

LEGISLATIVE ASSEMBLY DEBATES

THURSDAY, 22nd MARCH, 1934

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OFFICIAL REPORT



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LEGISLATIVE ASSEMBLY.

Thursday, 22nd 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.

RULES RE ISSUE OF VISITORS' TICKETS.

Mr. President (The Honourable Sir Shanmukham Chetty): I wish to make an announcement to the House. The rules governing the issue of Visitors' tickets for the Assembly require one clear day's notice before the date for which the card is required. I have already relaxed this rule in favour of Honourable Members' wives, sons and daughters, for whom tickets may be obtained at any time. The rule requiring 24 hours' notice does not apply to the issue of cards to the Distinguished Visitors' Gallery. In spite of these relaxations of the rule, I have found that Honourable Members are unable to get cards of admission to their personal friends or relations who happen to visit Delhi for a very short period and in whose cases it is not possible to give the required notice. I have, therefore, with a view to the better convenience of Honourable Members taken up this question with the Home Department, and, with their concurrence, it has now been decided to introduce a special form of application which can be used by Honourable Members when they ask for tickets for their personal friends or relations. The application filled in this special form may be handed in at the Notice Office before 5 P.M. on the day previous to the date of the meeting for which the admission card is required. Honourable Members will find that in this special form they have to declare that the person for whom they require the ticket is a personal friend or relation of the Honourable Member and that he takes full responsibility for him. The introduction of this special form does not in any way alter the existing rules governing the ordinary application forms for cards. The relaxation in the rules is made only for the convenience of Honourable Members and as an experimental measure. Honourable Members must realise that in sending this special application form they are taking the fullest responsibility for the friend or relation for whom they require the cards. The declaration is in no way meant to be a formal one, and I hope that Honourable Members, when they wish to avail themselves of this facility, will do so only in the case of their own personal friends or relations. This special form will be available from Monday, the 26th instant.

THE INDIAN FINANCE BILL.

Mr. President (The Honourable Sir Shanmukham Chetty): The House will now resume consideration of the Finance Bill—clause 3. The amendment before the House is:

“That part (a) of sub-clause (1) of clause 3 of the Bill be omitted.”

(2581)

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The Honourable Sir George Schuster (Finance Member): I think my friend, Mr. Mitra, was speaking yesterday, but before he continues his speech, I would like to make a short statement and make a suggestion to the House. We have had an opportunity to consider what was said by various speakers yesterday, and I think that there are at any rate certain points on which we feel that there is a good deal of force in the arguments. The matter is a very difficult one to discuss in a debate on the floor of the House, and I believe, Sir, that it will be in the public interest and also save time if you could agree to allow the discussion of this particular amendment to stand over for a short time and enable me to meet representatives of various Parties and have an informal discussion on the whole of the subject matter. I think we shall understand each other much better as a result of that procedure. It happens that very shortly after this we shall embark on a series of amendments affecting the postal rates proposals, and my presence in the House will not be necessary in the House during that discussion, so that, if it suited the convenience of Honourable Members, I could meet them in my room any time today as soon as the discussion of the postal amendments begins. But if Honourable Members think that would not give them time enough to consider who should attend the meeting, I am prepared to meet their convenience. If we could meet today, it would be a great advantage I think, for then there will be no delay in the proceedings.

Mr. M. Maswood Ahmad (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Sir, that is a very good suggestion, but at the same time I find that the proposed discussion will take place in the room of the Honourable the Finance Member when the discussion on postal rates will begin. That will not suit me, Sir, because there are quite a number of amendments relating to the postal rates in my name, and those amendments I wish to move. Therefore, I would suggest to the Honourable Member that we should meet after the Assembly rises.

Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural): I should also like to make a suggestion, Sir. There is an amendment with regard to hides and skins. That is also an item which will require a long discussion. Therefore, if the Honourable Member would agree to adopt the course which he has just adopted with regard to cigarettes duty and to meet the representatives, that will save a good deal of our time, and then we can at once proceed to the postal rates amendments.

The Honourable Sir George Schuster: Sir, I am not surprised at my Honourable friend from Karachi trying to take advantage of every possible occasion. But, Sir, the issues as regards hides and skins are quite simple. They have often been debated in this House, and I am afraid I cannot accept the suggestion of my Honourable friend.

With regard to what my friend, Mr. Maswood Ahmad, said, as he himself moved this amendment relating to cigarettes and raw tobacco, I must consult his convenience, and, accordingly, I agree that would be better if I meet the representatives of the various Parties as soon as the House rises this evening.

Mr. President (The Honourable Sir Shanmukham Chetty): The proposals relating to the duty on cigarettes and raw tobacco will stand over until this informal discussion takes place.

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural): May I point out, Sir, that at quarter past Five there is an engagement . . .

Mr. President (The Honourable Sir Shanmukham Chetty): These are minor matters which can be decided later on. This cannot be brought on the floor of the House.

The House would now take amendment No. 12 relating to hides and skins. **Mr. Vidya Sagar Pandya**.

Mr. Vidya Sagar Pandya (Madras: Indian Commerce): Sir, I beg to move the amendment, which stands in my name:

"That sub-clause (2) of clause 3 of the Bill be omitted."

Mr. M. Maswood Ahmad: On a point of order, Sir. I want to point out that this amendment is not in order. My reason is this, that the result of this amendment, if it is passed, will be that it will increase taxation. Such an amendment cannot be moved without the previous sanction of the Governor General

Several Honourable Members: No, no.

Mr. M. Maswood Ahmad: It increases taxation

An Honourable Member: Certainly not.

Mr. M. Maswood Ahmad: Sir, the Government proposal is that there should not be any export duty on hides, but this proposes to have an export duty on hides. It creates a new taxation in this country, and the introduction of a new taxation or of any increase in taxation cannot be done without the previous sanction of the Governor General.

Mr. President (The Honourable Sir Shanmukham Chetty): Government propose to lower the duty on cigarettes, while the Honourable Member wants a higher rate. How does that stand?

Mr. M. Maswood Ahmad: Is the same policy to be adopted in this case also?

Mr. President (The Honourable Sir Shanmukham Chetty): Amendments which seek to retain the *status quo* are in order.

Mr. Vidya Sagar Pandya: Sir, I am much obliged to you for your kind ruling. The object of my amendment is, as has been pointed by your goodself, to maintain the *status quo*, that is to say, we should have an export duty on hides and skins. The object of the Government is that the export duty on skins should continue, and the export duty on hides should be removed.

Now, Sir, before I proceed further, as some Members, whom I met outside this Hall, have asked me to explain to them what is meant by hides and skins let me explain a couple of terms which will be used by various speakers in the course of this debate. First of all, there is the word "pelt" which means undressed hide or skin. Next comes the word "leather" which means, dressed and finished skin or hide for use. The word "hide", as used in the report of the Hide Cess Enquiry Committee

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and as it is used in the commercial world as well as in statistics, means the larger and heavier pelts, that is, of large and grown up animals, such as, oxen, cows, buffaloes, and also skins of cow and buffalo calves, and so on, while the word "skin" is used in respect of the skins of goats and sheep and also of kids and lambs. Then, there is another term, "raw". It is used to denote hide or skin as it comes from the body of the animal before it is subject to any process other than those of preparation, cure and preservation, and "Tan" means the process of converting it into leather for use.

Mr. D. K. Lahiri Chaudhury (Bengal: Landholders): There is no difference between raw hides and pelt?

Mr. Vidya Sagar Pandya: Roughly, "hide" means pelt of the large and grown up variety of animals, while the word "skin" applies to the skin of goat and sheep and of animals of a lighter variety only.

I shall, first of all, make it quite clear that the object of my amendment is not entirely to protect the tanning industry of the Madras Presidency or to do any harm to the export business of the Bengal Presidency. My object is to help both of them, and it is with that object that I have brought forward this amendment. Now, I would draw the attention of the House to the speech of the Honourable the Finance Member in introducing his Budget which is reported at page 1510 of the Official Report of the Legislative Assembly Debates. I would first read the reasons adduced by the Honourable the Finance Member for removing the export duty on hides. He says:

"We feel that, in this case a portion of our export trade is possibly in real danger, and that the removal of the export duty may help to avert this danger."

I do not want to confuse the House by reading the whole of the speech all at once. He says that the export trade is possibly in danger and that the removal of the export duty may help to avert this danger. But he does not seem entirely to be sure of it. The export trade has, no doubt, gone down, but to say that it is likely to die is rather an exaggeration. We must see what are the causes for this falling off in the export trade during the last few years. First of all, the quality of our hides has gone down, and here I would ask Honourable Members to read carefully the report of the Hide Cess Enquiry Committee, which is a very valuable document. I am sorry that the Government of India have taken no action on it, not even, as I have said before, conveyed their thanks to Dr. Meek and the other members of the Committee for the valuable report they have produced. We are extremely obliged to the Committee for the trouble they have taken in this connection, and if the recommendations of Dr. Meek's Committee are given effect to, it will considerably improve the leather trade and also the income of the Government of India. Instead of trying to encourage the export of hides, we should encourage the local industry and thereby retain hides and skins in the country and add to the economic development and wealth of the country. What are the reasons which are given by the Hide Cess Enquiry Committee? I shall state some of them. They say that, on account of the early and unnatural death of the cattle by the neglect of the public and on account of starvation and attacks of diseases on the cattle, the hides and skins

of the animals are of a very poor quality. As I have said before, India holds one-third of the cattle supply of the world, and it is essential that we should take necessary steps to preserve our cattle and protect them in their life time and make economic use of their hides and skins after their natural death. We should see that we get full value and make proper use of our cattle during their lifetime. It is on account of this neglect—I shall read later on the report of the Hide Cess Committee—the Committee clearly lay the blame on the Government for not taking proper care in this direction. The hides and skins of our country have deteriorated and hence we get reduced commercial value for both hides and skins and we do not get that proper price in the market which we ought to get, and it is on account of this poor quality that a part of our export trade has gone down. As I have explained before, nearly 75 to 80 per cent of our cattle pelt is obtained from what they call "the fallen", that is, other than "slaughtered", that is, cattle that die an unnatural and early death on account of starvation and diseases, and it is necessary for Government to take proper steps for the preservation of these cattle. Our hides and skins are of a poor quality, and the other countries of the world no longer care for our hides and skins as they used to do formerly.

Then, Sir, the Hide Cess Enquiry Committee has pointed out that it is due to the careless handling of carcasses by the most ignorant people and by their employing the most unscientific methods that these hides and skins suffer and are very much reduced in value. I do not want to trouble the House with the details. They have been very elaborately and carefully dealt with by the Hide Cess Enquiry Committee, and I would request the Government to go through the report very carefully. I will simply enumerate some of the glaring defects which they have pointed out in this connection. They say it is due to the faulty methods of slaying in the first stage, which is done by the most ignorant and poorest classes in this country who do not possess the necessary facilities and means in that direction. Then, Sir, the methods used here are comparatively primitive, while, in other parts of the world, they employ advanced and scientific methods. India greatly lacks in them, and then they point out on page 59 of the report:

"We shall describe the chief defects under the heads (i) adherence of foreign matter and lack of general cleanliness, (ii) freezing, sun blisters or burns and surface drying (iii) uneven cooling and drying and crumpling, (iv) over drying, and (v) dragging and scratching or rubbing of the grain."

It is on account of these defects that our hides and skins are not so much cared for. Then the cure and preservation is faulty, and they point out, owing to there being no proper "grading" the local merchants do not get the proper value which they would have got if there had been proper grading. Then, there is the question of "loading" and "adulteration". I do not wish to elaborate these points. Added to that, the export trade has also gone down to some extent owing to what they call the "consignment" system of exporting these hides and skins. I shall explain briefly what is meant by the "consignment" system. There are firms who buy the skins outright on their own account and export them while there are others who consign them to London, but take advances from some of these exporting firms. These exporting firms lend about 75 or 80 per cent of the assessed value and the goods are shipped to London for sale. There are certain dates fixed on which the auctions take place. Sometimes they do not get a proper price for their goods and the result is that the

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goods lie very much uncared for and to some extent they deteriorate, and when these goods are subsequently sold, they are sold at a very great loss to the firms who have to export them through these exporting houses. If we had a better system and if Banks in this country were to lend money to these parties and if these parties were to make better arrangements for the sale of the goods, they would not have lost to that extent. The absence of proper banking and financial facilities are a discouragement to the export trade, and that is why the export trade has gone down. The Hide Cess Enquiry Committee say that there is a great deal of defect in marketing. There is no advertisement and no propaganda, and if you wish to encourage the export trade, some kind of work in that direction should be undertaken, so that the country may get the full value for its goods. Before I leave this subject, I should like to point out that, on account of these various defects in the handling of the goods, the net-loss to the country comes to about four crores of rupees and this is a heavy loss to the country, and, instead of removing the export duty, if the Government were to use this in the form of a cess duty, as has been recommended by the Hide Cess Enquiry Committee, it would have greatly improved the condition of the labour engaged in this leather trade. Instead of removing the present five per cent export duty, they should rather raise a higher duty to protect a declining industry of the country. Along with that, I would earnestly beg of the Government to take care of the cattle of the country, and, in a country like India, where the agricultural system entirely hinges on oxen and the cow supplies the chief needs for our nourishment in the form of ghee and milk, it is necessary that the Government should pay special attention to it because the early and unnatural death of cattle is a great loss to the agricultural population which cannot afford to lose their cattle. In that direction several recommendations have been made by other Commissions, and I hope Government will pay heed to them. Our aim should not be to encourage the export of raw hides, but to improve the breed, preserve the cattle and save them from the attacks of diseases. Careful and scientific methods for handling of the carcasses should be introduced, tanning encouraged and trade improved, and, lastly, we should think of exporting the skins.

Then, Sir, I will come to the second point raised by the Honourable the Finance Member in his speech. He says:

“Though the immediate loss of revenue from the duty is put at five lakhs, we take the view that its removal may help to encourage the export trade, and, therefore, to provide greater purchasing power for imports on which import duties at a higher rate will be collected, so that the indirect effects of this proposal may actually be an increase in revenue.”

That is, his object is to encourage the sale of cheap hides and skins, so that he may gather larger import duties on finished goods from abroad. Sir, those who live in Delhi know of what is called the “*Bul-bul pakar-ne-ka-Ustadi kaidi*” that is, the expert method of catching the *bul-bul* or the nightingale, and it is that if you wish to catch the nightingale, you should first go early in the morning to the nest of the bird, see the nest on the tree and come back home. Then, you should go again in the evening there and at night-time you should climb up the tree and put a little wax on the head of the bird when it is asleep. Then you should climb down and come back home. Early next morning, you should go to the bird's nest again, and, as the bird will fly in the sun, the wax will melt and the bird will be blinded,

and then it will be the time for you to catch the bird with your *dhoti*. Well, Sir, that is why it is called the *Ustâdi kâidâ* of catching the *bul-bul*—the expert way of catching the nightingale. So, that is exactly the method which the Honourable the Finance Member is now applying to our hide and skin business. He says: "We have reduced the export duty; the hides will become cheap; the foreign importer will buy our hides and skins; he will then convert them into finished goods; the finished goods will come here: and then he will levy higher import duties, and thereby he will profit!" Sir, that is a very round-about way and it is really the *Ustâdi kâidâ* of catching the *bul-bul*. Now, why should he not, instead, encourage the tanning industry, the leather industry of the country, and see that the raw produce remains in the country, that the country manufactures goods out of that, and that the country benefits, instead of giving these facilities to the foreigners in order that we may get only a small percentage of duty over the finished goods which give much more profits? I would, therefore, request the Honourable the Finance Member not to depend upon the future import duties on the finished goods, manufactured abroad, and, for that purpose sell away our skins and hides.

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Our skins?

Mr. Vidya Sagar Pandya: I mean the hides and skins of our animals. Sir, man is the only animal who is useless after his death. The hides and skins of animals after their death and even their horns, hoofs and bones are useful, the last for manure, but it is only in the case of the speaking animal, the man, that the body is absolutely useless after his death.

Sir Leslie Hudson (Bombay: European): But your speeches will live after you.

Mr. Vidya Sagar Pandya: Well, Sir, they are but continued in your gramophones and reports.

Sir, I shall now turn to the third point raised by the Honourable the Finance Member, and that is that:

"The export trade in raw hides is at present in a very depressed condition."

There I agree. Then he says:

"Statistics of imports of raw hides into Hamburg show that whereas imports of hides from sources other than India have fallen off by six to seven per cent between 1931 and 1932, they are still above the 1912 level. On the other hand, the imports of Indian hides have fallen by over 30 per cent between 1931 and 1932 and are now less than a quarter of what they were in pre-war days. The very significant decrease in Indian exports cannot, therefore, altogether be accounted for by a general decrease in world demand, but must also represent to a considerable extent a definite loss of trade in competition with other sources of supply."

