are paid?

Sir Cowasji Jehangir: Answer the question.

Mr. N. M. Joshi: My answer to all these questions is this, that it is labour which is more interested, from the point of view of employment, in an industry than the capitalist is, for whom the fields for investment

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abroad are more easily available than for labour to go out for employment. I, therefore, hope that the Government of India will change their angle of vision in this matter.

I would also like to enter a protest against the action of the Government of India in allowing this treaty to be signed in London. This question was discussed on a Motion for Adjournment, and I shall, therefore, not go into the details, but I feel that to allow this treaty to be signed in London is to acquiesce in the theory which some politicians in Great Britain are putting forward that India was never promised Dominion Status, and if India was promised Dominion Status at any time, India was promised only the ceremonial aspects of Dominion Status. I feel, Sir, that by this action the Government of India have shown that they even acquiesced in the ceremonial aspects of this Dominion Status in a matter like the signing of a treaty being taken away from India. I hope that this House will enter a protest against the treaty being signed in London.

I shall now deal with the Indo-Japanese treaty itself. I feel that on the whole that treaty is a good treaty, inasmuch as it is a treaty which provides for the exchange of imports for exports. On the whole, if we allow a certain quantity of Japanese imports into our country, we are securing a certain quantity of exports to Japan. From that point of view, it is a good treaty, although, as I said the other day, for a trade agreement to be good it is always better that we should exchange manufactured goods for manufactured goods instead of importing manufactured goods for exports of our raw products. Mr. Deputy President, I shall not deal with this Indo-Japanese Pact in greater detail. But I shall express one or two doubts which arise in my mind. India still imports a large quantity of cotton goods, say, about a thousand million yards. We are giving a quota of four hundred million yards to Japan in exchange for a certain quantity of exports of cotton from this country to Japan. I would like to know whether the Government of India are making a similar bargain for the remaining quantity of the imports with some other country, or they propose to allow some other country, say, Lancashire, to import goods into our country without any *quid pro quo* by way of our exports to that country. Similarly, the Government of India have classified the goods to be imported from Japan. Take the case of bleached goods. In spite of the fact that the industry has been going on in India for a long time, we are not yet producing bleached goods in very large quantities. The recommendation which was made by the Tariff Board over which my Honourable friend, Sir Frank Noyce, presided, recommended that in Bombay there should be a joint bleaching and dyeing house started on a large scale. Nothing, however, has been done. Therefore, if we are allowing the bleached goods of Lancashire to come into our country, I should like to know whether we should allow large imports of bleached goods into our country without any *quid pro quo* from Lancashire. Then, you are aware, Mr. Deputy President that this Bill itself gives Lancashire large preferences of say, 25 per cent. *ad valorem* duty. I should like to know what Lancashire is going to give us in return for that preference. These are some of the doubts which arise in my mind as regards this Indo-Japanese Pact.

Mr. Deputy President, I shall now turn to the other Pact made by my Honourable friend, Mr. Mody, with Lancashire. Now, in connection

with this Pact, let me at once state that I do not approve not only of the Pact, but I do not even approve of the manner in which this Pact has been made. (Hear, hear.) I feel, in the first place, that no private organisation should be allowed to enter into a pact as regards matters which are not within the control of that private organisation. The tariff policy of this country is not going to be decided by either the millowners of Bombay or of any other part of India. The tariff policy of this country must be decided by this Legislature and by no other organisation. (Hear, hear.) I, therefore, feel that when my Honourable friend, Mr. Mody, undertook this very difficult and onerous task, he took into his hand a thing which he ought not to have done: and when the Government of India accepted that Pact, I felt that the Government of India were doing a thing which they ought not to have done. No Government in the world would agree to making over their functions to a private organisation, howsoever important that organisation may be. Not only have the Government of India left this important subject in the hands of a private organisation, but they have not even taken care to see that that organisation was representative of the whole industry in this country and not only a section of that industry. My Honourable friend, Mr. Mody, will have to agree that the Pact was signed by the millowners of Bombay and by nobody else, and I feel that it was wrong for a section of an industry to sign any pact with other countries in the world. Moreover, I would suggest to the Government of India and to my friend, Mr. Mody, that if hereafter any pacts are to be made by private industrialists, let them make those pacts as regards things which are within their control. If my friend, Mr. Mody, had made a pact with Lancashire as regards the restriction of production, nobody could have blamed him, and if he had gone to the Government of India to see that effect was given to that pact, I would not have objected to his doing so. But a tariff policy is not a matter on which any private organisation is entitled to make an agreement with another country.

Now, Mr. Deputy President, as regards the terms of the treaty made by my Honourable friend, Mr. Mody, and as regards the policy which the Government of India are following with regard to the trade with Lancashire by way of Imperial preference, I would like to say a few words. In the first place, although I believe that the British Commonwealth is a useful organisation and we should lose nothing by belonging to that organisation, still I feel that, when groups of countries form themselves into a caucus for economic purposes, the history of the world has shown that these economic caucuses have a knack of being turned into political caucuses and also to lead to great wars. I would, therefore, hesitate to enter into an economic pact with a group of countries, but that is not my sole objection to Imperial preference. We all have goodwill towards, and want co-operation with, Great Britain. But Great Britain must be willing to co-operate with us on equal terms. What is happening in the matter of our trade with Lancashire? My friend, Mr. Mody, has made a pact. He has made certain definite promises to the representatives of Lancashire and in return has got the indefinite promises of the sharing of markets and certain other things. Similarly, the Government of India have given a definite preference to Lancashire, and what has Lancashire given in return? Lancashire has given us in return only sweet words and promises of taking cotton and also sharing its markets. I feel that that is not the way of securing co-operation between India and Great Britain.

[Mr. N. M. Joshi.]

I would like the Members of this Assembly also to study what the representatives of Lancashire did after making the Pact with my Honourable friend, Mr. Mody. Soon after the Pact was made, the representatives of Lancashire appeared before the Joint Parliamentary Committee, and what did they say? I shall read out only a few sentences from their evidence. They say:

"It may be taken that the only avenue of action in regard to which provision has not been made is that of tariff policy".

The interpretation of this is that the British Government have provided safeguards for everything except the safeguards for the tariff policy of India. Then, Sir, I shall read out another sentence which runs thus:

"The British industry is, therefore, entitled to say that if independent powers are to be given to an elected government in India, there must be some condition inserted giving the British Government or its representative a right to prevent measures of that kind being put into operation."

And the explanation of the "measures of that kind" is the measures affecting the British trade in India. Therefore, after getting from my Honourable friend, Mr. Mody, a pact, the representatives of Lancashire go before the Joint Parliamentary Committee and tell them that the British Government made a mistake in not insisting upon a safeguard about the tariff policy of India. The Manchester people said: Government have given safeguards for everything, but not about the Fiscal Autonomy Convention.

Mr. R. S. Sarma: Was this evidence given after the signing of the Pact?

Mr. N. M. Joshi: Yes, it was given after the signing of the Pact.

Mr. H. P. Mody: Does my Honourable friend dispute the fact that a great change has come over in the view-point of Lancashire after the signing of the Pact? I should like him to dispute the fact.

Mr. N. M. Joshi: I shall state the change that has come over them. During all the previous Round Table Conferences, there was absolutely no talk of a safeguard as regards the Indian tariff policy. The first mention of that safeguard was made by the representatives of Lancashire when they appeared before the Joint Parliamentary Committee and that was after the signing of the Pact with Mr. Mody. As a result of the recommendations made by the representatives of Manchester, proposals were made to give powers to the Governor General or to the Secretary of State to prevent what is called political tariffs being imposed against Great Britain. Now, I do not understand what a political tariff is or how can the Governor General say what tariff is a political tariff? But let us remember that what we got from Lancashire as a return for a Pact with Mr. Mody was this new proposal for a safeguard against what is called the political tariff. And why should India be prevented from imposing a tariff for political purposes? Is Lancashire against such a thing and is she not trying to make a bargain of political concessions for economic objects? I shall read one more sentence from their evidence:

"A country yielding such powers" (*that is, the powers mentioned in the White Paper*) "is entitled to press for a continuance of the *status quo* in directions vital to her economic life."

What the Manchester representatives said was that if Great Britain was giving to India the Reforms as contained in the White Paper, the British are entitled to ask for certain concessions in the matter of trade. Now, Sir, if the representatives of Lancashire could tell us that we should give Great Britain economic concessions and preserve all their economic interests in this country in return for the Reforms which the Government are giving us, can we not also sometimes say that, if we are not given certain political concessions, we shall not give certain economic concessions? If Lancashire people could tell us that we must give them economic concessions in return for political rights which they are giving us, we are entitled to say that, if certain political rights are not given, we shall certainly not give certain economic concessions. I feel that this safeguard against a political tariff, which has been brought forward by Lancashire, will go against us in many ways. I am not, therefore, prepared to sacrifice my right of what is called economic sanction which has been approved all over the world. The League of Nations' constitution recognises it. Great Britain used economic sanction against Russia for a political object. Mr. Deputy President, I shall deal with this subject no further.

I shall now turn my attention to the proposals of the Tariff Board. In this connection the first thing which I would like to say is that, when a Tariff Board makes an enquiry into the condition of an industry, the first thing which that Tariff Board should do is to give us a balance sheet of the whole of that industry. Going through this Report, I do not see any balance sheet of the whole industry. I do not know whether any one of us can say whether the industry as a whole is losing or making profits. The Tariff Board gives certain figures about the Bombay industry, certain figures about the Ahmedabad industry, but we have not got a balance sheet of the whole cotton textile industry in the country. If we had such a balance sheet, we could have judged whether the industry as a whole is in need of protection or not. On the other hand, when the Tariff Board tried to get information from certain factories, those factories refused to give the Tariff Board the information which the Tariff Board asked for. Under these circumstances, I feel that, before Government enter upon the policy or enter upon a legislation for protecting an industry, Government should insist that that industry should organise itself as one whole. It is in that manner that it will be possible for the Tariff Board and for the Legislature to see whether the industry as a whole, not any section of it, is losing or is making profits. I shall go further, Mr. Deputy President, and I would like the Government of India to accept the principle that, when an industry is to be protected, that industry must not only organise itself properly, but that that industry must see that the weaker members of that industry are protected by the stronger members of that industry. If those millowners who are making huge profits are not going to the assistance of the millowners who are making losses, I do not know why the country should go to the assistance of this industry. (Hear, hear.)

Mr. Deputy President, the other day, I spoke on the question of unemployment, and I pointed out that, as regards the unemployed, the Government have neglected these people, and that the employed workers have the responsibility of maintaining the unemployed workers. May I ask the Government whether they will insist upon such a policy as regards the millowners themselves. If certain millowners are making profits, and

[Mr. N. M. Joshi.]

if certain others are making losses, is it not necessary that we should insist that the whole industry should be so organised that the losses and profits will be equally distributed. Mr. Deputy President, you may remember that, on the recommendation of the Tariff Board, presided over by my Honourable friend, Sir Frank Noyce, the millowners were asked to reorganise themselves

Mr. M. Maswood Ahmad (Patna and Chota Nagpur *cum* Orissa : Muhammadan): So you want a Federation of the Mill Industries.

Mr. N. M. Joshi: and a small scheme was proposed by a prominent millowner of Bombay.

The Honourable Sir Frank Noyce: It was not a small scheme.