I shall deal now with this third point. Sir, this fall in the exports is due to the increase in the internal tanning in India, because a larger quantity of hides and skins is tanned now both by numerous and scattered village tanners and the organised factories, and, to that extent, these hides and skins are less available for export purposes. People are now using more leather goods—boots and shoes, trunks and so many other things—which were not used fifteen or twenty years ago, but which are now being made and used in the country, and the result is that the internal trade in leather goods has considerably increased; and here I may point out that until the Hide Cess Enquiry Committee made its inquiries, people had not a clear idea as to the amount of hides and skins

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which are consumed in the country itself. They thought that the export was the larger factor in disposing of hides and skins, and there was very little of local consumption, but during the tour which the Committee made in the course of their inquiries they found that the amount of hides and skins which is tanned by the village tanner in the shape of cottage industries is six to eight times larger than the export from the country. As such, as we take more and more to tanning and more and more to manufacturing of these leather goods, naturally the hides and skins for export will go down to that extent; and, as I have said before, Hamburg is not taking so much, because they can get from other sources hides and skins of a better quality, while our hides and skins are of a very poor quality, and it is necessary and up to the Government that they should devote their attention to these matters. Sir, besides boots and shoes, we have got other ways in which leather is used, as, for instance, for trunks, for book-binding and for the increased demand of leather goods for military purposes. We are using more hides and skins in the country than before. Sir, we have not got proper statistics of consumption of hides and skins in the country. The Cess Committee thinks that the total production of hides and skins is about Rs. 18½ crores, but others estimate it at about 40 crores to 50 crores. It is necessary that we should collect better statistics in the matter, and I think in that direction also the Government of India should give their due consideration to the matter. Now, I come to another matter, and here I shall explain why our exports are getting less. As has been stated in the memorandum supplied by the Hide and Skin Merchants Association (which is composed of the leading hide and skin merchants in India),—they explain it as under:

“The foreign traders do not want the duty because it is a handicap, though a small one, on their purchase of raw materials. They want our raw hides for fostering and developing the tanning industry in their own countries and do not like to help our industry by taking the hides after tanning them in our country. For achieving this object, Germany has from a long time ago levied an import duty of about 10 per cent on our tanned hides and have left free the import of our raw hides into their country.”

I hope the Honourable the Finance Member will take note of the fact that they have raised the duty on tanned goods in order to encourage their own tanning business, while our Government, on the other hand, are trying to sell raw materials and discouragè tanning industry in this country. To continue the quotation:

“Now, our export duty thwarts such an object and scheme to some extent and so the foreign interests have been working against it from the very beginning. The North Indian merchants having dealings with these foreign interests have allowed themselves to be persuaded against the duty though really they have nothing to lose by this duty and the Government of India are also being influenced by the agitation in favour of the foreign interests. If Germany, which is the chief buyer of our raw hides, is not jealous of our tanning industry, then why not she abolish the 10 per cent import duty on our tanned hides and leave them as free as she has left the import of our raw hides.

As mentioned above, the North Indian dealers of raw hides do not lose anything on account of this duty. Because, if the foreigners would buy less raw hides on account of the Indian export duty, the Indian tanners small and large would buy more of same. So the raw hide dealers would not and do not lose their business. If the prices have fallen, it is due to the universal depression.”

Sir, this shows clearly why the supply of goods from India to Hamburg has fallen. Then, Sir, the Honourable the Finance Member says that the trade depression is not the cause so much. I submit, the present trade

depression has much to do in the matter. Apart from the trade depression, he has quoted the figures of normal times and compared them with the figures of the last two or three years to show that our exports have gone down. The Hide Cess Enquiry Committee has given on pages 20 and 21 the tables showing the export of hides and skins, and from those figures it is clear that even during the normal years the trade has been very erratic and fluctuating. I shall quote some of these figures. Take, for example, the exports of raw cow hides from India in tons. In 1912-13, it was about 41,000 tons; it was 37,000 tons next year; in the year after that, it was 24,000 tons. Then, it went up to 34,000 tons. Then, in the year 1918-19, which was not a year of depression, it went down to 14,000 tons. Then, in 1919-20, it went up to 39,000 tons. Then, next year again, it went down to 14,000 tons. It then went up to 30,000 tons in 1927-28, and so on. Similarly, in the case of the export of raw buffalo hides from India, the figures of exports are given on page 21 of the Hide Cess Enquiry Committee's report. In 1912-13, it was 17,000 tons; in 1916-17, it was only 13,000 tons. Then, in the very next year, it went down to 4,000 tons only. In 1918-19, it was about 4,000 tons. In the next year, it went up to 11,000 tons. The very next year, it went down again, to 3,000 tons, and then to 2,000 tons, and in 1928-29, it stood at the figure of 8,000 tons. From these figures it will be clear that even during the normal years there is so much variation in figures, and, therefore, it is not right and proper that we should take these three years which are the years of unprecedented and unparalleled depression as our guide and from that make a deduction that our hide and skin business is entirely going to ruin. Then, Sir, we have to take into consideration a representation made by some of the raw hide dealers from Bengal in which they call these things as agricultural products. This is rather a new nomenclature to call hides and skins as agricultural products. Till now we were under the impression that by the term agricultural product meant only grains and other similar things. And if we grew better quality of grains, that was improving the agricultural product. But to kill animals and call their hides and skins an agricultural product is surely trying to distort facts.

Mr. G. Morgan (Bengal: European): Because they eat grain.

Mr. Vidya Sagar Pandya: Our object should be to preserve our cattle and make the most economic use of them and not to kill them simply for the purpose of exporting their hides and skins and allow some of these foreign exporting firms to make money out of them.

Seth Haji Abdoola Haroon (Sind: Muhammedan Rural): They are breeding them also.

Mr. Vidya Sagar Pandya: The foreign exporters are interested in killing and selling them at an economic loss to the country, with the result that our cattle are neglected and they die an unnatural and early death, and thus we lose our oxen, cows and buffaloes.

Seth Haji Abdoola Haroon: What about the skins?

Mr. Vidya Sagar Pandya: They come next. We do not breed our cattle merely for the purpose of killing them and getting their hides. That is not in the interests of India.

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Then, Sir, I shall take the fourth argument in the speech of my Honourable friend, the Finance Member. He says:

"During the first half of 1933, there was some improvement in shipments to Germany, but the improvement has not been maintained and since September there has been a serious deterioration in the position even as compared with 1932-33. The duty has been retained hitherto as a purely revenue measure. But the revenue involved is now no more than a problematical five lakhs and we feel that there is little justification for its retention, even for revenue purposes, at a time when the export trade is in danger of extinction."

Now, Sir, here, again, from the figures supplied to me by the Hide and Skin Association, I find that the export of raw hides in nine months, that is, from April to December, 1933, was 14,000 tons, which is almost as much as the figure for 1931 and 1932, and tanned hides is about 9,000 tons. Here, again, I may point out that as there has been fluctuation in the quantity of raw hides exported, we have got similar fluctuation in the tanned hides manufactured in the country. In 1919-20, when the export duty of 15 per cent. was levied, hide manufacture was about 24,000 tons, and, in 1931-32, it was only about 10,000 tons. In the very next two years, i.e., 1920-21 and 1921-22, it went down to 4,000 and 6,000, and so on. Then, Sir, we come to what the Honourable the Finance Member says that the object of this duty is merely for revenue purposes. I shall explain to the House a little history of this export duty. Here, again, I will read from the memorandum of the hide and skin merchants of Madras. They say:

"During the War, the Government commandeered the tanneries for tanning hide-leather for war purposes. The industry very willingly did this work and supplied immense quantities of leather for the war requirements of not only the British Empire but also the Allies (through the British Government). The Government then seeing how immensely serviceable the Indian tanning industry was acceded to the demand for protection and levied an export duty of 15 per cent on raw hides and raw skins in 1919 with a rebate of 10 per cent on the exports to Empire destinations."

As soon as the War was over, they forgot the services rendered by the tanning industry of the country and they went to the extent of reducing it:

"But then this duty while benefitting the Indian industry was of course a handicap on the foreign tanning industry which has its branches and agencies in northern India for buying and exporting raw hides and skins. These foreign branches and agencies engineered an agitation against the duty. The northern India dealers of raw materials were misled into this agitation. Worse still the Government too favoured the said agitation.

In the result the duty was reduced by the Government to the flat rate of five per cent in 1923. In 1927 the Government proposed the abolition of even this five per cent while all along the industry was demanding its restoration to 15 per cent. But this proposal was defeated by the Assembly through a majority of one. In 1928 a Member from Bengal moved for abolition and again the motion was negatived by the Assembly.

Now, the Government are abolishing the duty of five per cent on raw hides."

I have already said that it was not entirely a duty for revenue purposes as is shown by this memorandum, and the Honourable Sir George Schuster also said in the present Session of the Assembly that the duty was retained as a revenue measure, but originally the duty was levied as a protective measure in 1919. The Honourable Sir George Barnes then moving for the levy of the duty said:

"Its object is to convert into fully tanned leather or articles of leather so far as possible in India, failing this in other parts of the Empire instead of being exported in a raw state for manufacture in foreign countries. . . . Though the Indian

tanners have enormously increased during the past three years, they can only deal with a comparatively small proportion of the raw hides and skins which India produces and it is to the advantage of India and the security of the Empire generally that the large surplus should so far as possible be tanned within the Empire."

That was the speech of the Honourable Sir George Barnes in 1919. The same object, as is set out by Sir George Barnes, might still be pursued in the interest of the country. Here is another aspect of the case put forward:

"Apart from the large tanneries in Madras, a vast number of poor people in Northern India, mainly *chamars*, carry on tanning on a small scale like a cottage industry. Each of these men tans a few pieces and makes use of them for the country-shoes which he makes and sells; or disposes of those tanned pieces to others for the sole and other requirements of high class boots, shoes and other leather articles. A vast amount of leather (running into the value of crores of rupees) is thus made and consumed in the country. Such small manufacturers will be especially affected by the removal of the duty, as these small men have to acquire their raw hides in competition with the foreigners who want to carry away our raw materials and as these small men cannot stand before the powerful and now completely free foreign competition."

In the memorandum which has been submitted by the Bengal exporting interests, they have shed tears for these *chamars*. There was a time, when some Members of Parliament in India several years ago were horrified to learn that Indian people were still taking very crude salt, and they made representation to the Parliament that the Indian population could be saved only by taking Liverpool salt. They were surprised that a civilised Government like the British Government in India were killing people with such crude locally manufactured salt, and if they could help it, they would have, just as Warren Hastings was impeached in the House of Commons, they would have impeached the Government of India and heavily punished them. Now, we have got some of these exporting firms who are shedding tears on our Bengal interests. I do not mean our friends from Bengal, but they are simply agents in the hands of these foreign firms who are interested. They say that the poor *chamar* does not get anything. The memorandum says:

"The fact is that, in present time, vast quantities of hides are left to rot on the carcasses of dead or fallen animals (animals that have died from natural causes) there being no demand, it is not worth any one's while to arrange the flaying, preparing and despatching of the hide to a buying centre."

They say that if this five per cent duty is removed, there will be great help to the *chamars* in the country. They are trying to distort facts. Surely when the powerful foreign exporting interests come into the market, shoe-makers and other people cannot buy their hides and skins in competition with these foreign exporting concerns.

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muhammadan): And they want the removal of the export duty as a sanitary measure.

Mr. Vidya Sagar Pandya: They do not lay so much stress on the sanitary measure, but they are more keen about their own pockets.

Then, Sir, here I shall take the liberty of reading what the Hide Cess Enquiry Committee has to say about the need for action by Government. They say:

"On one issue, that is, the need for action by Government, our minds are clear. The Indian hide and skin trade is not a new development. It has in the past tried to attack some of the more urgent problems, e.g., general improvements to meet the

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requirements of customers, the improvement of flaying, reduction of loading, bringing the special qualities of Indian raw stock to the notice of the important tanning centres. The building up of the export trade both in raw and in tanned stock is one of its solid achievements. But though it is not altogether an unorganised trade, organisation is almost entirely confined to purely commercial purposes. There is no department of Government or association charged with the duty of bringing about improvements in the raw stock and in the methods of handling it. Even though the need for technological investigation and the producers' education is perhaps more acute in India with her large proportion of fallen stock, we do not find any evidence that these problems have ever been seriously taken in hand. The trade as a whole has contributed handsomely to the general revenues of India but has received little direct assistance in return. Owing to the poverty, ignorance and low standard of intelligence of a majority of the primary producers, we are inclined strongly to the view that if India is to maintain and improve her position in the world's markets for raw and tanned stock and leather and allied manufactures, the time is now ripe for organised work. We hold that the trade and the industry cannot undertake it without extraneous assistance, specially financial. The problems are numerous and complex and a part of the necessary organisation will have to be built up or radically adapted. These are our reasons for proposing that Government should step in and establish a statutory cess committee with adequate funds at its disposal.

Our views as to the amount needed are not unanimous. Some of us hold that about 15 to 20 lakhs a year will be required before long for substantial work, specially of development as distinct from mere research. Others think that about 5 to 7 lakhs a year is likely to suffice for all the important practicable schemes. We are, however, all agreed that a reasonably good start can be made with about 5 to 7 lakhs a year. *En passant* we might mention that the net annual yields of the cotton, tea and lac cesses were 5.55, 13.50 and 2.23 lakhs for the latest year for which figures were available to us. The cost of collection by the Customs Department was Rs. 8.810 in the case of the specific cess on tea."

Now, Sir, the Committee emphatically says this:

"We have accepted the Chairman's view that our Committee was a financial (ways and means) rather than a technical body, and was only charged with the duty of preliminary investigation as to the advisability of imposing a cess for the benefit of the hide and skin industry as a whole and some other connected matters."

Sir, I think I have sufficiently made it clear that the object of this export duty, though it was not originally so called, was intended as a cess duty, and the contemptible figure of five lakhs mentioned by the Honourable the Finance Member is exactly the amount which is required to begin the preliminary work in the direction as indicated by the Cess Committee. I do not see why the Honourable the Finance Member should lose this revenue in these days of deficit Budgets, and if he does not care for it as revenue, he should levy it as a cess duty to improve the hide and skin and leather business in the country.

Then, Sir, in pages 164 to 168 of the Cess Committee's report are indicated the various methods by which the industry can be helped. I will not take a long time, but will simply read a few items from the summary. Their recommendations are that the policy of *laissez faire* must be abandoned and that the cess should be called a sea customs duty. Then, about improvement they say:

"The suggestion that an all-India Association at Calcutta, with a branch at Madras, or two associations one at Calcutta and the other at Madras, should be set up for the purpose of general control, arbitration, authoritative specification and grading and certain connected matters should be considered."

Then, other recommendations are:

"It should carry on propaganda.

It should publish (or subsidise the publication of) trade journals and price bulletins, preferably through the agency of the all-India association, etc.

Advertisement of India's raw stock, leather, etc., and should be financed.

The Committee should be prepared to finance special schemes, (e.g., showrooms, exhibitions, etc.)

As regards training, the only types which the Committee should assist with grants-in-aid are the training of (i) leather technologists, leather chemists and research chemists of all-India utility and (ii) supervisors, instructors and propaganda agents for the improvement of the raw stock—both 'fallen' and 'slaughtered'.

Dissemination of statistics and other information.

Besides the usual annual report it should publish a periodical review of the technical and commercial sides of India's position in the home and the foreign markets for raw stock, leather and the products of allied industries.

Advice on the question of protection to the tanning industry should be excluded from the Committee's scope. But on technical and commercial matters including legislation on such matters it should be consulted by and empowered to advise the Central and the Local Governments and such Indian States as apply to it for advice. Then, integration of the trade is necessary and the Committee should encourage it. Then organisation, direction and co-ordination of research and the allocation of such special work as may be feasible should be another major object. Propaganda, educative work and advertisement should be seriously undertaken on the lines indicated. Assistance on certain lines with regard to transport, the provision of facilities for testing and certification and for arbitration, collection, publication and dissemination of statistical and other information and similar 'intelligence' work should be among the miscellaneous objects on which the fund can be spent.

Generally speaking, all action necessary for the improvement of the country's raw stock and leather and allied manufactures and of the organisation for handling them both in India and abroad should, subject to limitations indicated elsewhere, be the objective."

Then, in their concluding portion, they say:

"The value to India of this industry taken as a whole, (i.e., the raw stock and leather trades and the leather, leather-working and allied industries) is about forty to fifty crores; it provides employment to large numbers of men (tanners and leather workers being a little under three million) and is a factor in the economic well being of millions of the depressed classes. There is scope for work in order to reduce the national waste. Improvement effect will not only benefit those directly engaged in the industry as a whole but will also react favourably on the peasantry of India. Our proposals have this objective in view, and are, in our opinion, so designed, as to achieve it, as far as it is practicable."

Now, Sir, call the duty by any name—call it export duty or cess duty, it does not matter. The main object is that help should be rendered to the hide and skin tanning industry. I shall not pursue any further the representations of the Calcutta foreign exporting firms; that will be done probably by some of my friends on my right. But I wish to read out a portion of a speech of my friend, the Honourable Sir Abdur Rahim, the Leader of the Independent Party. He was, I am sorry, led to make the following remark in his speech:

"I know my friends from Madras fear that the abolition of the hide duty is likely to interfere with the tanning and connected business that flourishes in that Province. I do not think that that would really be the case. I have not the figures before me, but my re-collection is that, as a matter of fact, there are lots of surplus hides which could safely be exported without injuring any tanning industry in this country."

Coming as these remarks do from him, a gentleman for whom the whole House and people outside have got great respect and regard, I would respectfully point out to him that he has been misled in this direction. Here

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I will read from the Madras memorandum which says after referring to the hides and skins being locally used in increasing quantities,—

“This is also borne out by the fact that there are no large accumulated stocks of raw hides in Calcutta, Cawnpore and other markets of raw hides. If Sir George Schuster's contention is right, then there must be accumulation of the stocks of raw hides.”

The Southern India Skin and Hide Merchants Association, which is supposed to be in touch with the market, are of this opinion that there is no large accumulation of stocks.

I am afraid I have already tired the House very much and I shall mention only one fact. I have got telegrams from some Associations protesting against the abolition of these duties. But I want to tell the House what is the opinion of the trade in this matter. The organised and enlightened public opinion of the Indian commercial and industrial world has all along been stoutly and strongly against the abolition of the duty. They have not only asked for its retention, but even for the increase of the export duty on hides and skins. Important commercial bodies, even some of the European bodies, such as the Madras Chamber of Commerce and the Upper India Chamber of Commerce have been and even now are supporting that the export duty should be continued. The Federation of Indian Chambers of Commerce and Industries, which was so vehemently attacked as a political body by my friend, the Honourable Diwan Bahadur Ramaswami Mudaliar, have urged, and all their affiliated Associations have, from the very inception, demanded emphatically and unanimously the retention and even increase of duty on raw hides. But the Associated Chambers of Commerce, representing European and alien interests and other foreign interests and agencies and exporting firms, opposed this export duty. The measures adopted will placate the Associated Chambers of Commerce and other exporting firms in this country, while the Government have always turned a deaf ear to the pleadings of Indian tanneries and the leather industry. This is another instance, Sir, which shows how the Government of India are being dominated by interests other than Indian.

Now, Sir, I shall only say a very few words about the position of the tanning industry in the Madras Presidency. I believe several of my friends would like to speak on it, but since I have already taken enough time, I shall not say much now. All I shall now say is, as I said in my speech on the Finance Bill, this is an industry in which Hindus as such have not much interest. The depressed class people belonging to the Hindu community have some stake in this industry, but the important part of the industry is still in the hands of our Muslim friends

Mr. M. Maswood Ahmad: We do not want this export duty.

Mr. Vidya Sagar Pandya: I may tell my friend,—to use the words of Government,—you do not know your own interests.

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): God save us from our friends. !

Mr. Vidya Sagar Pandya: Sir, in the light of what I have already explained, and in the light of the Report of the Hide Cess Enquiry Committee, I would request my Muslim friends not to be misled by what foreign

interests say. Foreign interests and exporting firms are very keen on obtaining raw materials as cheap as possible in this country and exporting it out of India so as to obtain finished products and make money out of such things

Sir Muhammad Yakub: Then impose an import duty on the finished products.

Mr. Vidya Sagar Pandya: I would, therefore, advise my friends that they should concentrate on developing this industry locally as much as possible and retain the profits in our own country instead of allowing them to go out of our country. I would again ask my Muslim friends not to be misled by foreign interests. Sir, I have done.

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

“That sub-clause (2) of clause 3 of the Bill be omitted.”

Khan Bahadur H. M. Wilayatullah (Central Provinces: Muhammadan): Sir, I rise to oppose this amendment which has been moved by my Honourable friend, Mr. Vidya Sagar Pandya. The earlier part of his speech was devoted almost entirely to an enumeration of the various causes which contribute to the poor quality of hides, and I was surprised to hear from him that if cattle are neglected, if they are not properly fed or if they are starved, then the blame lies at the door of Government. Sir, it is very easy to throw blame for everything on Government, but it is difficult to satisfy the Honourable Members here whether the charge that is brought so lightly against Government can be justified. Towards the end of his speech, my friend, Mr. Pandya also made a suggestion to the effect that the retention of the duty on hides would in a way tend to encourage the tanning industry in India and thus it would benefit specially the Muslims. He has given a friendly advice to Muslim Members to support his amendment. In reply I may quote a verse which is as follows:

*“Apne dushman se hisazat apni ham kar lenge khud,
Ay Khuda ham ko hamare doston se tu bacha.”*

It means: “We should take care of ourselves so far as our enemies are concerned; O, God, protect us from our friends.”

Now, Sir, the tug of war lies in this matter between the tanners and exporters, and the real question at issue is whether the quantity of raw hides which is produced in this country is absorbed in the tanning industry or not. Sir, I think tanneries in India have enjoyed, for a sufficiently long time, the benefit of a much reduced duty on hides and they can get them sufficiently cheap, but I do not think that Government can for ever commit themselves to cheapening the price of hides only with the object of helping the tanners or the tanning industry. After all, it is a matter of common knowledge that the exporters of hides have been ruined. There has been very little export of hides. My friend, Mr. Pandya, gave certain figures himself, and although he advocated the retention of the duty on hides, I think he made a very good speech and ultimately made out a very strong case for its total abolition. Sir, there are large quantities of raw hides in this country, and there is no local demand for them, nor is there a demand for them from outside. Now, the question is, what are we to do with

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them. The result is, the tanneries are benefited, because they are able to get these hides at a very low price at the expense of those people who deal in or export hides. These people have been practically ruined. Besides, hides have to be handled very quickly. They are a kind of article that cannot be kept for a long time, and if the prices affect the export, it would mean that not only would they deteriorate, but through natural decay, they would become quite useless. They cannot be stored for long periods. Sir, experience has shown us that tanneries in this country, in spite of all the facilities that Government have given them by reducing the export duty, have not cared to expand their activities nor are they in a position to absorb the entire quantity of hides that is available in the country. Under the circumstances in the interests of the dealers in raw hides, it is only fair that Government should abolish this export duty and encourage and accelerate the export of surplus stock of hides which is not wanted in the country. With these words, Sir, I oppose the amendment.

Shaikh Sadiq Hasan (East Central Punjab: Muhammadan): Sir, I congratulate the Honourable Member in charge of the Bill for abolishing the export duty. I think all export duties are iniquitous, except those which are levied on harmful drugs. One of the main arguments advanced by my friend, Mr. Pandya, was that if this export duty was levied, the hides and skins produced in the country would remain in the country, with the result that the tanning industry would flourish. But, Sir, this argument can be applied to wool, cotton and all kinds of raw materials that now go out of the country. My friend does not know one thing, and, if he had been a manufacturer, he would probably have known that there are certain types of materials which cannot be consumed in the country of their origin. Take the case of the Punjab wool. If it were not exported to foreign countries, I am sure, it would not be possible to consume it over here. In the same way, if we could not get Australian wool in India, India would have never been able to compete in making the Kashmiri cloths. There are certain types for which there is no demand in the country, while there may be some demand in other countries.

* There is another point, that is, the question of surplus production. India is not the only country which gets back its tanned hides in the shape of harnesses, or boot soles, etc., but there are other countries in the world which use hides sent from India to countries like Germany, England, etc., and they tan them and then send them out to other foreign countries. So, it is absolutely wrong to say that we are cutting our own throat. I have not got any statistics, but I am sure that all hides that we export from here do not come back here in the shape of harnesses, leather belting, etc., but they go to foreign countries where there is a great demand.

There is another point which I think I must bring to the notice of the House, and that is the exchange problem. The exchange problem has done a great deal of injury to the Indian trade, and it would be adding insult to injury if we retain this export duty. If you will allow me, I will give a typical instance. The United States of America used to import about 1,00,000 yards of Persian carpets, and now they are importing only, say, 50,000 yards. They used to import 10,000 yards of Indian carpet, and

now they are importing only 200 yards. All this is due to the exchange. When you have got a high exchange, it is most objectionable to add fuel to the fire,—to kill the trade absolutely by imposing an export duty. In a country like South Africa they give bounties to help their own export trade, but here you do not want even the export duties to be abolished. I am sorry that in this case the interests of the Punjab differ from the interests of Madras. It is not a question of, as Mr. Pandya pointed out, Muhammadan friends supporting Muhammadans, I am sure some of my Muhammadan friends from Madras will support Mr. Pandya.

An Honourable Member: As some Hindus will oppose him.

Shaikh Sadiq Hasan: I come from the Punjab, we are great exporters of these hides and skins.

(At this stage, Mr. Vidya Sagar Pandya interrupted the Honourable Member which was not audible at the Reporters' table.)

Fifty or sixty people do not count in this question of millions and millions worth of goods. We have to see who ultimately gains the benefit when the raw products are sold. If the price of wheat goes up, it is not the merchant so much who gains. I am sure, the Government Benches would testify that it is the agriculturists who gain the benefit, because ultimately the money has to go into their pockets if the price goes up. In the same way, if the prices of these hides and skins rise, the result would be that the man who originally sells these goods would be making more money than the hide and skin merchant. I am speaking not only on behalf of the hide and skin merchant, but also on behalf of the poor agriculturist of the Punjab who suffers ultimately on account of the decrease in the price of hides and skins, decrease in the price of cotton, decrease in the price of wheat.

Mr. Vidya Sagar Pandya: The agriculturists or the owner does not get the price of the hide of the dead animal.

Shaikh Sadiq Hasan: If he sells the cattle, it contains everything, hides and skins *

Mr. Vidya Sagar Pandya: It goes only to the *chamar*, and not to the agriculturist or owner.

Shaikh Sadiq Hasan: There is one point more that the export trade from India in hides has decreased considerably. My Honourable friend, Mr. Pandya, would say that, on account of the slump in trade, this trade has decreased in proportion. But the trouble is that other countries are sending more and more of their own hides to the foreign countries; they are sending an increased proportion at the expense of Indians. When there is a very hard and severe competition, even one per cent or a couple of per cent will make all the difference, and the result will be that, while others will be able to sell their goods, India will be unable to sell her own goods at the proper price. While the export of raw hides has decreased considerably, there has been only a slight increase in the export of tanned hides, and I think the best course to encourage the export of raw hides is to do away with this iniquitous export duty altogether.

Mr. F. E. James (Madras: European): I am very glad that the previous speaker pointed out that this was not a question which should divide the Hindus and Muhamadans. I should also like to go further and say, nor is it a question which divides Europeans from Indians. There are some European Chambers which support the abolition of the duty, there are other European Chambers which oppose an abolition of the duty, and I very much regret that my Honourable friend, Mr. Pandya, should, at the end of his very exhaustive speech, have hinted that this was a measure which Government had accepted at the behest of, what he was pleased to call, the alien and foreign interests in this country. It is nothing of the kind, and I am sure the House will agree with me when I say that this matter is purely an economic and financial question and should be discussed and considered on an economic and financial level.

Now, Sir, I support the proposal of my Honourable friend, Mr. Pandya, and I want to put certain considerations before the House, so that the matter may be considered from the point of view which I have suggested. I first of all take two axioms which were laid down by the Hide Cess Enquiry Committee. The first is,—you will find it at page 79 of the report of that Committee—:

“That the tanning industry as a key industry is of very considerable importance.”

The second is:

“That the raw trade and the leather industry are mutually complementary.”

I think it is a mistake we often make in our discussions here to regard the interests of the primary producers and the interests of those who manufacture from these primary products in this country as being antagonistic. I think the proper way is to regard them as being mutually complementary, and, therefore, to regard the problem as one of attempting to balance the interests of two complementary industries. I have no need to emphasize the importance of the tanning industry, not only in South India but elsewhere, but I might perhaps read to the House one short paragraph towards the end of the Cess Committee report, which summarises the position in a way which is much better than I can summarise it myself. Unfortunately I cannot get at the reference, and I will try to come back to it before the end of my speech. But, Sir, you will find all through the report of that Committee that emphasis is laid upon the importance of the tanning industry in this country—by the amount of money that is involved and the number of people who are employed. I may say it is an industry which is of particular interest to the poorer classes in my part of the world.

Reference has been made to the fact that while the export of hides has deteriorated, the export of the tanned product has not expanded to a corresponding extent. I want to put before the House a view which I think deserves consideration. I think the House should remember the increasing numbers of hides which are being tanned for internal purposes. Now, the Hide Cess Committee which sat in 1929-30, after a very careful examination of all the documents, came to the conclusion that India produces on an average about 25 million cow and buffalo hides annually. There are no statistics to show which of these 25 million are cow hides and which of them are buffalo hides, but we may perhaps strike a rough and ready calculation on the following basis. The total cattle population of India, as shown in the 1930 census, is roughly 157 million cows and 41 million buffaloes or about four to one. If you assume that in the 25 million cow and buffalo hides, which are available annually, those same proportions of four to one

are maintained, I think that is a reasonable assumption. You come to the conclusion that there are available about 20 million cow hides and five million buffalo hides. Each cow hide will produce upper leather for about ten pairs of shoes on the average. If all the cow hides produced in India were tanned and made into shoes, there would only be sufficient upper leather to produce one pair of shoes per annum for 200 millions of India's total population of 350 millions; and when you make due allowance for the large numbers of cow hides used for purposes other than shoe making, you arrive at a figure which will only suffice to produce about half a pair of shoes per annum for the entire population. I think everybody in the House will admit that the use of shoes has increased rapidly and is still increasing. To prove that, I would point out the very great rise that has taken place in the number of tanneries producing shoe leather. Then you find the chrome tanning industry springing up in different parts of the country, and if you take the quantities of hides received in Cawnpore, represented by Mr. Ramsay Scott, one of the largest hide collecting centres in Northern India, the figures have really increased as compared with pre-war figures. The figures are 341 thousand maunds in 1913 and 356 thousand maunds in 1930. During the same period, exports by rail dropped from 269 thousand maunds in 1913 to 214 thousand maunds in 1930. In Cawnpore alone, the quantities retained and tanned and dressed there increased from 71 thousand maunds to 141 thousand maunds. My whole point is, that the primary reason, I would not say the only reason—I do not want to exaggerate the position—for the decrease in the number of hides exported is not the effect of the export duty, but the increased numbers which are being consumed in India now, and I think it would not be dangerous to predict that within the fairly near future India will be able to consume all the hides which she can produce.

Then, if you turn to the export figures, you will find that there has been a gradual increase from 1931 in the total shipments of tanned hides from the Madras Presidency alone. Since 1913-14, the trade has grown enormously. In that year—I have the figures here—according to the Hide Cess Enquiry Committee, it was valued at one crore 58 lakhs. In 1928-29, it was valued at four crores 40 lakhs. I have not got the figures available relating to values, but approximate figures relating to shipments from Madras for the years 1927 to 1933 show that we have now passed the level which was reached in 1927. There is no doubt, whether it was intended or not, that the trade has received some assistance by reason of the existence of the export duty.

Now, Sir, what we really have to examine now is the effect of the removal of the duty. The Finance Member, I take it, is today in the very happy position of seeing the House divided against itself. It is the Finance Member who rules.

The Honourable Sir George Schuster: It does not make me happy.

Mr. F. E. James: I am very glad to know that, for I am convinced that he is throwing away five lakhs. The first point that I should like to make is this. I was developing the point that the removal of the export duty will really be an injury, on the balance, to the interests concerned. Then, I take it, there is no justification for the removal of the duty, because the financial position obviously does not justify surrendering a sum of five lakhs. There are certain points I want to make.

The first point is this, that the one effect of the removal of the duty will be that the continental buyers of raw hides will benefit to the extent of

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about three to five per cent on the current value of their raw product and that will give the continental tanner an advantage over us in the United Kingdom market in connection with the preference.

Then, Sir, a second point I wish to make is this. Will the effect of the removal of this duty actually benefit the primary producer? Will it not benefit rather the shipper? Will it not benefit the middleman? And another point has been made in a very interesting article which appeared in the *Indian Finance* the other day, which is read by a large number of Members of this House, to which I should like to make a reference.

“The majority of the hides in India ”

—says the article—

“are collected in the northern Provinces and Bengal for export to foreign countries as well as to Madras. The freight rates on northern Indian hides imported from Calcutta into Madras are such that the Madras tanners do not enjoy any great advantage over the importers of these hides in foreign ports. As shipping freights to foreign ports are abnormally low, the withdrawal of the advantage of the five per cent export duty which the Madras tanner has so long enjoyed over the foreign trader will certainly tell heavily on the already impoverished tanning industry of Madras without in any way helping the primary producers of hides.”

Mr. Lalchand Navalrai: What is your view with regard to the skins?

Mr. F. E. James: I am not expressing any view now on the skins, I am concentrating now on the matter which is now before the House.

Now, Sir, a third effect which the removal of this duty will have will be that the very small margin of profit on which this tanned hides trade is conducted, particularly in the Madras Presidency, will be adversely affected: and I think that we have a case, particularly in the Madras Presidency, where we still suffer from an abnormally low price in the case of rice, which should suggest to Government that now is not the time, whenever it may be, now is certainly not the time to injure that industry. It may not benefit the primary producer, and will have the effect of reducing the margin of profit to such an extent that retrenchment will have to take place. I know, as a matter of fact, that a number of small tanneries will probably have to close down.

Now, I want to deal with the fourth effect—that which the removal of this export duty will have upon the preference which is given under the Ottawa Agreement—of which you, Sir, are a signatory,—on tanned hides. Now, Sir, in the Report of the Indian Delegation on the Economic Conference at Ottawa in paragraph 51 it is stated as follows:

“It is not necessary to discuss in much detail the goods specified in Schedule C on which the maintenance of the existing margin of preference is guaranteed. In some cases, such as tanned hides and skins, while there may be some expansion of the demand for Indian products, the chief importance of the preference is that it secures the trade against actual or potential competition and ensures the maintenance of the position which India has already acquired in the United Kingdom markets.”