Mr. N. M. Joshi: That scheme was not accepted by the other millowners. I am not suggesting that I approve of that scheme: What I would insist is that all the millowners in the country should form themselves into one organisation and should form themselves into one amalgamation, so that, in the first place, if there are some weaker members in that industry, they will be supported by the stronger members, and if the industry as a whole gets into difficulties, then they should come to the Government of India for assistance. I feel that there are very good grounds for the proposal which I am making. There are certain places and there are certain provinces which have got some advantages. Certain other parts have not got those advantages. If the industry is to be started in all parts of the country, it is necessary that the advantages and the disadvantages should be amalgamated and there should be one pool. I, therefore, feel that, before any protection is given to an industry, the Government of India should insist that the whole industry first organises itself and that the stronger members of that industry do support the weaker members. Mr. Deputy President, I need not go into the condition of the industry, but we all know that although the millowners in Bombay are making losses, in the neighbouring town of Ahmedabad, they have been making average profits of 32 per cent. from 1916 to 1931 and even in 1932 the industry in Ahmedabad made a profit of 16 per cent. If they organise themselves in one body, they will be in a sound position. Mr. Deputy President, the Tariff Board and even the Government of India have accepted the fact that it is not the whole industry that requires protection. It is really a small section, it is one section of the industry in Bombay especially that requires protection. It is a well known fact that the mill industry in Bombay is at present in a disorganised condition. Is there any hope, if the matter is left to the millowners themselves, that the industry will ever be put in a sound condition? Mr. Deputy President, I have been living in Bombay and I have no hope that if the industry is left to itself, it will ever be in a sound condition. (Hear, hear.) I again say this that I am interested in that industry, I am interested in seeing that every factory in Bombay runs all the hours that are allowed for them. I am anxious for this in the interests of the workers. I would, therefore, suggest to the Government of India that they should take bold steps to control the industry in Bombay. If things are left to me, I would take over the whole industry in the hands of the State. I know quite well that my friends, the millowners in Bombay, would allow the industry

to go to dogs and ruin, but will not agree to hand over the industry to the Government. That is patriotism! If they will let it not go into the hands of the Government, they might manage that industry properly and the workers in the country and in Bombay City might get sufficient employment. I feel that if this question is studied carefully, the Government of India will come to the same conclusion to which I have come; but even if the Government of India will not go to the length to which I would go, I would suggest to the Government of India to consider the question of insisting that the industry in Bombay is placed in the hands of at least a sort of Joint Board consisting of representatives of Government, one or two, or whatever the number, representatives of millowners, and representatives of workers whose interests are also involved.

I, therefore, suggest to the Government of India that if any good is to be done to this industry in Bombay and if any protection
 4 P.M. is to be given to that industry the protection should not be given unless the industry is reorganised in the way I am suggesting. The industry has been receiving protection for some years, and what is the result? In Bombay, as my Honourable friend, Mr. B. Das, said, thirty or forty mills are closed; 50,000 workers are idle; nothing has been done by Government by way of relief of the unemployed; the millowners do nothing to give relief to the unemployed. Some of the mills have been rationalised. A recommendation was made by the Fawcett Committee that when workers are thrown out of employment on account of rationalisation, provision should be made for supporting them out of a fund jointly contributed by the workers and the millowners themselves. Has anything been done for the relief of the unemployed? Not only is there unemployment in the City of Bombay, but the wages have gone down by 20 to 25 per cent. It may be said, and it was said in this House that the mill hands in Bombay are inefficient and several other things. But, in my judgment, there is absolutely no justification for any reduction of wages; and, in this connection, I would draw the attention of Honourable Members to a statement made by the Tariff Board itself. The Tariff Board has stated that in Bombay the number of workers has gone down by 13 per cent. The Tariff Board also states that, in Bombay, in spite of the fact that the number of workers has gone down, and in spite of the fact that the number of spindles has gone down, production has increased by 23 per cent. in yarn and by 32 per cent. in cloth. If the number of workers employed in Bombay has gone down by 13 per cent. and if production has increased by 23 per cent. in yarn and 32 per cent. in cloth, it clearly shows that the efficiency of the workers in Bombay has gone up by 30 to 40 per cent. If the efficiency of the workers has gone up by 30 to 40 per cent., is there any the slightest justification for reduction of wages in the City?

Diwan Bahadur A. Ramaswami Mudaliar: Improved machinery.

Mr. N. M. Joshi: In this connection, let me also draw the attention of my Honourable friend, Mr. Mody, to the fact that Ahmedabad is making profits when the labour costs at Ahmedabad are 53 per cent. of the total cost of production, while in Bombay the labour costs of production are only 49 per cent. of the total cost of production. These are the figures given by the latest Tariff Board. I, therefore, suggest that there is absolutely no justification for the reduction of wages which has been made in the City of Bombay.

[Mr. N. M. Joshi.]

I shall not deal with the other questions in detail: but I shall make this remark: that several Committees—the Royal Commission on Labour and even the Tariff Board presided over by Sir Frank Noyce—had made certain suggestions as regards labour conditions in Bombay. The Tariff Board of my friend, Sir Frank Noyce, suggested that there should be standardisation of wages: are the wages in Bombay standardised? My Honourable friend, Mr. Mody, will say "But we want to standardise in consultation with labour organisations, and there are no labour organisations". If this is his excuse, he should not come to the Legislature for protection at all. It is not necessary for the standardisation of wages that there should be an organisation of workers. Then, the Tariff Board of my Honourable friend, Sir Frank Noyce, suggested that the millowners should stop the practice of handing over spoiled cloth to the weavers and cut from their wages the amount of the price of the cloth. I want to know whether the millowners in Ahmedabad have done that; and, if they have not done it, is it right that we should give protection to the millowners of Ahmedabad? Then there are several other suggestions made by the Tariff Board. The Tariff Board of Sir Frank Noyce also suggested that the millowners of Bombay should have in their mills a sort of reserve for those people who are absent—what in Government service they call a leave reserve. Have the millowners in Bombay given any effect to that recommendation?

Then, the Royal Commission on Labour and, also, I think, the Tariff Board of my friend, Sir Frank Noyce, said that the recruitment of the workers in Bombay should not be left to the jobbers, but should be left to specially appointed officers in factories. Has that recommendation been given effect to? And if these recommendations are not given effect to by the millowners of Bombay and of Ahmedabad and of other places, I want to know why the Government of India should give protection to an industry which refuses to carry out the recommendations made by the Tariff Board.

I, therefore, feel that the Government of India are making a mistake in introducing a Bill at this stage in order to give protection to the industry. The Tariff Board has made certain recommendations—and I have mentioned certain recommendations as regards conditions of labour. The Tariff Board has also made certain other recommendations, and my friend, Mr. Raju, has pointed out the recommendation made by the Tariff Board as regards the improvement of the agency system. The Tariff Board has also suggested that the millowners throughout the country should encourage the industries for making mill stores and also encourage the Indian Insurance Companies: they have also suggested that the Government of India should change the Indian Companies Act—I want to know whether the Government of India have taken any steps to see that these recommendations of the Tariff Board regarding the labour conditions, the agency system, the development of mill stores industries and other matters are being given effect to; and if they are not being given effect to, what steps or what provision the Government of India have made in this Bill to see that at least within the next few years effect will be given to these recommendations? It is quite possible for the Government of India to make such a provision in this Bill.