Now, I should like to know from the Honourable the Commerce Member what he proposes to do with this preference if the export duty on hides

is abolished. The preference in the United Kingdom market is ten per cent, and I remember very well at the time of the debates quoting, with the approval from the Government Benches, certain interests in the United Kingdom against this particular preference. Now, if you are going to

alter the conditions in this country and make them different from what they were when the preference was given, then if you intend to abolish this duty, you should immediately take steps to secure a larger preference in the United Kingdom market. Sir, I may quote in this connection a very interesting document from a trade paper in England to indicate that this preference has already had a most useful effect upon the exports of India. It says in dealing with the U. K. imports of chrome upper leather :

"It is difficult to estimate the actual increase in imports of hide upper leather from British India since, as we have pointed out, only a proportion of the actual imports were returned as box sides in the earlier months. From information otherwise available however, it is estimated that the imports of dressed upper leather from India during May and June amounted to approximately 500,000 sq. ft., and this increased by 50,000 sq. ft. in July and August."

I may read another paragraph from the same trade journal :

"Imports of box sides and other hide upper leather also increased during September/October, averaging over 1 million sq. ft. a month compared with 600,000 sq. ft. a month during the first eight months of the year. The increase was due to larger shipments from Germany, Belgium and 'other countries', a large proportion of which represented box sides from India. The average declared value of imports under this heading was 7½d. per sq. ft. compared with 6¾d. in the two previous periods."

I think we are entitled to suggest to the House that the abolition of this export duty is going to put us at a disadvantage with the continental tanner, and that the benefit which the tanner is likely to get is not going to the primary producer in this country. (Hear, hear.)

Now, I shall be told that all these arguments are beside the point, because a revenue duty is a revenue duty, and it was never intended to be either a protective duty or a duty to foster the exports of a particular article. Well, Sir, I think we are entitled to suggest to the Government that if that is the line of argument, now is not the time to throw away money, unless you can prove that by doing this you are going to render indirectly or directly a corresponding benefit either to the primary producer or to other interests in the country. I think, Sir, I have done my best to show from my own point of view, from the information I have at my disposal, that I do not believe it is going to benefit at all the primary producer. I think I have been able to show, on the contrary, that it will definitely injure an industry which has come to be regarded by the Hide Cess Committee itself as a key industry of considerable importance.

Sir, there is only one other point I wish to make, and that is this. It does seem to me that ultimately, considering the balancing of economic advantages and disadvantages in a matter like this, it is essential that the problem should be viewed as a whole. I can sympathise with all those who are anxious, if they believe it to be the case, by this measure to give some fillip to the primary producer. But I doubt whether this is going to have this effect, I doubt the validity of that argument. In any case, even in doing so, it should not, I maintain, be done without consideration of an industry already established in the country. I think that the proper way to approach this problem is to approach it having regard to the fact that the primary producer and the tanner have not antagonistic interests, but really have interests which are complementary. I should like to ask the Government of India what action they have taken in regard to the Hide Cess Inquiry Committee report. Reading that report carefully, it is quite obvious that it is a definite attempt to benefit both sides of this great industry. It is an attempt to benefit the primary producer.

[Mr. F. E. James.]

and it is an attempt to benefit the tanning industry. Sir, I should have thought that if Government had decided for revenue reasons or for other reasons to do away with the export duty on hides, they would, at the same time, have announced some general policy in regard to the industry generally. I make the complaint which I made a little time ago, Mr. President, that in some of these matters there is not quite enough economic planning. Personally,—and I am now speaking entirely on my own responsibility—I should have been far more happy in regard to the proposal to abolish the export duty on hides if it had been accompanied by some general announcement as the Government's policy in regard to the industry at large. I hope even now that may be forthcoming, but I do trust that in the ensuing discussions the issues will be confined to the interests of the industry and the interests of the primary producers, not to show that they are antagonistic, but to show how they can be reconciled in the interests of the country altogether. (Applause.)

Maulvi Muhammad Shafee Daoodi (Tirhut Division: Muhammadan):

1 P.M. Sir, I am glad that our Honourable friend, Mr. James, has put the debate on the right lines. This is really a question which should be looked at from the economic and financial aspect, and it is from that point of view that I will deal with the subject. There are many of my friends who will devote their attention to the statistics side of it. I will leave that aspect of the matter to them. What I wish to say is from my own personal experience of those who have been dealing in this business for the last quarter of a century and whom I know personally.

In the part of the country whence I come, this business is mostly done. I have seen hundreds and thousands of people of all classes—mostly lower classes—who deal in this business, because it is just on the British side of the Nepal territory that this business is largely done. I do not know the reason for it, but these hides are generally to be found in that part of the country. It may be due to some strict regulations of the Nepal Government, but it is true that hundreds and thousands of people deal in this business and it is a source of their living. I know it from my experience that about 25 years back thousands of families were flourishing on this business—especially low class people—and now they are all starving and they do not find any other equivalent trade to engage themselves in. That seems to be one of the reasons why I think there is such a great agitation in Northern India for the abolition of this export duty.

An Honourable Member: The abolition will not help them.

Maulvi Muhammad Shafee Daoodi: On skins also, it may be abolished. It is, of course, the business of the Honourable the Finance Member to see whether that also suits him or not. As he has put in his speech, the problematical five lakhs of revenue from the export duty should not be one of the reasons why so many people who are engaged in trade should be put to so much difficulty. As you know, Sir, I have always pleaded for the poor people, and, therefore, I say that if this duty is taken off, I am sure, thousands of other people, who are unemployed at present, would get some business to do and that is the economic side of the matter which I would ask the House to consider. If it was proved that the hides were not sufficient to be exported as well as to be tanned in India, then there was some justification for the ground which had been given by my

Honourable friend, Mr. James, on this question. But I find that there is a very large number of hides which are rotting, as I am told, in that part of the country, because these poor people do not find it profitable to deal in this business on account of, I should think, the export duty. There cannot be any other reason. This is the only new thing that has been put on that business, and, therefore, it is useless for them to engage their time in doing this business, because it has become unprofitable. The statistics also, which I have been able to collect as to the tanned hides which have been exported, go to show that they have been tanning a lesser number of hides in recent years than in past years. For example, I find that the export figures of tanned hides in 1929-30 were 1,199 and in 1930-31 it dwindled down to 904, and in 1931-32 it further went down to 756. Therefore, it appears that there is something wrong somewhere why they are not able to tan even as many of these hides as are available to them in that part of the country, what to say of thousands of them that are rotting in the jungles of the Nepal and the British India territory, in the Province from which I come. One more fact I would supply to the House, and it is this that for the last ten years there have been complaints—numerous complaints—of the carcasses rotting on the ground and giving very bad and insanitary smell in that part of the country, and people have been complaining that there seems to be something wrong somewhere, because the hides which were utilised in some form or other by some foreign countries or by Madras are no more profitable to collect and export from that part of this country.

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muhammadan Rural). I may tell my Honourable friend that his figures are quite wrong.

Maulvi Muhammad Shafee Daoodi: I shall ask my Honourable friend to wait and see.

I was submitting, Sir, the insanitary aspect of the matter in my part of the country. I have been hearing from people who are engaged in this trade that for the last ten years there have been a large number of carcasses lying for nothing. If the effect of the abolition of the export-duty might be to stimulate the collection of hides from that part of the country, it would remove one of the grounds of insanitation which at present exists in that part of the country. These are the two grounds which a layman like myself can also see, and, therefore, I have placed them before the House for what they are worth. I believe that this question should be looked at from all these aspects and the result should be arrived at after consulting all the interests concerned. But I have not been able to follow my Honourable friend, Mr. Pandya, when he was giving us a lecture on this point. The effect that it left on my mind was that he was thinking that the trade was entirely in the hands of Muslims. I submit, that should not be the criterion with which this matter should be judged. It was surprising to me that a liberal minded friend of ours, like Mr. Pandya, whom I have always taken to be so, should indulge in things like that when discussing a matter which is primarily financial in its aspect. With these observations, I oppose the amendment which was moved by my Honourable friend, Mr. Pandya.

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

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

Maulvi Sayyid Murtuza Saheb Bahadur (South Madras: Muhammadan): Sir, I whole-heartedly support the motion moved by my Honourable friend, Mr. Vidya Sagar Pandya. Sir, the other day, when the Leader of the European Group welcomed the proposal to abolish the export duty on hides, I was under the erroneous impression that his followers would also hold the same view. I had this consolation, however, that probably my Honourable friend, Mr. James, who is the brain of that Party (Laughter), would support us as whole-heartedly as was done during the Swaraj Party days when a European gentleman, Sir Gordon Fraser, who evinced so much interest in this question, crossed the wishes of the Associated Chambers of Calcutta.

Now, Sir, so far as facts and figures are concerned, the Honourable the Mover and the supporter have furnished the House with them. You know, Sir, that I always like brevity and never want to tax the House with long speeches, but I want to put a direct question to the Treasury Benches, particularly to my Honourable friend, the Commerce-Member, who is a Civilian of our Presidency as to whether he recognises this tanning industry of Madras as a key industry, as was done by Sir Charles Innes when this question was discussed in this House in 1927.

Sir, the cogent reasons advanced by the Mover and the supporter are quite sufficient to convince the House of the desirability of retaining this export duty on hides. Last time, when this proposal was launched, we all belonged to that famous Party, known as the Swaraj Party, and the gentleman who led the Opposition was our late lamented friend, Mr. A. Rangaswami Iyengar, the able Secretary of the Party, and the motion was supported by you, by Sir Purshotamdas Thakurdas, Mr. Prakasam and others. That was in the year 1927. In this connection it will not be out of place to say that this was not done as a concession to Madras. On the other hand, it was a debt of gratitude which they owed to the tanners of the Madras Presidency. Madras not only helped the Britishers but also the entire body of the allied forces during the War by supplying the required quantity of tanned hides and skin. Can this be gainsaid by anybody? As an outcome of this, there was an export duty of 15 per cent levied in 1919 which was reduced for some obvious reasons to five per cent in 1923. And then the question was agitated over by interested parties. The House will be astonished to learn that they were not Englishmen, but mostly Germans. A ring of Germans, who formed themselves into a party of exporters, had some agents under them who get 2 or 2½ per cent at the most as their commission, whereas, the lion's share went to these foreigners who, as I said, were mostly Germans. How did the Germans repay the exporters of tanned hides? Sir, the tanned hides which they exported from India were put on an import duty of Rs. 10 by the German Government. Do they deserve any concession from this Government?

Then, Sir, it was in 1927 that this question was placed before this House by our Finance Member's predecessor, Sir Basil Blackett, and the motion failed. The members of the Swaraj Party, whether they were Bengalees or Biharis or Madrassis, all supported our motion not to do away with this export duty. Even my Honourable friend, Maulana Shafee Daoodi, who now favours abolition of the export duty, supported us and the predecessor of my esteemed friend, Mr. Maswood

Ahmad, that is, the late Khan Bahadur Sarfaraz Hussain Khan, also voted in favour of the retention of this export duty. The House will also, I hope, remember that this agitation was not set at rest even after 1927. One of the representatives of this export trade, I mean Mr. Rafique, an ex-M. L. A., got into the Assembly mostly with the object of meeting with success as regards the abolition of the export duty. Fortunately for us and unfortunately for him

Sir Muhammad Yakub: And for the country!

Maulvi Sayyid Murtuza Saheb Bahadur: . . . fortunately both for the country and the tanning industry—let my friend, Sir Muhammad Yakub, contradict me if he can—I am going to prove that this is quite advantageous to the cause of the country in as much as it promotes and lifts up the members of the depressed communities

An Honourable Member: Sir Muhammad Yakub does not represent the country!

Maulvi Sayyid Murtuza Saheb Bahadur: Where is my Honourable friend, Rao Bahadur M. C. Rajah? And I miss my Honourable friend, Raja Bahadur Krishnamachariar, who comes from the same constituency as I come from? The Mover of this amendment said that this would benefit Muslims a great deal

An Honourable Member: The depressed classes as well.

Maulvi Sayyid Murtuza Saheb Bahadur: This helps the depressed classes more than the Muslims. Perhaps he is not aware of the fact, that, so far as Trichinopoly is concerned, even a Brahmin gentleman was running a tannery, and after his death, as his sons could not manage it, it collapsed. There was also a non-Brahmin gentleman, a Pillai, who was at the outset the manager of a Muslim called Khajah Mohidin Rowther, and then became proprietor of a tannery with the financial help of his master. In your own district of Coimbatore, Sir, you know there are so many tanneries: the small ones have been closed; there are only a few left; if this proposal is to be given effect to, even these tanneries will have no other go but to meet the same fate.

In a way, this tanning industry solves the question of untouchability for the depressed classes. I do not attach much importance to the question of temple-entry. You know, Sir, as Muslims, we do not care much about it either way; but there is one point which I like to touch upon here and it is this: The question of satisfying the bodily cravings is more important in the case of these depressed classes than that of the temple-entry. The House might have learnt from the press that the other day four or five members of a family came to Trichinopoly with the object of getting some labour, but they could not succeed; and what was the result? The male member of the family threw three of his children and his wife into the river Cauvery and he also committed suicide by falling into the river. Will Sir Muhammad Yakub show an iota of sympathy for such persons?

An Honourable Member: He has none.

Maulvi Sayyid Murtuza Saheb Bahadur: In Southern India, the tanning industry holds the same place as the textile industry does in Bombay; but there is this difference. In the textile industry, you do not find members of the depressed classes: you will find high caste Hindus, some Muslims,

[Maulvi Sayyid Murtuza Saheb Bahadur.]

some Christians and some Parsis, but not even a single member of the depressed classes. I have minutely observed this fact: but, so far as the tanning industry is concerned, it is the members of the depressed classes who are benefited totally and mainly. Thousands of them are getting their bread out of this industry. Such an industry richly deserves patronage at the hands not only of the Finance Member, not only of the Commerce Member, not only of the Industries and Labour Member, but also of the Home Member and the Law Member—I may say of the whole Government. I forgot to recite a Persian poet which I generally do. Sadi, the well known practical philosopher of Asia, says in one of his couplets:

"Shab chu aqde namaz me bandam, che qurad bandad farzandam."

(Interruption.) Sir Muhammad Yakub will be able to translate it. Before translating it, I have to explain one point: concentration of mind is quite essential for prayer. That is why we do not like music before mosques during prayer time. It is not a question of our expecting respect from non-Muslims when we want stoppage of music before our mosques. It interferes with our prayers, because the tradition of the Prophet is:

"La salata illa hi huzootil qalb."

which means:

"Prayer is not complete without presence of mind: if we are absent-minded, if our attention is distracted, our prayer is not quite good."

The poet says: "During day time there will be something or other to disturb my prayer; so I thought of offering it during midnight, so that I might enjoy concentration which is very essential for the acceptance of the prayer." Even then this idea struck me:

"(You fool) you have not provided sufficiently for your family: what are you going to do for them? Morning is to dawn soon. You are applying yourself to prayer as if you are a very great devotee; but you don't seem to have any inclination to solve the practical problem of attending to the upkeep of the family."

So, the depressed classes need not attach so much importance to the question of temple-entry as to this question. I may assure the Members of the Government that if this proposal be given effect to, thousands and thousands of the depressed classes will lose their daily bread, and what will be the result? They will have to march to Delhi all the way from Southern India, and request their leader, Rao Bahadur M. C. Rajah, or their sympathiser, Sir Muhammad Yakub, to espouse their cause. Can then my Honourable friend, Sir George Schuster, with his genial manners and profound sympathies for the depressed classes, refuse to receive the deputation, as was done by the Premier in England? I don't think he will do that. He will certainly hear them, and see his way to redress grievances. Therefore, Sir, this is not a question so much of Muslims, as it is a question of the members of the depressed classes, a fact which cannot be challenged by any Member of this House. Such being the case, I hope the House will most readily support the motion of my Honourable friend, the worthy successor of the worthy predecessor, I mean Mr. Jamal Mohamed Sahib, ex-M. L. A.

Now, Sir, so far as my friend, Sir Muhammad Yakub, is concerned, of course even on the last occasion he did not support us, but I do not know if we can expect any support from him on this occasion. Perhaps,

we may this time get his vote as he has closely followed my Honourable friends, Mr. James and Mr. Pandya, and seems to have been convinced of the necessity of protecting the tanning industry.

Sir, there is another point to be taken into consideration by the Honourable the Commerce Member. A question was put to him by my Honourable friend, Mr. James, as to what the Government proposed to do with regard to the Report of the Cess Committee. My friend put another question and asked whether the abolition of this duty was calculated to prove advantageous to the exporters and would not prove injurious to the tanners in this country. Sir, people, who are running the tanneries in this country, are already suffering a very huge loss. Government showed to the exporters of raw hides a concession by reducing the duty from 15 per cent to five per cent and in the year 1932, a deputation waited upon the Honourable Sir Joseph Bhowe. We do not know the result thereof, but I do not think he gave them any assurance to the effect that he would try and do away with this export duty. Of course, as a cautious Member of the Government of India, he could not have committed himself. Sir, fortunately for us, we have two civilians from our Province, one in the person of an Indian and the other in that of a European. Sir, this is a cause which is to be supported, not merely by Indians, but also by Europeans for the reasons already set forth. Sir, the previous speakers, the Mover and the supporter, have told the House as to which are the Chambers that have supported the retention. The Indian Merchants Chamber, Bombay, is one of them, and so Bombay cannot vote against it. Then, there is the Indian Chamber of Commerce, Calcutta,—and so no Indian from Bengal can go against their view.