There was a time when I used to be ridiculed in this House for suggesting that when we give protection to an industry we should insist upon

the Act itself laying down certain conditions. Fortunately for me, time is showing wisdom to the Government of India. The Government of India are now willing, not in this Bill, but in some other Bills, to lay down certain conditions. In one of the Bills, the Government of India are laying down the conditions as regards prices. In the same Bill, the Government of India are seeing that these conditions will be observed by insisting that all factories that will produce sugar or some other articles will have to be licensed. This enforcement of conditions through Tariff Bills is now a principle which the Government of India are accepting. I would, therefore, suggest to the Honourable Member in charge of the Bill and to those Members of the Legislature who will be members of the Select Committee that they should see that some of the conditions which have been recommended by the Tariff Board and some of the conditions which may be suggested by Members like myself should be put down in the Bill itself and provision should be made that these conditions will be carried out by means of a system of licensing. I feel, Sir, that insistence on these conditions is absolutely necessary if the protection, which we are going to give to the industry, is to prove fruitful. I hope, Sir, that the Select Committee will insist on these conditions being embodied in this Bill. Mr. Deputy President, I have done.

Lala Rameshwar Prasad Bagla (Cities of the United Provinces: Non-Muhammadan Urban): Mr. Deputy President, the terms and implications of the new Trade Agreement with Japan, which, among other things, is being given effect to in this Bill, have naturally received a great deal of attention in business circles in this country. It is also natural that some misgiving should be entertained by the cotton textile interests regarding the lowering of import duties on cotton goods according to the terms of the Agreement. But, I believe, Sir, there is a general recognition of the fact that while the need for adequate protection to the cotton industry was imperative, other interests equally important could not be ignored in negotiating a fresh commercial treaty with Japan. After all, the industry does not stand to lose under the Agreement. The fixing of the quota for Japanese import is in itself a valuable* protection to the industry. And the linking of the quota to imports of Indian cotton by Japan safeguards the interests of the cotton growers, which were seriously imperilled by the threatened boycott of our cotton by the Japanese manufacturers. I entirely agree with the view that our ultimate objective should be to utilise ourselves all the raw cotton produced in the country by an expansion of our cotton industry for which there is a vast scope. But, even under the most favourable conditions, such expansion must necessarily take a long time. In the meantime, it is a matter of great national importance that our surplus cotton production should find a ready market outside. Japan has been our best customer in that respect, and we cannot easily afford to lose that market. The Agreement concedes to India the right to adopt additional measures in case there is any further depreciation of the yen. I think the Honourable the Commerce Member and his colleagues of the Indian Delegation deserve to be congratulated on their very tactful handling of a highly difficult and complicated situation and for securing an agreement which on the whole is fair and mutually advantageous. (Hear, hear.) The Bill also gives effect to the unofficial Agreement between the 'Bombay Millowners' Association and the British Textile Mission. This 'Agreement, which has made my friend, Mr. Mody, very famous, has not been well received by Indian public opinion. Some mercantile associations*

[Lala Rameshwar Prasad Bagla.]

have opposed it. But considering the fact that in recent years the competition from Japan rather than Lancashire has been the real menace to the indigenous industry, there does not seem to be much cause for alarm. Moreover, the British manufacturers seem to be in right earnest this time regarding their promise to use Indian cotton in larger quantities. The duration of the Agreement is only two years. At the end of that period, the position will, no doubt, be revised taking into view the effects of the working of the Agreement during the two years and the extent to which the Lancashire manufacturers actually succeed in redeeming their promise to buy more Indian cotton.

The Indo-Japanese Agreement does not deal with imports of artificial silk fabrics, pure or mixed. The imports of these goods, particularly from Japan, have assumed alarming proportions in recent years. The Tariff Board have pointed out that the imported artificial silk goods severely compete with indigenous coloured piece goods, that they affect equally the mill industry and handloom weavers, and that effective steps should be taken to assist the Indian industry against competition from this source. The Bill provides for a duty of 50 per cent. *ad valorem* or four annas per square yard on fabrics of non-British manufacture, containing 60 per cent. or more of artificial silk and of 50 per cent. *ad valorem* or 3½ annas per square yard on fabrics containing less than 60 per cent. artificial silk. These duties are not likely to prove effective, particularly in view of the fact that the fixing of the quota in respect of imports of Japanese cotton goods is likely to lead to heavier imports of artificial silk goods from that country. In the interest of the mill as well as the handloom industry, this danger must be obviated by raising the specific duty to six annas per square yard.

Sir, one point, which I want particularly to emphasise, is the utter inadequacy of the protection proposed to be extended to the cotton hosiery industry. The Bill provides for a specific duty of six annas on cotton knitted fabrics weighing less than 4½ oz. per square yard, the *ad valorem* duty of 25 per cent. being payable on heavier fabrics. This exposes the hosiery industry to the danger of knitted fabrics, weighing 4½ ounces or more, being imported in large quantities to be made up into undervests and other garments in this country. In para. 187 of their Report, the Tariff Board has said as follows:

"If the duty is levied on the basis of weight, allowance will have to be made for the difference in weight between comparable qualities of Indian and Japanese goods. We understand that the imported goods often weigh not more than two-thirds of the weight of the Indian manufactures with which they compete. Thus Indian goods weighing 3 pounds a dozen have to compete with imported goods whose average weight will not be more than 2 pounds a dozen. To afford adequate protection, it will, therefore, be necessary to fix the duty per pound sufficiently high to cover this difference.

To render any measure of protection effective, it will be necessary to impose a protective duty not only on the imported articles which compete with similar articles manufactured in India, but also on imports of knitted fabric; otherwise it might well pay the importer to import knitted fabric and arrange for the tailoring to be done in India; and an arrangement of this sort might render any measure of protection nugatory."