An Honourable Member: What about Mr. Amar Nath Dutt?

Maulvi Sayyid Murtuza Saheb Bahadur: Of course, my friend, Mr. Amar Nath Dutt, has already supported it on a previous occasion. He can't therefore go back now. Then, there is the Indian Merchants' Association of Karachi,—I do not find the representative from Sind here . . .

An Honourable Member: He is sitting there. *

Maulvi Sayyid Murtuza Saheb Bahadur: And there are also other important bodies like the Madras Chamber of Commerce, the Upper India Chamber of Commerce, and so forth . . .

Mr. M. Maswood Ahmad: What about the Bihar and Orissa Chamber of Commerce?

Maulvi Sayyid Murtuza Saheb Bahadur: Does my Honourable friend mean the Muslim Chamber of Commerce? (Applause.)

Mr. M. Maswood Ahmad: I did not say Muslim Chamber of Commerce.

Maulvi Sayyid Murtuza Saheb Bahadur: It would have been much better for my Honourable friend, Mr. Maswood Ahmad, who jumps up on occasions like this, to ask me straight what about the Muslim Chamber of Commerce which came into being only recently and which could not have expressed its opinion on the question.

Well, Sir, since all these important Chambers of Commerce support this, Government will have to think twice before entertaining any idea of giving effect to their proposal. Sir, I have done.

Sir Muhammad Yakub: Sir, my apology for taking part in this discussion is that I come from a Province which has a very large trade in hides,—I mean the United Provinces, and there the trade in hides flourished to a very large extent before this duty was imposed. For the last six or seven years representations have been made to me by almost all the hide merchants and people who deal in hides in the United Provinces that an effort should be made to get this duty abolished, and it is a matter of great satisfaction to me that some relief has been given, indirectly, to my Province by the abolition of this duty. Sir, like Bengal or Bombay, we, people of the United Provinces, who are self-respecting people, do not come before this House to lay our grievances, nor do we come before them with a beggar's bowl and make requests to give us this grant or that grant, but certainly when indirectly a benefit is conferred on my Province along with the other Provinces, I should be ungrateful if I did not appreciate the benefit which has been conferred on the United Provinces.

Sir, my friend, Sayyid Murtuza Saheb Bahadur, has just now made a very feeling speech, but I am very sorry that, when he will read his speech in print, he will find that he forgot to put meanings into his words. There was not much in his speech except mere sentiments. He espoused the cause of the depressed classes with great earnestness. I am sorry that a gentleman coming from Madras, where the depressed classes even to this day are tyrannised more than in any other Province, should come before this House and teach us

Maulvi Sayyid Murtuza Saheb Bahadur: Not by the Muslims.

Sir Muhammad Yakub: There are no depressed classes among the Muslims, and, as regards the non-Muslim depressed classes, we have always shown the greatest sympathy for them. If the non-abolition of the duty on hides would in any way really help the depressed classes and if my friend can prove by facts and figures that the retention of this duty would help the depressed classes, I would be the first man to go with him in the same lobby. But, Sir, if my Honourable friend will look into the facts and figures, he will find that facts are otherwise. The retention of the duty on hides has hit hard the depressed classes. You go to the United Provinces, you go to Bengal, and you will find that hundreds and thousands of people, belonging to the depressed classes, who were working in hide factories, which are lying idle today, are suffering on account of want of work, and they are starving for want of bread, because the hide and skin trade has suffered to a large extent.

Many speakers, including my Honourable friend, Mr. Vidya Sagar Pandya, laid very great stress on the point that the imposition of the hide export duty would encourage the tanning industry in India; in fact, that is the only argument which has been in so many ways put forward on behalf of the speakers on the other side. But if I could show them that the imposition of the duty has not in any way helped the tanning industry in this country and that the abolition of the duty will in no way injure the case of the tanning industry in India, of which I am as much a supporter as my Honourable friend, Sayyid Murtuza Saheb Bahadur, then, I believe that they will go with me into the same lobby. When this duty on hides was levied, its object was considered to be "to convert into fully tanned leather or articles of leather, so far as is possible in India, or failing

this, in other parts of the Empire, instead of being exported in a raw state for manufacture in foreign countries". But let us see whether this expectation was fulfilled or not. The Indian Taxation Enquiry Committee of 1924-25 fully went into this question, and the conclusion at which they arrived was this:

"The last of the existing export duties was that on hides and skins. This was first designed mainly as a measure of protection to the Indian tanning industry, and to divert the tanning of Indian hides from Germany to the British Empire."

Further on, they say that the experiment failed to achieve either object:

"The Indian tanning industry did not succeed in establishing itself in the manner which was expected when the duty was imposed. The export of hides from India has fallen to about one-half the pre-war figure, and the greater part of the trade has again passed to Germany. The Fiscal Commission condemn the duty as wrong in principle on the ground that if protection was needed it should be obtained through an import and not through an export duty and consider that it failed in its object. Recognising the defects of the duty the Government of India in 1923 reduced the rate to five per cent. and abolished the ten per cent preference on hides and skins tanned in the British Empire. The retention of the duty in its modified form was due to the need of revenue. The Committee by a majority agree with the Fiscal Commission in considering the duty on hides to be wrong in principle and dangerous in its effects."

As regards the increase of the tanning industry in India after the levy of the export duty on hides, I would say that facts prove that the tanning industry has not in any way increased, on the other hand, with the depression in the hide trade of the country, the tanning industry also has gone down:

"For the last 6 or 7 years the number of tanners who tanned hides in India and turned them into leather is decreasing day by day. In Calcutta there were two big tanneries owned by Messrs. Bird and Co., and Graham and Co., but they have now stopped work. The object of the duty was that all those hides which are produced in India would be utilised by the tanning industry in India. That is not so. The real tanners buy hides from the slaughter house and they buy the best of the kind, and that also in the wet stage. The hide merchants all over the country are penalised by the imposition of this duty. They have got five of six kinds of hides . . . The foreign buyers are not anxious to buy our high quality hides. They produce high quality hides in their own country, and they do not require them from us."

So, it is not the hide which is used for the tanning industry in India which is exported to foreign countries, but it is the surplus, the inferior class of hides for which there is no use in this country which is exported, and the trade in which has suffered on account of the imposition of this duty.

Diwan Bahadur A. Ramaswami Mudaliar: Whose speech is that?

Sir Muhammad Yakub: This is from the speech of a gentleman who had a personal knowledge of the hide industry in India.

Diwan Bahadur A. Ramaswami Mudaliar: It is not from any report?

Sir Muhammad Yakub: This is not a report:

"That is the reason why the German people took inferior quality of hides because they have got their secret processes of tanning. They have this secret industry just as they have the dyeing industry. They buy these inferior quality hides from India, give it an artificial strain, and then export it as an article of manufactured leather to different countries of the world."

[Sir Muhammad Yakub.]

This will show that the tanning industry of the country does not in any way suffer on account of the levy of the tax on hides. The second reason, as my Honourable friend, Mr Vidya Sagar Pandya, has himself pointed out, is that India is a very huge country and we produce about one-third of the cattle of the world. I very much sympathise with his effort for the preservation of the cattle in India, and I am not in any way behind him in my desire to see that the cattle in India are preserved. But, Sir, cattle, like human beings, are not immortal; die they must in spite of all the desire of my Honourable friend, Mr. Pandya. We can only see how the hides and skins can better be utilised for the benefit of the country if an animal is slaughtered or dies. I quite sympathise with my Honourable friend when he says that there are certain agencies in India which starve the animals; they do not use them for any beneficial purposes, but merely keep them in what then call *goshalas* and other places. They are half fed and starved there, and they die a premature death. I would support my Honourable friend, Mr. Pandya, if he moves the Government that a law should be made to abolish these institutions where animals are half-fed and starved and made to die a premature death

Bhai Parma Nand (Amabla Division: Non-Muhammadan): I do not think the Honourable Member has seen any of the *goshalas* which he is damning.

Sir Muhammad Yakub: I am not damning them. I am only supporting him. I am not interested in the *goshalas* as my friend is not interested in the hide trade, but I only sympathise with him and I associate with him that no cruelty should be shown to these animals. They should not be kept in a half starved condition and allowed to die a premature death. I also express my gratitude to my friend, Mr Pandya, for the defects which he has shown in the manner in which the hides and skins are handled in this country. I am sure that, with the abolition of this hide duty, when our trade will increase, when our exports in hides will increase, the hide merchants would be in a better position to use scientific methods and to improve the quality of his product. To sum up the whole thing, the hide duty is objectionable, because it has ruined a very great trade of the country, it has not in any way improved the tanning industry in India and it has not helped in any way the depressed classes. On the other hand, hundreds and thousands of depressed classes have fallen out of work on account of the depression in the hide trade. I hope that my friend, Sayyid Murtuza Saheb, will in a calmer moment give a second thought to what he has said, and he would, like me, support the abolition of this duty and oppose the amendment of my friend, Mr. Pandya.

Diwan Bahadur A. Ramaswami Mudaliar: Mr. President, I am sure, the duty that faces me this afternoon is one of the most difficult that I have ever had to discharge in this House. It is pleasant enough to attack the Government proposal, but it is most unpleasant when you realise that people beside you, people in front of you and people behind you, some of them at any rate, are likely to attack you for the proposals that you put forward. Mr. President, the Honourable the Finance Member has started the tanning industry in this country by a proposal which he did not give the slightest indication was going to be put forward this year. I venture to assert that the industry has had no notice at all that a reversion of policy was going to be made by the

Government, and the industry was not put on its guard, that the time had come when the Government would take off this export duty. On the other hand, indications had been through repeated debates in this House and through votes in this House that the Government were going to continue the export duty even if they were not prepared to advance as far as the tanning industry required them to advance. This proposal has been very often suggested to be a duty merely for revenue purposes, and I should like to refer to a fact which has been adverted to by Honourable Members already that the initiation of this proposal was as a protective measure and not a revenue measure. During the War, the Government of India realised as they never did before that the tanning industry was one of the key industries for every country. Germany had realised it long before, and when my friend referred to the very large export of raw hides in 1912-13 and in the years before that, let them remember that Germany was laying store of what was necessary for her military tendencies and military work, and that was the reason why raw hides were exported in such large quantities. This Government did not have the vision to look so far ahead as Germany did. They were not prepared for such a Great War. They did not take into consideration the way in which Germany would use our raw materials, and it was only during the War that they woke up to the fact that here was a material which could be used, which could be tanned and which formed a very important factor in the successful conduct of the War. As I said, the Government collared the whole of the tanning industry in such infant stage as it was then. They took it over themselves, carried it on for three years and tried to make all the materials that were necessary for prosecuting the War successfully. We have heard a great deal about the scandals in Mesopotamia, and it was the late Mr. Edwin Montagu that said that this Government were an ante-diluvian and wooden Government which did not know what to do in times of crisis, but let it be given credit for this one fact that, so far as leather was concerned and boots and other things were concerned, this Government could not have been accused even with reference to the Mesopotamian scandal. That was what my friend, Mr. Pandya, was referring to when he said that this Government and this country owe a debt of gratitude to the tanning industry and to the whole trade in raw hides which came to its relief in those dark days of the War.

Sir George Barnes, in 1919, visualizing the condition from past experience, suggested that they should put an export duty on raw hides and raw skins, so that this country can develop the tanning trade and at a time of crisis like that, when England cannot send her tanned goods to our country, because the seas were no longer safe, we should be self-contained, nay, more, we should be in a position to supply to all parts of the British Empire, should such an eventuality arise again. That was why, Mr. President, he suggested an export duty of 15 per cent. on raw skins and raw hides, but for the British Empire he suggested an export duty of only five per cent. We talk a great deal about Imperial Preference, but Honourable Members, who were in the old Legislative Assembly, accepted the proposal for an Imperial Preference which was one of the earliest proposals of that kind and cheerfully adopted the suggestion of the Government that the export duty on raw hides and raw skins to non-British parts of the world should be 15 per cent. and to the British Empire five per cent. What happened then? The Honourable the Finance Member must realise that that was a protective export duty, that it was not a duty for

[Diwan Bahadur A. Ramaswami Mudaliar.]

revenue purposes, and I am sure he has read the debates of 1919 and has come to realise that in its inception it was a protective duty and not a revenue duty. In those days we had no Tariff Boards. We had not developed our economic conscience and our commercial conscience to such an extent as to think that a Tariff Board was the last word on subjects of the kind and the Government of India on their own initiative evolved a measure of protection that was necessary for the industry. It went on for some time and then suddenly the policy was again reversed, not at the instance of the industry, but against its wishes, when in 1923 they reduced it to five per cent. all round, both for the British Empire and for non-British parts. From that time, repeatedly, some persons, who think that they are interested in the trade of raw hides, and it will be my duty to show that they misunderstand the interests of that particular industry, some persons, who think that they are interested in the trade in raw hides, have been agitating against the abolition of that trade. Time after time the question was raised in this country. On one famous occasion, which has been already adverted to, when the Government of the day wanted to abolish it, the non-officials voted in a body against it. They came to the help of the tanning industry and, by an equality of votes and with the help of the casting vote of the President, if I may venture respectfully to say so, one of the most important occasions, in which the casting vote was rightly given, the Government were defeated and rightly defeated. The *status quo* was maintained.

This question has been agitated on every Budget occasion. Last year, there was a long speech by my friend, Dr. Ziauddin. In the previous year, there was another speech by him and by other Members, but unfortunately the Government did not give the slightest inkling of any yielding on this matter. Then, I ask myself what is this Asian mystery today that the Honourable the Finance Member should come forward at a time when his revenues are dropping to give up this source of income. What is this Asian mystery that at this time my Honourable friend thinks the revenue to be so insignificant as to give it up and to propose the abolition of a revenue duty? Now, my Honourable friend suggested that the exports were falling and that this paltry sum of five lakhs might not even be realised next year and probably that will be his justification. I venture to think that he is not right even in his figures. I venture to think that the export trade in raw hides is not falling, that it is increasing today, and that if it was falling in a particular year, it was due to circumstances other than those connected with the requirements of Germany or any other country. A book published under the direction of the Government of India—"A Review of the Trade of India" says—I am referring to the book for 1932-33:

"The total value of the foreign trade in hides and skins has fallen from 8.92 lakhs in 1931-32 to 7.43 lakhs in the year under review—a fall of sixteen per cent."

Then it goes on to say:

"The main reason for this decline as explained in the earlier issues of this review, is the trade depression which led to a reduction in the demand for hides and skins."

What is the position since then? Let me refer to the latest Accounts of the Sea-borne Trade. I will give my Honourable friend the figures for the last ten months of this year in comparison with the figures of previous years. The total foreign trade in buffalo hides was 2,338 tons in 1931-32, for the first ten months, 1,296 tons for the first ten months in 1932-33

and 2,171 tons for the ten months of this year, so that you will find that the trade is reviving, and that in this year it is practically the same what it was in 1931-32. Take cow-hides again. In 1931-32, it was 11,627 tons, in 1932-33, it was 9,177 tons, and in 1933-34, it was 13,407 tons—about fifty per cent. more than last year and about 20 per cent more than the year before. Is that a justification? Does my Honourable friend suggest that these figures give him a justification for stating that the export trade in raw hides is falling? If so, we read these figures entirely in contrary directions. The trade is going up. Let me take, again, the figures for Germany. He says, they have fallen, but he should take other countries also. If the German trade has fallen, the Italian trade has grown up, the Grecian trade has grown up. Germany may have half a dozen reasons why she is not taking as much of this product from India as she used to do. We know that economic nationalism is the cry of the day. Every country tries to be self-contained, and every country wants to have a proper trade balance in her favour.

Now, if you look at the figures of German trade with this country, you will find that the last year and the year before we had a favourable balance of two crores or three crores with Germany, whereas, during the ten months of this year, we are having a fairly equal amount of trade and no favourable or adverse balance with reference to Germany. Germany is trying to have her trade agreements, as India is trying to have her trade agreements. She also tries to turn her eyes to other countries so that she may take in the products of those countries and thus sell her products to them, and, therefore, I venture to think that it is an altogether wrong inference to draw from the fact that Germany is not taking as much of our goods as before and is diverting her attention to other countries, that the five per cent export duty is the real cause. My Honourable friends were pleading for the poor people who were not able to get their proper prices. My Honourable friend, Dr. Ziauddin Ahmad, will probably admit that the prices of raw hides in this country have been steadily falling for the last three years. May I ask if my Honourable friend admits that fact? (*Dr. Ziauddin Ahmad*: "Yes.") My Honourable friend says, "yes" and I am very glad of that admission. Now, let us turn to another feature which will really give the explanation for this fall in the export trade, and I say that that is due to the middleman and not to the poor man who owns the raw hides. Sir, in this book there is a very interesting page which gives a statement of the declared value per unit of the principal articles of exports during the month of January, taking a typical month, in 1931-32, 1932-33 and 1933-34. Now, taking the raw hides, the value per unit, which is a hundredweight, in 1931-32 was Rs. 22-15-6, in the corresponding month of 1932 it was Rs. 28-14-6, and, in January of this year, it was Rs. 22-13-2. Now, does not the Honourable the Finance Member find an explanation for the drop in exports in 1931-32 and the rise in the ten months of this year so far as the export of raw hides is concerned? It was the middleman that was making the profit—it was not the five per cent which was in your way. Sir, in January, 1932, he puts the price up to Rs. 28 and odd, and your five per cent would not have given him any disadvantage, and it is his profiteering that is responsible for the sharp decline in the quantity of exports. Naturally, Germany turned to other countries when this man put up the prices so badly, and when the exports of this year have gone up, you find again a relationship between the two in the fact that the declared value had fallen again to Rs. 22

The Honourable Sir George Schuster: Would my Honourable friend clear up one point? He talked about January, 1931, January, 1932 and January, 1933, but he has been giving figures for the years 1931-32, 1932-33, and 1933-34, so that the January referred to in each case must be 1932, 1933, and 1934.

Diwan Bahadur A. Ramaswami Mudaliar: I admit I was entirely muddle-headed, but that was due to the wrong printing for which my Honourable friend is partially responsible. The years given are 1932, 1932 and 1934, I suppose the years must be 1932, 1933, 1934, the second figure is wrong.

Now, in January, 1932, the figure was Rs. 22-15-0, in January, 1934, it was again Rs. 22-13-0. It is the same with reference to raw skins. In 1932, January; it was Rs. 72, in 1933, January, it was Rs. 89, and in January, 1934, it was Rs. 77, and when the declared value goes down, but the people want to export and these middlemen, agents of the foreign companies, want to export at reasonable prices, you will find that a reasonable quantity of either raw hides or raw skins is exported, but when they want to put up the prices so egregiously, naturally Germany is not going to take it; but I ask again—is it a fact that only because of this five per cent duty the exports to Germany have gone down? Take this question of the tanning industry. I do not know wherefrom my Honourable friend, Maulvi Shafee Daoodi, got his figures under the tanned hides and their value. I have got certain figures regarding tanned hides, and my friend, Mr. James, also gave, in the course of his speech, some figures, and the value of tanned hides which were exported is:

In 1929-30—3 crores 43 lakhs,

In 1930-31—2 crores 59 lakhs,

In 1931-32—2 crores 12 lakhs.

In 1932-33—1 crore 62 lakhs.

The value has fallen because of the fall in prices and also because, owing to the depression all over the world, the quantities consumed in every country have diminished

Maulvi Muhammad Shafee Daoodi: You are taking the value, or the number?

Diwan Bahadur A. Ramaswami Mudaliar: and I was going to say that the number could never have been seven hundred and odd.

Maulvi Muhammad Shafee Daoodi: I quoted the number.

Diwan Bahadur A. Ramaswami Mudaliar: My Honourable friend quoted the number, no doubt. My Honourable friend has quoted the tons no doubt but he will easily realise as I have given the comparative values, that if 14,000 or 12,000 tons were valued at Rs. 2,20 lakhs, 896 tons cannot be valued at Rs. 1,20 lakhs.

(Interruption by Mr. A. H. Ghuznavi.)

My Honourable friend, Mr. Ghuznavi, is an expert on hosiery, but I am still to realise from the speech that he may make hereafter that he is also an expert on hides and skins.

Maulvi Muhammad Shafee Daoodi: May I know where you have got these figures from?

Diwan Bahadur A. Ramaswami Mudaliar: I have got them from trade returns which have been supplied to me by the tanning industry. Now, Sir, my Honourable friend wanted some figures of tanned hides. Let me give him those figures. I shall take them now from an authoritative source which my Honourable friend cannot contradict. It is the "Review of Trade of India", page 112. The quantities are given here. Tanned cow hides exported in 1930-31, were 9,900 tons, in 1931-32, they were 8,900 tons, and in 1932-33, they were 7,900 tons. I suggest to my Honourable friend that he just omitted a cypher in each one of his figures. He turned them into hundreds, instead of thousands. I want to suggest, Sir, that it is wrong to think that raw skins are absorbed in this country only to the extent of tanned hides which are exported. There is a great deal of tanned hide which is used in this country and which does not come into these calculations which show only exported quantity. But I appeal to the experience of every one of the Honourable Members whether they are not aware that subsidiary industries have grown up enormously during the past few years. Are they not aware of the bags, the suit cases and other leather articles that are being made in Delhi, in Cawnpore and in Calcutta? These articles are also being manufactured in Madras and in Bombay. Let them go anywhere near the Crawford Market in Bombay and see for themselves the extent to which manufactures of leather bags and other similar subsidiary industries that have grown up. These articles are not made from imported tanned leather, but they are made from the tanned leather of this country. Therefore, if you are really going to have an estimate of the effect of the consumption of raw hides in this country, you must take into consideration, not merely the total exported quantity of tanned hides, but the quantity of hides that are used in the country after they have been tanned. That is the fallacy in which my Honourable friends, who are opposing this motion in the name of the raw hides, have fallen.

Maulvi Muhammad Shafee Daoodi: Could you tell us how much is consumed by these firms?

Diwan Bahadur A. Ramaswami Mudaliar: I have not got the statistics and I hope the Honourable the Finance Member, in view of the expert investigation that he has started, will be able to find some way of getting the statistics. But at present we have not got them, and I am very doubtful if even the Government have got them. I know that tanned hides are absorbed in large quantities in every Province. Is it or is it not a fact that in our country industries like the making of bags have grown up enormously during the past five years and that the material used by them is the tanned hide and tanned skin made in this country, and not the tanned hide imported from abroad? If my Honourable friend wants some further corroboration of the fact, let me refer him to the sea-borne statistics again. You must get leather from abroad if you want to make it for any purpose. Now, what is the total quantity that is got from abroad? The total value of all leather—hides, skins, and everything in leather consumed—is about Rs. 58 lakhs. That is the total value of all the hides and skins and everything else appertaining to leather in the finished state that comes from abroad. We know that in these subsidiary industries a great deal more is used, and, therefore, we are driven to the conclusion that the tanning industry in this country supplies the difference.

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Now, my Honourable friend, instead of helping that industry, instead of developing this key industry, instead of making this country self-contained in this matter, wants to remove this export duty and does not touch other things which affect the industry. For instance, tanning bark has an import duty levied on it. He does not remove it. The tanner has to pay an extra amount by way of import duty for getting the bark with which he has to tan the leather.

Maulvi Muhammad Shafee Daoodi: Let us join in that.

Diwan Bahadur A. Ramaswami Mudaliar: You are hitting the industry in both ways. This bark is imported from abroad and it is used in the tanning industry. There is a duty of 15 per cent. on that. If he wanted to give a relief to the industry, why did he not remove the duty on tanned bark instead of removing the export duty on this? That would have been fairer to the tanning industry. Sir, I want to repeat that the quantity of raw hides absorbed in this country is very much more and will continue to be much more than can ever be exported to foreign countries. There is no use in comparing the figures of 1912-13 and of 1914-15 with the figures of today. We have not got the figures of the quantity of raw hides that are absorbed in this country. Even if we utilise our knowledge that a great deal of these raw hides are used in this country and made into tanned hides, I say that it is time that this industry should turn its attention to local use and to local manufactures and should not rivet its attention on other things. What will be the effect? Let us take a long-side view. I heard in Germany that attempts were being made during the last three years to provide for some sort of composition stuff which will replace leather. I do not want to enter into questions relating to the military policy of some of the countries in Europe, but I know that Germany is looking ahead to a time when it may be self-contained during a crisis, and scientists have already tried to invent a substance which can replace leather and which can be used very greatly. That has also gone to deteriorate the extent of our exports to Germany. My Honourable friend has not taken that into account.

Let me put the reverse proposition. It was my privilege to know, during the course of the inquiries of the Army Retrenchment Committee, and my friend, Sir Muhammad Yakub, if he were here, could have borne me out, that in this country also the Army depends upon the existence of these factories for supplementing its requirements should an emergency arise. The proposal was put forward by the Director of Army Contracts that the Cawnpore factory should be further extended and that a stock of leather articles should be maintained. Further, that the Cawnpore factory should be in a position to turn out larger quantities of shoes and other leather materials, such as harnesses, saddlery, etc., which are produced there from raw hides and which should now be prepared from tanned hides and used in the country. Now, the answer which the Retrenchment Committee gave and which the Army authorities accepted was this that, so long as there is the tanning industry in this country, and so long as Government could at a moment's notice turn to this industry and get their requirements at any time, there was no need either to extend the Government factory at Cawnpore or to maintain larger quantities of stocks. Now, what is my Honourable friend doing? He wants

to stifle the tanning industry. At any rate, he wants to make it so difficult for the tanning industry that it is very doubtful whether it can keep up its present production, let alone the possibility of its extension. I venture to point out as a bare economic proposition apart from questions whether the Mussalmans are engaged in it or the depressed classes are engaged in it and apart also from all questions of provincial rivalry, that, from the highest point of view of the interests of this country, both military and industrial, it is necessary to maintain our tanning industry and to develop it.

My Honourable friend's predecessor, Sir George Rainy, when a similar motion was made in this House, said that he would consult Local Governments and devise a scheme by which a cess could be substituted for this export duty. If my Honourable friend had taken these five lakhs which he does not want for revenue purposes and thought of distributing it to the co-operative societies which will buy hides and skins from these poor people, the *chamars*, and thus help them to get a fair price for the tanning industry, I would welcome it. But that is not what he does. Whom is he going to benefit by removing this export duty? In spite of what my Honourable friend opposite may say, I say emphatically that it is not going to help the producer, the owner of the raw hides and skins. It is definitely going to do a disservice to the tanning industry in this country. Look at what other countries have done, while we have no help in the matter. Germany puts a ten per cent. duty on tanned hides, she imports raw hides free of course. America puts a ten per cent. duty on tanned hides, she imports raw hides free. The entire bulk of our tanned hides which are exported goes to the United Kingdom and nowhere else. I understand that even some of the colonies charge a duty. All other countries want to get raw materials from abroad instead of getting the tanned material as leather; they are anxious to develop the tanning industry in their own country even when they cannot have raw material. But here in India my Honourable friend, the Finance Member, invites this side of the House to go with him to the lobby, to do what? Where we can get material on the spot, where God and nature have given us all the advantages of raw material, my Honourable friend wants us to export that raw material to foreign countries and import that back into our country as tanned goods. My Honourable friend, Mr. Ghuznavi, shakes his head. His mysteries and mysticisms, I am unable to understand. But I venture to think that we, who are living in an age of protection, we, who are thinking of protection for the various commodities, should turn our attention to this most important of all commodities. Somebody said that very few of us wear shoes in this country. I remember to have read that, when the firm of Battas came and established themselves in Calcutta, it was alleged as the goal of the proprietors of that Company that they will make every naked foot in India wear a shoe. If that is the ideal which a Czecho-slovakian merchant has got, to put into this country enough shoes, so that all naked feet can be clothed, my Honourable friend, Sir George Schuster, goes to the other extreme and says: "let those who are wearing boots and shoes take them off".

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadan Rural): It is healthier for India.

Diwan Bahadur A. Ramaswami Mudaliar: All the diseases come to man, because he does not wear shoes. Diseases like hook-worm come to man . . .

Mr. Amar Nath Dutt: That theory has been demolished.

Diwan Bahadur A. Ramaswami Mudallar: But the disease has not been demolished, unfortunately.

I do not want to detain the House very much longer. I suggest that if the export quantity of raw hides has fallen, there has been a corresponding fall in the exported quantity of tanned hides also. In 1931-32, the exported amount of raw hides was 16,000 tons and of tanned hides was 10,000 tons. In 1932-33, the exported quantity of raw hides was 13,000 tons and tanned hides was 9,000. In the nine months from April to December, 1933, the export of raw hides was 14,000 and tanned hides 9,000. These figures compare with the 22,000 tons of the one and 11,000 tons of the other in 1930-31, so that this decline is really due to the depression that has come over the country and it has absolutely nothing to do with the five per cent. export duty that has been levied. Sir, I venture to hope, in spite of the strong differences of opinion among certain Members in this side of the House, that the industry has made out a case for the maintenance of this five per cent. duty, and, in fact, they ask the Government to take serious steps to see how that industry can be developed and to what extent protection is required. As I said, I am conscious that on this occasion I am fighting a losing battle particularly if the serried ranks opposite are driven to the "No" lobby at the dictation of my Honourable friends who sit on the front Benches, if they are chivalrous enough to leave it to the free decision of this House on the Non-Official Benches,—it is a sporting chance and I am willing to accept—even though the dice is loaded against us—the result would be five additional lakhs in his pocket. I have had to listen to the most extraordinary propositions that I have had to listen to even in the course of this extraordinary Budget discussion this year, at any rate, let me have the consolation, let the industry have the consolation, let my Honourable friends, who have spoken in favour of it and those who would vote in favour of it, let them have the consolation that we on our part have pleaded, not merely in the interests of the great industry because a Commission had said that this was one of the three key industries in this country, not merely in the interests of the industry, not merely in the interests of the country, but in the interests of the poor man who owns raw hides and raw skins. Sir, I have done.

Mr. A. H. Ghuznavi (Dacca cum Mymensingh: Muhammadan Rural): Sir, I am getting myself a little bit nervous. All these days we have been listening to the Bombay Budget, hereafter we shall have the Madras Budget,—my Honourable friends from Madras one after the other firing against the Honourable the Finance Member. The fault is that my Honourable friend, Sir George Schuster, is trying to see that my friend, who is an *ex-M.L.A.*,—Mr. Jamal Mohamed Sahib,—does not put five lakhs into his pocket. The whole thing, as my Honourable friend said, is that as Mr. James is the brain of the European Group, so in all the discussions that we have heard today defending the five per cent. duty, Mr. Jamal Mohamed's brain is working here. Mr. Jamal Mohamed has got a mania with regard to two things. When he was in England at the Second Round Table Conference, day in and day out, I heard two things from him, the one was the ratio that it should be 1s. 4d., and not 1s. 6d.; and the other was the duty on hides.

[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).]

A lot has been said as to why the Finance Member is not taking advantage of the five lakhs at a time of depression like this. The Honourable the Finance Member, as a very intelligent and shrewd man, knows that he is not losing these five lakhs at all by taking away this duty. He will get hides exported to such a great extent that the railways would be earning, the Posts and Telegraphs would also be earning, and in fact every branch of the administration would be earning by this export of hides and skins. (Laughter.)

An Honourable Member: Income-tax would also increase.

Mr. A. H. Ghuznavi: Yes, super-tax and income-tax will increase and all Departments, such as the Railways, the Posts and Telegraphs will get more money. Now, let us discuss this point. Unfortunately I was not present at the beginning of the speech which my Honourable friend, Mr. James, made today, so I do not know what he said at the beginning. We know in Bengal that if one has got the worst case before a Court, he goes to the ablest advocate and he always goes to the Advocate-General to defend the case when he has got no chance of winning it. Similarly, here there is a very bad case before us, and we heard the most wonderful advocacy that we ever heard in this House from my Honourable friend, Mr. James. But my Honourable friend knows in his own mind that he had no case at all. I have also another admiration today about Madras Members. Everyone of the Members from Madras knows that whatever they say, they do not believe in it. (Laughter.)

Diwan Bahadur A. Ramaswami Mudaliar: I rise to a point of order. It has been held both in another place and in this House that to suggest that an Honourable Member does not believe in the truth of what he says is a gross reflection on the Member, and I suggest that the Honourable Member might withdraw that statement.

Mr. A. H. Ghuznavi: I apologise and withdraw that statement. I hope that will satisfy my Honourable friend.

Now, let us see about the duty on hides. A 15 per cent. duty was imposed in 1919. That continued up to 1923. I shall now give the figures from the Seaborne Trade, and not from the figures given by my Honourable friend every one of which was incorrect.

Diwan Bahadur A. Ramaswami Mudaliar: I was also giving the Seaborne Trade figures.

Mr. A. H. Ghuznavi: You might have got a wrong copy of it. (Laughter.) The exported tanned hides during 1919-20 was 24,000 tons. The average of exports from 1920 to 1929, —and remember, Sir, that up till 1923 we had that 15 per cent,—fell to 11,353 tons, which was less than half. Then, in 1930-31, it was 1,199 tons, and in 1931-32, it was 75½ tons.

Diwan Bahadur A. Ramaswami Mudaliar: May I ask my Honourable friend what is his authority for those figures?

Mr. A. H. Ghuznavi: I am not going to be interrupted every time, as I want to develop my argument.

[Mr. A. H. Ghuznavi.]

Now, Sir, why this noise about five per cent? I shall explain. This so-called tanned hide gets five per cent more value in London than these raw hides. Once you take away this five per cent, Mr. Jamal Mohamed will lose five lakhs of rupees from his pockets. This tanned hide, which is known as rough or undressed, as it cannot properly be tanned in this country, is sold in public auction in the United Kingdom. I want to know whether my Honourable friend can challenge that statement.

Diwan Bahadur A. Ramaswami Mudalliar: Why should I challenge it?