Sir, this point seems to have been overlooked in fixing the specific duties. The condition as to weight should be removed and all knitted fabrics, irrespective of weight, should be made subject to the specific duty. The rate of the duty is quite inadequate and should at least be doubled if real protection is to be afforded to the industry. The position regarding the undervests and socks and stockings is similar. The proposed specific duty of nine annas per pound is utterly inadequate.

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

I strongly endorse the view that nothing short of a duty of one rupee per pound is necessary to give really effective protection to the hosiery industry. This specific duty should be made applicable not only to under-vests, but to knitted garments of all description.

With these remarks, Mr. President, I support the motion for reference of the Bill to a Select Committee.

Mr. M. Maswood Ahmad: Sir, I represent here the consumer and the handloom weaver,—sixty per cent. of my voters are consumers and forty per cent. are weavers,—and as such I think it my duty to tell the House what their view is on this important matter.

Sir, it is my old opinion that protection of all sorts is a kind of robbery. The protection that is now sought to be given to the mill industry is no protection at all, rather a powerful Government wants to rob the people to give benefit to certain millowners who do not deserve any help and whose pockets are already over filled. If Honourable Members will consider this matter carefully, they will realise that this protection is given not to the starving people of India, not to the naked people of India, not to afford relief to the sick, but to enrich the wealthy millowners so that they may spend more on their luxuries.

An Honourable Member: Champagne?

Mr. M. Maswood Ahmad: On champagne, on dancing parties, etc.

Now, Sir, the poor consumers are between the devil and the deep sea. What happens is that, if the consumers want to purchase foreign goods, they have to pay a high price to the British people, and when they go to purchase Indian goods, they have got no alternative but to pay more to my Honourable friend, Mr. Mody, and his friends. So, there is no other alternative for the poor people. These protective duties are a sort of burden on the shoulders of the people of India. This is not only my view but it is the view of the members of the Tariff Board who have admitted that protective duties are a burden, but they say that these burdens are not for a large number of years. At page 107, the Tariff Board says:

“In this way protection will not prove a permanent burden on the country.”

It means that they admit that the protective measure which they are suggesting is and will be a burden, but they say it is not of a permanent nature. Sir, it may or may not be a permanent measure, but the burden is a burden and should be removed at once.

In considering these questions, two or three principles should be considered, and they are these. The first principle as regards giving protection is this: whether the industry cannot compete with foreign goods for particular reasons, whether the industry is in an infancy and so cannot compete with foreign goods. The third condition should be whether the industry can be self-supporting in near future or not. These points have not been considered, nor are the points suggested by the Fiscal Commission taken into consideration in the present measure. At page 54—I do not want to read, but I would only refer to paragraph 97 of the Indian Fiscal Commission's report—they lay down certain principles for giving protection to industries. But what has happened in this connection this time? In Chapter 6, you will find that the Tariff Board admits that the terms

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of reference for the present enquiry do not make any mention of these conditions although this is the first time that the Tariff Board has been asked to consider substantive protection to the cotton industry. In the past, when such references were made to the Tariff Board, reference was always made to paragraph 97 of the Fiscal Commission's Report, but, in the present case, the Tariff Board themselves have admitted that there was no such mention. So, that point has not been properly looked into. My Honourable friend, Sir Frank Noyce, is looking at the Tariff Board Report, and so I will quote only one more sentence from it:

"In the case of almost all the enquiries referred to the Tariff Board it was specially stated in the terms of reference that the conditions in paragraph 97 of the Fiscal Commission's report should form part of the Tariff Board's examination of the claim to protection."

So, on this occasion, it has not been properly looked into, or if it has been looked into, it was looked into as a sort of side show.

Another thing that I want to say is, whenever the Government want to impose any protective duties, they should not try to raise prices. If a certain industry cannot compete with foreign goods and if the Government want to check the coming in of foreign goods, it is all right, but it should not raise the prices in this country because the main sufferers will be the consumers. If you protect the industry, protect the consumers as well by fixing the selling price at a reasonable point.

Again, in giving protection, it should be seen that a particular section is not crushed at all. In this case, I do not want to go into details at this stage but will only say that this Bill will crush many sections, like the hosiery importers, and especially the handloom weavers will be crushed by this measure.

Now, Sir, because the Bombay industry is losing, so the Government want to protect them, and it is a bad policy. The Fiscal Commission has said, protection should be given only in those cases when the industry suffers by means of competition, but here this is not the case. The main cause of their loss in Bombay is mismanagement. If one sees page 22, Appendix IV, one will find that in the case of a mill which is in No. 9, their manufacturing and other expenses per lb. of grey cloth is 49·28 pies, while in Bombay, if you see No. 2 in the same list, their manufacturing and other expenses per pound of cloth comes to 89·58 pies per pound, for the same grey cloth. Why should not Bombay manufacture such cloth at a price of 49·28 pies per pound just as the other mills do? If they cannot do that, it is their own fault and why should crores and crores of people in this country be taxed for them? And it is not just for Government to tax crores and crores just to fill the pockets of these men who, on account of their own fault, on account of their mismanagement, are always losing. If you will turn to this Agreement which is called Mody-Lees Agreement,—there was one Lee Report which gave to the I. C. S. people lots of money,—and this is another Lee robbery by which the tax-payers are robbed by my Honourable friends.

An Honourable Member: This is "Lees".

Mr. M. Maswood Ahmad: Whether it is singular or plural, it does not matter. I say that this Agreement is totally against the interests of the consumers and against the majority of the inhabitants of this country.

Why was this Agreement come to and why was it accepted by the Government is a question which requires to be solved. In reply to the question, i.e., why my friends from Bombay accepted it, I say, my friends at Bombay could not make money on account of the great mismanagement and inefficiency, and, therefore, they wanted some sort of protection to make money. In this way, they wanted to raise the prices of imported piece-goods, and for that reason they have supported this. The Lancashire people supported it only for this reason that they wanted some preference which they could not get at the Ottawa Conference. They wanted something more, and as they wanted some more protection and some more preference from other countries, so also they tried in England to insist on the Government to accept this Mody-Lees Agreement. Now comes the attitude of the Indian Government. In my opinion, at the far end of his tenure of office, my Honourable friend, Sir George Schuster, did not want to have more items in the Finance Bill, and he wanted that his burden should be shared by some one else, and my Honourable friend, Sir Joseph Bhore, came forward to help his colleague, and took his burden and he, for the benefit of the Indian Treasury, is going to support this measure. These three have joined their hands and they are wanting more money and they want that the consumer should pay more money. They want to rob us. They want for the benefit of England and Lancashire, my friends on my right want for the benefit of the Bombay millowners who are losing money on account of their fault, and Sir Joseph Bhore wanted to help my friend, Sir George Schuster, in his work and get some more money for the Treasury, but in this connection where is the interest of the consumer and the poor agriculturist, may I ask, Sir? No one cares for them at all. Nothing has been done for them. I know that my Honourable friend, at the time of reply, will get up and say that they have done something for wheat. I have heard enough of this song and do not want to hear it again. That is, after all, less than 8 per cent. of the total agricultural produce.