Mr. A. H. Ghuznavi: Then, you have no case. Sir, there are three distinct classes of tanned leather having separate consumers: (1) The Madras tanners, who produce a rough or undressed tannage, which is exported principally to the United Kingdom and sold there periodically by public auction: (2) Cawnpore and other tanneries which are supported chiefly by Government orders for harness, etc., and which also supply to some extent local needs for better class leather: (3) and the third class that is the village *mochi* and the village tanner combined; and the village tanner and the village shoemaker will never buy Mr. Jamal Mohamed's tanned hides, but they tan leather themselves. The village tanner, to be found throughout the length and breadth of India, has from time immemorial supplied and continues to supply today the requirements of the rural population.

Therefore, Nos. 2 and 3 are practically unaffected by foreign competition as they tan exclusively for local requirements in respect of which imported leather does not come into competition.

Now, Sir, this export of hides has been one of the biggest trades in India. Nowhere is there an export duty on hides except in India, and this is what I find in a speech made by the Chairman of the Associated Chambers of Commerce, Mr. C. C. Miller, on the 9th January last.

Mr. F. E. James: He was not the Chairman; he was one of the representatives of the Bengal Chamber of Commerce.

Mr. A. H. Ghuznavi: I am sorry. He said that nowhere in the world was there an export duty on hides, but we had it here. And then he said that the first and the most essential fact was that a trade, which 20 years or so ago, was one of India's foremost trades, had year by year diminished in volume till it had become but a shadow of its former self. Then he says that exports to Germany were 46 per cent or nearly one-half of Germany's total requirements, and that now the figure has been reduced to 16 per cent. He said, we could get 46 per cent of the German trade, but now we could not get more than 16 per cent. Then he further points out, as I said, that no other country in the world levies an export tax on its hide and skin trade and indeed one country, *viz.*, South Africa, has subsidised this trade with a large bounty. India alone stands handicapped by her own Government, and, under the handicap, a great trade is dying. Then he quoted Sir John Strachey who said in 1880:

"Export duties enjoy the credit of having ruined the Indian trade in saltpetre. They were taken off when it was too late to repair the mischief."

It looks, said Mr. Miller, as though somebody will be able to say precisely the same thing in a very few years' time regarding India's export trade in hides and skins.

Now, Sir, a lot has been said to the effect that it is the middleman who is going to make the profit and it is not the masses. There, again, it is not the middlemen, but the depressed classes who matter. Sir, we have nothing to do with the middlemen or the depressed classes. We are looking at it from the point of view of the masses. The middleman will not buy hide if he cannot export it. Who makes the money? The masses want to sell the hide, and, if that is not bought, do not the masses suffer? The quantity of hides is increasing—not decreasing in the country; but nobody touches it now—there is no price you can get for it, because you have put on a heavy duty. One firm at Karachi has shown that, because of this five per cent duty, he cannot compete in foreign markets. Here is a quotation from a telegram of the 28th January, 1933:

"Today's quotation for 8-9 lbs. Agra Arsenic Cows is 8½d. per pound, whereas for Addis Abeba Butchers, a selection competing with Agra's is 7½d. (Diff. ½d. per pound.)"

—it works out exactly to five per cent—

The quotation for Durbhanga Double Rejects 5-6 lbs. is 5½d., whereas Addis Abeba competing with these and giving a better selection a price of 4½d. is asked (Diff. ½d. per pound).

From Karachi:

"Last week I offered 1,000 pieces certain hides at the price of 6½d. per pound c. i. f. this price included my small profit and the five per cent duty. The buyer would not pay more than 6½d. If I could have got off the export duty, I could have put the business through at 6½d. and even paid a shade more for the hides without loss. But as it was we were at a deadlock, I could not make ends meet at 6½d. *cum* duty and had to abandon the deal."

I shall not take up more of the time of the House, but I will say this: my Honourable friend was asking for protection for the tanners. After the War, in 1918, several tanneries were started all over India. But excepting Mr. Jamal Mohamed, a group of tanners, largely in Madras, all the products of the other groups in Madras were bought up by Mr. Jamal Mohamed himself (*Honourable Members*: "No, no.")—they are not shippers—Mr. Jamal Mohamed ships them

Mr. V. Ramakrishna (Madras: Nominated Official): There are other exporters, European as well as Indian.

Mr. A. H. Ghuznavi: Then that is not correct: but he is the biggest . . .

Mr. F. E. James: No.

Mr. Vidya Sagar Pandya: On a point of order, Sir. May I ask whether it is proper on the part of the Honourable gentleman to go on making references and saying that five or ten lakhs is going into the pockets of a gentleman who is not here in this House to defend himself?

Mr. Deputy President (Mr. Abdul Matin Chaudhury): The Honourable Member is pointing out only the effect of the removal of this duty.

Mr. A. H. Ghuznavi: My Honourable friend has made several remarks about several persons who were not present in this House on several occasions, and from tomorrow I shall be quoting his speeches which he has been delivering here in previous years. He has attacked several people behind their backs

Mr. E. S. Sarma (Nominated Non-Official): But that is no excuse why the Honourable Member should do the same.

Mr. A. H. Ghuznavi: As I was saying, they started several tanneries in Bengal. 1919 and 1920, immediately after the War, were boom years and they managed somehow. After 1921, all collapsed—not one tannery remained. My Honourable friend, Mr. Sarma, knows about the big tannery started in Murshidabad—they all collapsed, and the reason was that the climatic conditions were against tanning. It could not be done in Bengal; and even in Madras they cannot conduct the operations of tanning so properly as to secure better prices: so they have to sell the thing at a lower price. That is their difficulty.

I have finished. I have said that we have made out a case for this duty to be knocked off, and I would appeal to the Finance Member that in the next year's Budget he will recommend to take off the duty on the skins also.

Sirdar Harbans Singh Brar (East Punjab: Sikh): Mr. Deputy President, the discussion on this amendment has shown how unfortunate the position of the Honourable the Finance Member is. If he puts on new taxes, he is blamed for doing so, and he is asked why he inflicts these taxes. If he takes off any taxes, then, again, he is reprimanded for taking off a certain burden of taxation.

The discussion on recent measures has shown that the industrialists and commercialists will not spare anything to squeeze the masses, that their organisation and their opulence will draw even the last drop of blood out of the masses. They are organised and they have money; they can carry on propaganda and they can get support and they always consider the interests of a few people as against the many. These tanners are to be protected and not the primary producer or the raw producer! Millions are to be sacrificed in the interests of the few. Can we tolerate that? If an export duty is put, then the natural result is that the market for the producer is limited to a few interested people which naturally will bring down the prices as the competition is decreased and lessened. The depressed classes' name is exploited for the benefit of the tanners. The production of the tanneries has gone down every year; as has been shown, they have been taking less and less of hides for tanning into good leather. Under these circumstances, are we to deprive the primary producer, the depressed class man, who takes the skin off the dead animal, from getting a good price for his hide, because a few proprietors of tanneries might make less profits and might have to pay a more economic price for the raw produce that they had to tan? I personally cannot understand if such an attitude can be tolerated any longer, and if the masses can allow themselves to be exploited in the manner in which we find them being exploited today. Every industry, big or small, good or bad, because it is organised, can approach the Government and carry on propaganda in the press and elsewhere, and the only person who is not to be protected and who is to be sacrificed and at whose expense these people are to profit, is the consumer and the primary producer. I think that in the interests of the country, export is always to be encouraged

and imports to be discouraged, so that the balance of trade may be always in our favour. It has been shown to us by figures that our exports to Germany, which was the main market for our raw hides, have decreased because of the export duty on hides. Are we not to encourage our exports of this raw produce so that the balance of trade may be in our favour and the primary producer of hides may get an economic price in an open competition in the market? Or are we, merely for the sake of a few individuals, to sacrifice the interests of the primary producers so that a few tanneries may be helped and enabled to make huge profits as some of them have been making for some time? Sir, we cannot close our eyes to such a state of affairs. The depressed classes are more interested in the export of raw hides than the tanneries themselves, and they will get a much better price for raw hides if they are exported than if the market were limited to only a few tanneries within our own borders, because these tanneries will pay the least price, as they know that there is no other place in India which can buy these hides. I think the Finance Member has done very well in sacrificing a few lakhs to encourage our trade which is going to do a lot of benefit to the raw producers. Sir, I oppose the amendment.

Mr. B. Das (Orissa Division: Non-Muhammadan): Sir, the geographical situation of Orissa is such that it bridges Bengal and Madras; and when I found that my friend Mr. Ghuznavi was so much exasperated and when he brought out my friend, Mr. Jamal Mohammed's private history and business history, I was really surprised. On the other hand, as I know that my old friend, Mr. Rafiq, from Calcutta has been circulating certain papers on the floor of the House, which are supplying brief to many Honourable Members, I can prove the case the other way. Sir, I have always supported the proposition that the export duty should not only continue, but that it should be enhanced. Two or three years ago, when the Finance Member was for the first time faced with bankruptcy,—I mean when the Government of India were faced with bankruptcy, I threw out a suggestion that one of the methods, by which the Government could get large revenues, was to increase the duty from five per cent to 15 per cent as it was before. However, there are certain political situations, there are certain political questions which face the Finance Member, which do not face us,—and the Finance Member did not like to spread his net wide in England and other parts of the world and raise the export duty on hides.

Sir, as one who has been in close association with those who have been controlling the tanning industry for the last 20 years, and knowing a bit of the history of tanning industry, my mind goes back to the agitation before the appointment of the Fiscal Commission when there was an attempt made, as my friend, Diwan Bahadur Mudaliar, rightly pointed out, to introduce Imperial Preference, and there was a hue and cry that England was the biggest competitor of the tanning industry of India, and, therefore, there should be no Imperial Preference given. I am all the more grateful to my Honourable friend, Mr. James, for his able advocacy of the tanning industry, not so much in the interest of the Madras Presidency alone, but in the interest of the whole of India.

Sir, my friend, Mr. Ghuznavi, referred to the War time activities in regard to half tanned hides. Well, India did give a good turn to
 4 P.M. England and the whole of the British Empire in supplying half tanned hides by which the Empire Army was shod. After the War was over, my friend was right in saying that half tanned hides were sold at a very cheap price in London. There was a glut in the market. Then the policy

[Mr. B. Das.]

of the Government changed, and it has been pointed out that in 1923 the export duty was reduced to five per cent. Not only that. As the Mover of the motion pointed out, the Indian hide suffered from certain deficiencies which the hide and leather that come from Brazil and other parts of the world do not suffer from. At the same time, as was pointed out both by Mr. Pandya and Mr. James, a large portion of the hides and skins that are available to India, probably 70 per cent of it, is utilised in India in one way or another for local consumption

Maulvi Muhammad Shafee Daoodi: That is not true. A large part of it is allowed to lie idle and to rot.

Mr. Vidya Sagar Pandya: The local consumption of hides is about six to eight times more than what is exported.

Mr. B. Das: The trouble is, my friend, Maulvi Muhammad Shafee Daoodi, whom I congratulate, because, for the first time, he has made a financial speech on the floor of the House,—is trying to quote his figures the other way about. My friend, Mr. Shafee Daoodi, is thinking in the terms of the hides that are tanned in the tanning factories and also of those which are exported by the merchants, who, as was pointed out a few minutes ago, are either German or British agents, and the few Muslim friends who are interested in the business are only acting as commission agents of these German and British firms. But what about the large number of hides and skins that are tanned by the village cobbler with which millions and millions of people are shoed?

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammedan Rural): That is a different question.

Mr. B. Das: No, it is not a different question. I would remind my friend, Dr. Ziauddin, that it is not a different question at all. If the village cobbler is able to supply the shoes to about 38 crores of people, how can we argue that the Madras tanneries or the Bombay Dharavi tanneries cannot tan all the hides and skins of India, and that, therefore, the skin and hide merchants should be allowed to pocket a little extra commission, and for that some of my friends blindly congratulate the Finance Member? Sir, I will not go so far as my friend, Mr. Vidya Sagar Pandya, went in saying that the Finance Member had got some design, that he wanted to increase his income by the increased import duties on shoes, but I somehow feel that the Finance Member has not had the time to completely survey the situation and was not perhaps very much pressed by the Commerce Member, because the tanning industry is not as vocal as some of the other industries, particularly the textile industry of Bombay. Sir, there is a proverb in my own Oriya language which says that the child which cries the most gets the largest amount of food. It has been found that some of the industries which do not need protection get protection, because they howl the most, but the tanning industry has not made much noise so far, except what that great business magnate, Mr. Jamal Mohamed, an ex-President of the Federation of the Indian Chambers, and at present the President of the South India Chamber of Commerce, has done,—there has not been any great organized agitation for protection. I regret my friend, Mr. Ghuznavi, has spoken so lightly of an eminent industrialist. My

friend went so far as to describe Mr. Jamal Mohamed's work at the Round Table Conference as consisting of two small incidents. Sir, there were many Hindu members there, there were many Muslim members there, but judging from the work that they did, I must say that the great contribution of Mr. Jamal Mohamed was his noble effort to bring Hindus and Mussalmans together and to make them see eye to eye and demand what was best for India. My Honourable friend, Mr. Ghuznavi, ought to have had some respect for an ex-colleague of his in this House and also on the Round Table Conference, and ought not to have belittled his great contribution at the Round Table Conference. I, therefore, suggest that the Government should revise their opinion and accept the amendment moved by my Honourable friend, Mr. Pandya. Otherwise the Commerce Member will be flooded with applications in his office, and if the Government are fair, they must send all the applications to the Tariff Board for an enquiry whether the tanning industry needs protection. If the criterion of protection is that any industry that manufactures 15 to 20 per cent of the consumption of India should be protected, I say then that the tanning industry, whether it is in the shape of a cottage industry or whether it is in the shape of a manufacturing factory,—the tanning industry manufactures 50 to 60 per cent of the requirements of India, and, therefore, if the Finance Member applies his axe and removes this export duty, the Commerce Member will have to take up the question in the immediate future and will have to place it before the Tariff Board. One way of giving protection is to put an export duty, and above all, who is going to take this five per cent? My Honourable friend, Sirdar Harbans Singh Brar from the Punjab, spoke of the teeming millions, and how are the teeming millions going to profit by this five per cent which will come as relief to the hide exporting trade. Where there are slaughter-houses, raw hides and skins are sold as a marketable commodity, otherwise my experience—of course I am confining my experience to Hindu villages, I have no experience of Muslim villages,—my experience is that when the animal dies, the *dôm* takes away the carcass, and it is sold away to the agents of the foreign companies who ship these hides outside. These hides are sold for a song by the village *dôm* to the agents of those who export the hides. So it is no use talking that this is an agricultural commodity or that the villager is very much profited thereby. It is a subsidiary income to the village *dôm*. I may say that in my own village, there may be 10 to 20 cattle that die in a year, and the village *dôm* sells them to the agents for export. Government can, of course, withdraw this duty by their large number of votes, supported as they are by the Punjab interests, by the United Provinces interests,—because the United Provinces Members do not think with gratefulness of the great contribution of Cawnpore to the leather industry, they are only thinking of a few friends of theirs—I am particularly making this remark, because my Honourable friend, Dr. Ziauddin Ahmad, will stand after me and speak,—I say they are thinking of the materials that have been left by Mr. Muhammad Rafiq, an ex-Member of Legislative Assembly, with them, as to how far these few exporting firms are affected. If there is deterioration of income, everybody's income has deteriorated except the income of Members on the Government Benches, because the latter have got their fixed salaries *minus* the five per cent cut. In business, everybody's income has suffered. If the exporters have got less income, so also these tanners. But this is no excuse for my Honourable friend, Dr. Ziauddin Ahmad, to rise and talk only of his friends who export hides and skins outside. Occasionally I have seen my Honourable friend, Dr. Ziauddin, wearing a pair of shoes done by the village cobbler, in which he looks much better than in his English!

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shoes. Therefore, I do hope, my Honourable friend will waive their objection and allow the great tanning industry in India to continue and to live under the little succour that this five per cent. export duty gives.

Mr. D. N. O'Sullivan (Bombay: European): They say that tanning is a very lengthy process; that may be some reason for the interminable length of this debate. (Laughter.) My Honourable friend, Mr. James, of this Group spoke this morning. I am not in the same boat with regard to this motion as my Honourable friend. My Honourable friend's boat, if I may speak in those terms, might be termed a light pair, the other Member of the pair being my Honourable friend from Cawnpore who is not here at the moment,—a frail craft indeed liable to be upset by wind and tide. The rest of the Members of this Group are in a stronger, heavier craft, and I think all my Honourable friends in this Group, with the exception of the two I have mentioned, support the views I now put forward, which are against this motion.

I will be very brief at this hour. This export tax on hides and skins is a monstrous imposition, and it is amazing and incredible to me that it is only at this late stage that Government have thought fit to grant in some small way a measure of relief. In case anybody in this House thinks that I am putting the matter too strongly, I would refer him to the words of Sir Charles Innes when he was Commerce Member, speaking on this matter in 1923. The Honourable Mr. C. A. Innes, as he then was, said in a debate:

"Sir, this morning the House determined to do justice to the poor man. This afternoon I hope that they will do justice to a poor trade. Let me remind the House of the history of this unfortunate export duty. It is one of the worst mistakes that the Government of India ever made. At the end of 1919 at the height of the post-war boom, when neither the Government of India nor the trade were in a condition, I think, of real sanity..."

Diwan Bahādur A. Ramāswami Mudallār: Are they now?

Mr. D. N. O'Sullivan:

"...the Government of India arrived at the conclusion that they were in a position to dictate the form in which their raw materials, these Raw Hides, should leave the country. Consequently they put on this extremely heavy export duty..."