I do not want to raise this question at this juncture, because I am discussing the Indian Tariff Act for protecting the textile industry, but really I want to tell my friend, Mr. Mody, what he should do if he wants to flourish and make profits. They should consider the condition of the consumers and the agriculturists. They should try to raise the purchasing power of the people in India. Unless they do that, they cannot make profit. You can keep us without cloth, no doubt, but you cannot force us to buy cloth when we have not got pice in our pocket to pay for your products. If you want to make profit, then the only course for you is to increase the purchasing power of the agriculturist who forms 95 per cent. of the population. If they do not have it, then who will buy your cloth, whether you sell it at a cheap rate or at a high rate. Feed the cow properly if you want more milk from the cow.

I want to suggest, in this connection, one thing more and that is this. In this Bill, I find that certain things have been wrongly calculated, and that is a very important point to be considered by the Members who are going to the Select Committee. As an example, I quote figures for the grey cloth. You will find that the duty for grey cloth from countries other than the United Kingdom has been proposed as five annas three pies in this Bill, but if you will see the Tariff Board report, they have recommended five annas per pound, but I think they also have committed a mistake, because they have calculated on page 105 that it should be 59 pies per pound. They

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have calculated 59 pies, but they have recommended 60 pies per pound, and Government are fixing the duty at the rate of 63 pies per pound, and that is very hard. This is a point that the Government and the members of the Committee should consider. I have pointed out only one instance, but if you will see other items, you will find the mistakes in other items as well. There is also a mistake in the calculation on page 222. I want to show what would have been the result if calculations would have been made on an average basis. I won't bother my friends about the other articles, but I shall give, as an example, one article, that is, grey cloth. For the grey cloth, you will find that they have given the average rate of 61·77 pies per pound for the cost of cotton and then the average is 62·50 for manufacturing and other expenses per pound of cotton and, after adding these two items, it comes to 124·27 pies per pound and they have fixed 28 pies per pound interest and managing agents' commission and other charges. After adding this, you get 150·27 pies, and then they have fixed the average selling price at 118 pies per pound which, after deducting this 34·27 pies, remains and, if you will add to this 34·27 pies 6 pies for other things, it comes to 41·5 pies, that is, about 3½ annas per pound but, instead of 3½ annas per pound, they have recommended a specific duty of five annas per pound and this is very high. They have calculated about the manufacturing and other charges not at an average rate, but at a higher rate of 80 pies per pound, and this should not be done and at least these figures should be worked at an average rate. If you will calculate the specific duty on the lowest rate, i.e., on the basis of item No. 9 on page 222, it will not go beyond one anna per pound.

On those points, where my Honourable friend has decreased the taxes to give preference to the British people or to Lancashire, I have got no objection to that, because, by reducing the taxes on Lancashire goods, at least certain goods will be sold in India at a cheaper rate, when I find that in certain places my Honourable friend has increased the rate for the foreign goods for giving preference to the British goods. It is certainly objectionable and the consumers will not like it at all.

About the handloom weavers, my Honourable friend has said that a certain amount like 3½ lakhs or something will be spent on these handloom weavers. In this connection, I want to suggest that this is not sufficient. Rather, in that case, I will suggest that if you are giving protection to these Indian industries and if you are giving preference to the British industries, a certain proportion of the income of the mills and of the duty collected should be fixed for the help of the handloom weaving industry. This should be given as a bounty or as a donation or whatever you may call it in the shape of the reduction of the yarn price. Sir, in this way a lump sum of three or two lakhs will not be sufficient at all. I would suggest that at least 25 per cent. of these duties, which they will collect on the basis of this Bill, should be used for the benefit of the handloom weavers. In this connection you will find what they have done in the case of item No. 158—"Cotton Twist and Yarn, and cotton sewing or darning thread—of counts above 50's". They have here fixed for those of British manufacture five per cent., and for non-British manufacture 6½ per cent. I want to suggest that for the cotton yarn which is imported into India of the lower count as well, there should not be such a duty, because if you will see the condition of the handloom weaver, they generally use the yarn of 15, 20 and 22 counts. They do not use

generally the yarn above 50 counts. So they really require that the rates for thread of low counts like 15 and 20 should be fixed at minimum figures. Further, one point more which I could not understand is this. For cotton twist and yarn and cotton sewing or darning thread of counts 50's and below, for British manufactures they have fixed five per cent. or $1\frac{1}{4}$ annas per pound, whichever is higher, and then they have fixed for non-British manufactures $6\frac{1}{4}$ per cent. or $1\frac{1}{8}$ annas per pound, whichever is higher. Sir, I could not understand the principle here, because on *ad valorem* duty they had given a preference of 25 per cent., and because 25 per cent. added to five per cent. comes to $6\frac{1}{4}$ per cent. on *ad valorem* duty. They have given 25 per cent. preference, but if you will see to the specific duty of $1\frac{1}{4}$ annas and $1\frac{1}{8}$ annas, you will find they have given 31 per cent. preference for the Lancashire people, and here they are, in my opinion, inconsistent. If they want to give 25 per cent. preference, then they should give only that and the same 25 per cent. preference in specific duty as well, but they have given through specific duty more preference, which is highly objectionable. If they want to give 25 per cent. preference in specific duty under threads, then it comes to $1\frac{9}{16}$ annas per pound for the various yarns, but they have proposed for the various yarns $1\frac{1}{8}$ annas per pound in weight. The preference comes up in a way. to 50 per cent. and I could not understand why a preference of 25 per cent. on *ad valorem* and 50 per cent. on specific duty has been proposed. If they reduce this rate, the natural result will be that the yarns of other countries will come here at a cheaper rate, and if that is so, then the yarns produced in this country by my Honourable friend, Mr. Mody, will come down in price and in that case only the handloom weavers may get something.

Now, I would make four suggestions in conclusion. One or two of the items out of these suggestions may, I hope, be incorporated in this Bill, and, as regards one or two other items, they may bring in another Bill, but without these three or four suggestions, this Bill, as it is, is greatly injurious to the country, and these suggestions are as follows. There must be something in this Bill that at least 80 per cent. of the cotton used in the mills at Bombay and other places should be Indian cotton. There should be a condition that a certain percentage of Indian cotton must be so used by the mills at Bombay and other places. 80 per cent. has been suggested by me; now, that may be considered to be a low figure and my Honourable friends might suggest something more like 90 or 95 per cent., but as figures were not available, so I could not see what percentage would be more reasonable, but I think there must be some provision in this Bill that these mills should be licensed in future and there should be a condition in that license that these mills must use at least 75 or 80 per cent. of the Indian cottons in their mills.

An Honourable Member: 99 per cent.

Another Honourable Member: Cent. per cent.

Mr. M. Maswood Ahmad: The other suggestion is that Government should take power for fixing the prices of cotton just as they want to give this power to the Local Government in the case of sugar-cane. (Hear, hear.) They have protected sugar-cane, but now they are bringing in a Bill to give power to the Local Governments to fix the price of the

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sugar-cane. So, in the same way, my Honourable friend must bring in some Bill to fix the price of cotton. Thus, the millowners must purchase these cottons at a particular rate. (Hear, hear.)

The other item I would suggest is that there must be some excise duty on Indian manufactures. (Laughter.) I have no objection to protection being given to the millowners from the foreign imports, but in the same way the handloom weavers must be protected from the mills, and that can only be done in this case by some excise duty being imposed on the manufactures of mills. If these three items are accepted, then I think there can be no objection to accepting this measure, and in that case I can rather go so far as to say that even if they give double the protection they are going to give now, the consumers and the agriculturists will have no objection. These four items must be kept in mind always,—(1) that these mills should be licensed and should use Indian cotton; (2) that the prices of cotton should be fixed; that they must purchase the Indian cotton at a particular rate, (3) that there must be an excise duty on this cotton so that the handloom weavers may flourish, and that this excise duty should be spent for the benefit of the handloom weaving industry; and (4) that they must be responsible for the health and welfare of the labourers who are working in their mills. (Loud Applause.)

Mr. Nabakumar Sing Dudhoris (Calcutta Suburbs: Non-Muhammadan Urban): Sir, the advent of the Japanese Trade Delegation as well as the coming of the British Textile Mission into this country, almost simultaneously of each other, have been followed with the keenest interest throughout the whole country ever since those two Delegations arrived. But since the publication of the contents of the two Agreements—one between our Government and the Japanese Delegation, and the other between the Bombay Millowners' Association and the Lancashire Delegation, the Indian textile industry has been greatly agitated over what is going to happen as a result of those two Agreements. All the Indian Chambers of Commerce, without a single exception, have in no uncertain terms decried the terms arrived at by both the Agreements.

The arguments which the Indian textile industry want to put forward as their case have all been embodied in the very many letters which the different Associations and representative bodies have addressed to the Government of India, copies of which are already in the possession of the Honourable Members. From what I have been able to gather in respect of the Indo-Japanese Agreement, so far as it affects our country's textile industry, I wish to place a few facts for the consideration of the House. The Agreement has left big holes for the Japanese manufacturers to get over the restriction placed on their exports, and while it not only does not afford sufficient protection to our textile industry, but it also seriously cripples our profitable trade with other non-British countries with us. I will now show how it happens. For India to grant the most favoured nation treatment to Japan, under the present circumstances, tantamounts to putting a barrier against the trade of all foreign nations, who cannot be accused of dumping their goods, or against whom even the Indian industries have never had any occasion to complain of unfair competition. Again, as everyone is aware, the Japanese currency at present has been extremely depreciated, whereas the currencies of the Continental countries have

correspondingly appreciated, since Great Britain went off the gold standard. Consequently, their prices have naturally gone up, while the Japanese prices have gone down to an unprecedented level. How can, under such circumstances, the imports from those Continental countries be treated on the same level as those from Japan passes our comprehension. It should also be remembered that notwithstanding the 50 per cent duty on cotton goods that had been in force for almost one year, the condition of the Indian textile industry and piecegoods did not show any sign of prosperity. Naturally, a hue and cry was raised by the industrialists and the traders for adequate protection against uneconomic and aggressive competition from Japan, and the Government were forced to raise the duty to 75 per cent by executive action. How the position has changed since to warrant this reduction appears to me a mystery. Then, as for the quotas fixed, Japan has been allowed to export more than her post-war average of cotton piecegoods, which comes to 113 million yards including fents, without any obligation to buy any cotton from India. During the years 1931 and 1932, Japan's exports to India of cotton piecegoods, including fents, were 320 and 339 million yards, respectively. Of course, during 1932-33, her exports went up considerably, namely, 579 million yards. But it should be noted particularly that during most of this period (1932-33), the 50 per cent duty was being levied instead of 31½ per cent as in the previous years. Again, notwithstanding the 75 per cent duty since June last, Japan has been able to export during the eight months from April to November, 1933, about 249 million yards, including fents. The figures quoted above include imports of cotton fents, but the quotas fixed do not mention anything about fents, which clearly shows that the quantities fixed do not include fents. This means that Japan can complete her fixed quotas of piecegoods exports, and then, on the top of it, can export any quantity of cotton fents. Then, Sir, the quotas are strictly confined to cotton piecegoods, and nothing has been done to regulate the export of artificial silk piecegoods or artificial silk and cotton mixtures. At the present prices, artificial silk goods are being used in substitution of many varieties of cotton piecegoods. Under the Agreement, Japan can very conveniently get over the restrictions placed on her exports of cotton piecegoods by concentrating still more on making numerous varieties of artificial silk and cotton mixtures and export them to this country without any limit. The only party—as far as India is concerned—that gains anything is the cotton grower. He can now feel consoled that Japan will buy a fixed quota of cotton annually and this fact alone imparts a certainty to the cotton market, which was not in existence so long. Naturally, therefore, the Tariff (Amendment) Bill, as it has come before us, will be a parting gift of the Government of India to the trade of non-British countries. But this action of the Government does not in any way support the statement which the Honourable Sir Joseph Bhowe made recently in reply to His Excellency Mr. Sawada in the Conference on the 5th January last. This is what he said on that occasion:

“The Government of India have no intention of prohibiting the importation of any Japanese goods. In the interests of the consumer, they do not wish to place any unnecessary obstacles in the way of imports which do not compete directly or indirectly with the products of the country.”

But the new measure affects numerous lines of Continental make, which are not directly or indirectly in competition with the products of the country, such as heavy woollens, made of shoddy wool which have

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always been the mainstay of the poorer classes in this country against the shivering cold of the north, which have been heavily taxed. The specific duty of Rs. 1-2-0 per pound ranges from 125 per cent. to 175 per cent. on such cheap goods, making the stuff out of the reach of the poor class of consumers. So, to my mind, the one inevitable result of all this would be the unnecessary penalisation of the trade of the Continental countries with this country. In April last year, when the Indian Government gave notice to Japan for the abrogation of the Treaty, those Continental countries expected that, in future, they would not be treated on the same basis as Japan in the matter of their imports to this country, as they were already at a great disadvantage owing to the difference in the standard of currencies. But this Agreement has now shattered all their hopes and they will have to lose most of their trade with this country if there is no modification.

Sir, so far about the Indo-Japanese Agreement. Now, I shall turn to the Agreement on behalf of the Bombay Millowners' Association with the Lancashire Delegation. Whatever implications the country at large might have placed on the status and nature of the British Delegation—whether it was really a formal and official delegation or a non-formal and non-official one, should not, in the interests of time and economy, be raised at this stage, when our Government have already accepted that Agreement with their official *imprimatur*. Lancashire has already been enjoying the advantage of free entry of raw cotton and a depreciated currency, whereas India is handicapped by an import duty on raw cotton, machinery and stores. The protection enjoyed by the Indian textile industry at present against the imports from Lancashire is 25 per cent. But that protection in effect works out at 17½ per cent. when the import duties on cotton, stores and machinery which the Indian textile industry has to bear are set off. The proposed reduction of duty will doubtless enable Lancashire to increase her exports to India with the result that it will severely affect our cotton mills and handlooms. The consumption of Indian cotton by Indian mills has increased from 19,91,203 bales in 1928-29 to 23,45,078 bales in 1931-32. Any hampering, therefore, of the Indian trade by increased imports from Lancashire is bound to affect the consumption of Indian cotton with consequent hardships on our agriculturists. It is indeed regrettable that the well-considered and unanimous verdict of the Tariff Board, which clearly and definitely recommended protection against United Kingdom goods for a period of ten years as absolutely essential for the maintenance and development of the Indian textile industry, should be so summarily rejected by Government in the interest of the Lancashire Delegation.

Then, as regards the inducements which are offered to this country if she becomes a willing party to the Agreement. The bait offered to India of having a share in the foreign market will be of no advantage whatsoever, as this country will not be able to sell her goods outside when she herself needs protection even for her own markets. Then, there appears hardly any prospect of the increased sale of raw cotton in Great Britain. Nothing in the nature of even a promise has been held out by the British Delegation in that way. Thus, even the little interests of the Indian cotton growers have not been secured as it has been done by the other Agreement. I will read out to you, Sir, a few lines from headings 5 and 6 of the Trade Agreement between the Millowners' Association, Bombay,

and the British Textile Mission, to show how far my reading of the inducements offered is correct:

"(5) In so far as the Empire and other overseas markets for piecegoods and yarns are concerned, it is agreed that any advantages which might be arranged for British goods should be extended to Indian goods, and that India, in markets in which she has no independent quota, should participate in any quota which might be allocated to the United Kingdom. In respect of overseas markets in which Indian mills lack established connections, it is agreed that the Manchester Chamber of Commerce should use its good offices to bring about contacts between Indian manufacturers and British houses which are already established in those markets.

(6) In regard to raw cotton, the Indian side strongly emphasised the urgent necessity of further efforts being made in the United Kingdom to popularise and promote the use of the Indian raw material. They welcomed the undertaking that the British Textile Mission would be prepared to recommend effective action being taken and keep the Indian side regularly in touch with developments. It was further agreed that other avenues of co-operation in this field should be explored in the interests of the Indian cotton grower."

Sir, the reason for this guarded language is not far to seek. As an entirely unofficial body, they could not have said or undertaken much more than that, lest they might in any way offend the authorities of their Board of Trade. In fact they did not like to commit themselves in any way which might go counter to the policy of their Home Government in such a matter. Thus we see that the two Agreements have pleased none, whereas they have antagonised many. The objections that have been raised by the Indian textile industry, who are so vitally interested in the matter, cannot be brushed aside quite so easily. If you do so, you will not only set at naught the recommendations of the Tariff Board who have arrived at their conclusions by a regular and systematic study of the whole question, but will also jeopardise the future of the industry as a whole. It, therefore, behoves the Government to refer this important matter to a Select Committee of the Members of this House, who will be charged with weighing all the pros and cons of the situation that have arisen as a result of the agreements, and if possible, to take the help of well-known representatives of the Indian textile industry, of whom there are available so many in this City, in order to arrive at a solution, which will be acceptable both to our Indian textile industry and to the two Delegations. It will not do, Sir, to force the Indian textile industry to anything unacceptable to them and thereby to give them a handle to add to the complications of the political situation, prevailing at the present moment, by setting up a country-wide agitation against any real or supposed high-handedness on the part of this Legislature and the Government. There are also a lot of complicated details in the Tariff Schedule, which will need careful scrutiny and deep consideration before they can be put into operation. The interests of four parties are to be equally borne in mind, namely, that of the Indian textile industry, that of the cotton growers, that of the consumers and that of the piecegoods dealers in deliberating on the results of the two Agreements.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 14th March, 1934.