That, I think, completely justifies what I have said. If anybody has further doubts in the matter, they have simply to read the very excellent dissenting note of my friend,—a former Member of this House and representing my constituency—the dissenting note by Mr. E. L. Price in the Hide Cess Enquiry Committee's report.

Sir, from the very inception of this tax, my Province, Sind, has stood out strongly against it. It has been said time and again that Sind is an agricultural Province with non-industrial interests, and it is a poor Province, and for these and other reasons we have always countered this measure in every possible way. With your permission, I will read a small extract from an article in one of our local papers. I hope the Commerce Member will excuse the somewhat, may I say, unequivocal vehemence of this article, but it is journalism after all, and I suppose they go on the principle that when you have a case you must put it as strongly as possible.

Mr. F. E. James: What is the name of the paper?

Mr. D. N. O'Sullivan: The *Daily Gazette* of Karachi. Do you know anything about it?

Mr. F. E. James: A lot.

Mr. D. N. O'Sullivan:

"Mr. Horatio Bottomley, who died in London in very distressed circumstances a few weeks ago, when he was the Editor of *John Bull* used vigorously to demand a Business Government for Great Britain. We need a hundred Horatio Bottomleys in India all demanding at the top of their voices that the Government of India shall descend from its Himalayan solitudes and take some note of what is happening in the cities and plains—particularly the plains—of India. For a long time now the *Daily Gazette* in company with rural and exporting interests, has been agitating for the abolition of the export duty on hides and skins, a duty which we state deliberately is not only killing the export trade in hides and so robbing India of much benefit in the exchange of goods, but is actually creating chronic poverty, distress and starvation amongst the poorest of India's rural millions. In a representation made to Sir Joseph Bhore, Commerce Member of the Government of India, on June 16th, the Calcutta Hides and Skins 'Shippers' Association, states that enormous quantities of hides and skins formerly exported are now 'being left to rot with the carcasses in the ground, thereby creating a dead loss to the country, the reason for this unfortunate and most unprofitable state of affairs being, that it does not pay to collect the hides as there is no profit to be gained in doing so.'

Just how much loss to India is being inflicted may be judged when a comparison of the pre-duty and the post-duty figures of exports are compared. In 1919-20, the exports were cow hides 39,427 tons, buff hides 11,655 tons, goat skins 31,248 tons. The duty was imposed in that year and the next year 1920-21, marked a great drop. Cow hides 14,063 tons, buff hides 3,307, goat skins 10,350. Since then there has been a gradual and persistent decrease until in the first seven months of 1932-33 the figures have dropped to cow hides 6,063, buff hides 865 and goat skins 5,815 tons and yet Sir Joseph Bhore is not satisfied that this serious drop is due to the imposition of the 5 per cent export duty. It takes a dickens of a lot, it seems, to satisfy these Himalayan hermits. If we are not misinformed when the late Mr. Bata, the Czecho-Slovakian mass producer of boots and shoes came to Karachi, he tried to negotiate the export of large quantities of hides and skins but found that the export duty made Indian hides more expensive than others he could obtain elsewhere."

and so on.

Now, what are the arguments advanced as against this duty? I may state that later on I propose to support by my vote the amendment brought in by my friend, Mr. Maswood Ahmad, which includes the abolition of the duty on skins also. Now, what are the arguments put forward by Madras? I think my Honourable friend, Mr. James, was heard to say this morning that the Madras tanners provided quantities of leather in order to provide shoes for millions of people and that those people, who had two shoes before, will only have one shoe now.

Mr. F. E. James: I said no such thing.

Mr. D. N. O'Sullivan: I now come back to this very excellent speech of Sir Charles Innes on the question as to whether Madras supplies any indigenous leather for sale in the country. He said:

"I come from Madras. I used to take a very great interest in that industry, in fact I used to run a school for the benefit of that industry. But, Sir, though I come from Madras, I protest most strongly against sectional interests like the interests of Madras and Cawnpore in a House like this, a House which is representative of all-India, being allowed to override the general interests of the country. Sir, what is

[Mr. D. N. O'Sullivan.]

the Madras tanning industry? I do not wish to decry it but is it an industry which makes things which are used in this country. No. The Madras tanned hide is merely a half tanned hide. It is a very useful industry in that it employs a certain number of tanners, but the product is exported, just like the raw hides are exported, to England. It is not an industry which produces anything for use in India and if you want protection for industries of that kind, take protection by all means after you go to your Tariff Board but protect them by means of an import duty, do not go protecting them by means of an export duty of this kind. Mr. Rangachariar says we have done nothing in the way of protecting these tanning industries." and so on.

Mr. Vidya Sagar Pandya: When was this speech made?

Mr. D. N. O'Sullivan: In 1923.

Diwan Bahadur A. Ramaswami Mudaliar: There is an industry called the chrome tanning industry, the whole product of which is used in this country.

Mr. D. N. O'Sullivan: I quote from a former Commerce Member who comes from your Presidency.

Mr. Vidya Sagar Pandya: That was 11 years ago.

Mr. D. N. O'Sullivan: What then are the recent figures in connection with the export of hides and skins? In 1929-30, it was 85½ lakhs. In 1930-31, 24½ lakhs, in 1931-32, 20½ lakhs, and in 1932-33, 14 lakhs. It has been going down every year. The only other point that was made in the speeches of those representatives, who spoke on behalf of Madras, was that the poor tanners would suffer. That was the gist of it, but that is an argument that is difficult to follow—because, if the five per cent. export duty is being taken off, then presumably the cost of hides in the country will go up, and all that these poor tanners have to do is to put up their prices and incidentally no consumer in this country will suffer, because as I said, most of these half tanned hides are tanned for export.

There is a great deal more to say on this subject, but, as time is short, I propose to sit down, and I will ask the House to agree with me and reject the motion of my Honourable friend, Mr. Vidya Sagar Pandya.

Dr. Ziauddin Ahmad: In this debate I do not like to refer to personalities, because Mr. Jamal Mohamed is a great personal friend of mine and so is Mr. Vidya Sagar Pandya and others who have taken the other side. But I stand only on arguments and inferences from facts and not on the personal relations with individuals.

First, I offer my thanks to Diwan Bahadur Mudaliar for giving me a very good chain of arguments which I am sure to use tomorrow in connection with the Textile Bill. His argument is that the best way of protection is to levy an export duty on the raw materials. In the same way, why not levy an export duty on cotton to protect the textile industries, and do away with various agreements and protective duties? If I were to propose it, the very first man to oppose it will be my friend, the Diwan Bahadur, and he will be supported by Mr. James on the other side.

Diwan Bahadur A. Ramaswami Mudaliar: I will support my friend tomorrow if he will support me this afternoon.

Dr. Ziauddin Ahmad: We will wait and see tomorrow. If my friend brings forward a proposition for the protection of tanning industry by levying high import duty on leather, I will support him. The right way of protection is to put a very heavy import duty on leather, so that the foreign leather may not come in and the entire leather may be manufactured in this country. Then it will be a tangible proposition, and I think he will find many persons on this side of the House to support the proposition. If he brings forward a proposition to abolish the import duty on bark which is used for tanning purposes, he will find a good deal of support from this side, but his proposition is a very novel one and I am afraid that very few people will be able to support him. I base my arguments on two different grounds.

The first is, as I have repeatedly stated on the floor of the House, that I hate an export duty on raw materials. The Taxation Enquiry Committee recommended that the duty should be abolished, and the Fiscal Commission recommended that the duty ought to be abolished, in this particular case. Government accepted their recommendation; and, in 1927, they brought forward a Resolution, but it was defeated by one vote. So, as far as the Government are concerned, they have practically accepted the principle that this particular duty is very unhealthy. The position from 1927 has gone from bad to worse, and I need not exhaust the patience of Honourable Members by giving more figures, and I have been giving sufficient figures about this particular point for the last four years. Sir, the export duty can be justified on three grounds. One is that we have a monopoly. Now, we all admit that there is no monopoly in hides and skins. The second thing is that it is a revenue duty. I have shown during the general discussion on the Budget that our revenue is gradually diminishing and we are not expecting the same revenue which we have been budgeting year after year. The third thing is that the entire amount is required for the benefit of a particular industry. I showed from the figures that while our exports were diminishing, our tanning figures were also diminishing at the same time—to what extent I do not challenge, but it is evident that the loss of trade has not been compensated at all by the increase in the tanning industry here. Therefore, these three arguments which can be brought forward for the imposition of an export duty do not apply as far as this commodity is concerned. Sir, I want to lay down some axioms for general acceptance and I think my friend will agree that there will be an inevitable conclusion that this duty is unhealthy and ought to be abolished. My first axiom is and we all agree that the export trade has been gradually diminishing—I do not think anybody will challenge that—from the time when the export duty was levied, the export trade in cow hides dwindled from 39,427 tons to 30,500 tons in the year 1927-28, when the Government made the proposal for abolishing the export duty altogether, and today it has dwindled down further to 11,400, that is, about one-fourth. This thing, then, is axiomatic that our exports have diminished. It is also axiomatic that the figures for tanning have also diminished, though not to the same extent; and the third proposition which I want to establish is that the world requirements have not substantially diminished, that this diminution is not due to the general trade depression because I have got the import figures for Germany in my hand and I find that in 1912 it was about five million pieces, in 1913 it was about six million pieces, in 1931 it was

[Dr. Ziauddin Ahmad.]

five million pieces and in 1932 it is again five millions odd. Therefore, I find that the imports in Germany have been very steady, but the share of India has diminished on account of this export duty. It used to be at one time 38 per cent and it is now reduced to 28 per cent.

Mr. B. Das: The War killed all trade with Germany. That was the trouble with Germany.

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

Dr. Ziauddin Ahmad: Before the War, it was five million, after the War in 1931 it was five million, and in 1932 it again was five million. Therefore, the import of hides and skins into Germany has not diminished it has remained stationary, but on account of the export duty the trade has been diverted from India to some other country. Sir, the next point I want to make is very important. I had a talk with several persons and they said that the removal of the five per cent duty would enormously affect them and here I shall quote one instance from one of the merchants who says that "last week I offered one thousand pieces of certain hides at the price of 6½d. per lb. c. i. f. This price included my small profits and the five per cent duty. The buyer would not pay more than 6½d. If there had not been an export duty, I could have put the business through at 6½d. and even paid a shade more for the hides without loss, but, as it was, we were at a loss. I could not make both ends meet at 6½d. and had to abandon the deal". Now, this is really one particular instance in which business was given up simply on account of this duty of five per cent. I have got two more documents in my possession in which the men concerned could not complete these things on account of the five per cent duty. It is quite clear that the removal of this five per cent duty would substantially affect the future trade of this country, and, if our exports increase, I am sure that the general condition will also improve and everyone will be equally benefited by it. Sir, I may clearly say that I am not opposed to the tanning industry. I would give my fullest support to any rational measure for the protection of the industry, but not to a measure which while stopping export does not lead to any protection at all. With these words, Sir, I oppose the amendment.

Mr. Uppi Saheb Bahadur (West Coast and Nilgiris: Muhammadan): Mr. President, a few moments before, an Honourable Member from Bengal, my friend, Mr. A. H. Ghuznavi, who is not here now, was making an insinuation against Madras Members that we were supporting this amendment because of the pressure of certain merchants from Madras.

An Honourable Member: He has withdrawn that insinuation and apologized.

Mr. Uppi Saheb Bahadur: Now I understand that he has apologized, and so I do not want to press it.

Sir, from the arguments put forward by those who oppose this amendment, one would form the impression that it is only the export duty on raw hides that stands in the way of the development of this hide trade. Sir, it is only five per cent that people are going to get. If at all this five rupees duty is the only one thing against this trade, I am at one with them in opposing the amendment. But as the price of hides stands at present in the markets of Calcutta, Karachi, or Bombay, I am sure the hides of Bihar, for which my Honourable friend, Maulana Shafee Daoodi, was making so

great a plea and for which my friend, Mr. Maswood Ahmad, may be putting forward a similar plea, will not be able to compete in the near future in the Calcutta markets, because the carrying charge to the ports is so very high and they put a special freight for this nauseating stuff. If we compare the price and the freight that is now obtained you will find that it only forms a very small part of the railway freight. Secondly, the villager does not know what is taking place in the ports of Calcutta. What he will get will be only a moiety of this five per cent. The real remedy, for this depression—I say to those who are now trying for the removal of this export duty,—lies somewhere else.

The remedy lies in the exchange ratio, the whole trouble underlies there. Change the exchange ratio. Sir, it is America and Germany which are our purchasers of raw hides. I ask, what is the ratio between the currency of those countries and that of India? Sir, there is about a 20 per cent difference between the American and the Indian exchange ratio. If they will remove it, then all this evil of low price can immediately disappear. It can protect the industry, it can protect the prime producer.

Some Honourable Members were trying to belittle the importance of the industry by confining it to a certain Province or even by confining it to certain persons. It is said in the Cess Committee report that there are 53,000 people who are engaged in the tanning industry in the Punjab alone.

Then, Sir, it was pointed out just now by my Honourable friend, Dr. Zisuddin Ahmad, that India has lost the German market and also the American market on account of this export duty. If we look at the figures that have been supplied to us by a man for whom Mr. Ghuznavi holds a brief, we find that there is a general reduction in the imports in all the countries including the United States of America and Germany. India lost to the extent of 28 per cent, Mexico lost to the extent of 64 per cent. Java lost to the extent of nine per cent and there was a general reduction in the imports of raw hides from all countries into ports. From the Cess Committee report we find that there are about two million people who are engaged in this industry in India. How many are engaged in the purchase of raw hides, nobody knows as statistics are not available. The question now arises only with regard to the animals that are not butchered. The other day, a trader in raw hides told me that all the hides and skins that were produced in butchers' shops were purchased by the tanners in India. If the export duty is removed, these hides will find a market in the foreign countries. But the information that we can gather from reports is that it is not so much because of the export duty, but because of the quality of the hides of these fallen animals that the price of Indian hides in foreign markets has gone down so low. The industry employs more than two million persons including the members of the depressed classes and the poorer classes. Not only that, it brings into our country a larger amount of foreign money than our hides and skins can bring.

An Honourable Member: How?

Mr. Uppi Sahab Bahadur: An industrialist asks, how can they bring? Sir, our hides fetch a very low price in the foreign markets. Of course, tanned hides will fetch more price than the raw hides. In Madras we have been exporting steadily since 1923. In 1923, we exported 4,90 lakhs, in 1928-29 we exported 8,07 lakhs, and in 1933-34 (seven months only), we exported 8,89 lakhs. So we have been making progress. We have not been sitting idle. We have taken the best advantage of the production. At this juncture, when the trade depression is so acute it will not only be not helping

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an industry of such magnitude by removing a little protection that it is getting now, but it will only be killing it. With these words, Sir, I bring my remarks to a close.

Several Honourable Members: The question may now be put.

Sir Abdur Rahim (Calcutta and Suburbs: Muhammadan Urban): Mr. President, I cannot be justified at this late hour to take up much time of the House, but I wish to say that, having heard very carefully what my Honourable friends, Mr. Vidya Sagar Pandya and Diwan Bahadur A. Ramaswami Mudaliar, have said in supporting the amendment, I still adhere to the opinion which I expressed in my speech on the Budget. I said then that there was a considerable quantity of surplus hides which had to be exported, otherwise they would simply go to waste. That is the main point upon which, I think, this question has got to be determined. From the figures that have been cited to us from all sections of the House, I do not think that anybody has attempted to make out that the tanning industry, either in Madras or anywhere else, is at all likely to absorb all the hides that are available in this country. The figures certainly do not bear that out. On the other hand, the figures that have been cited show that the tanning industry is only able to absorb a fraction of the hides and skins that are available. That, to my mind, is the determining factor in the case. I, for one, would not like to take any step which will in any way injure the tanning industry of this country, and I do not think there are any Members in this House who take the contrary view. That, I think, must be admitted on all hands. There is no doubt about that. But if, as a matter of fact, there is a surplus quantity of hides which would be absolutely wasted if it is not exported, then it does seem to me that there is absolutely no reason why there should be an export duty which would stand in the way of the trade. The Honourable the Finance Member gave us the figures and he told us in absolutely clear terms that the export trade in hides has declined so much that it has almost reached the point of extinction, with the result that a very large trade in this country is dying out, partly, at any rate, because of this export duty. Therefore, a large class of people from the dealers down to those who collect these hides are suffering. It seems to me, therefore, that the proposal of the Government in this respect is perfectly justifiable. And I must also point out that this trade in hides is connected with the trade in skins, and, from the figures that are available, it does not seem that the export duty on skins is justifiable either. No doubt the skin trade has not suffered so much as the hide trade. But that also has suffered to some extent. There can be no doubt about that, though I must say the figures from year to year have been more or less fluctuating. But those, who deal in hides generally or almost invariably, deal also in skins, and I should think that, as soon as the finances of the Government permit, the duty on skins also ought to be taken off. I am sorry I am unable to support the amendment of my Honourable friend, Mr. Pandya, because I am convinced that the abolition of this duty will not in any way affect the tanning industry of Madras.

The Honourable Sir Joseph Blore (Member for Commerce and Railways): I would ask the House to view this question against a somewhat wider background than that of purely provincial interests. I do not think that it is necessary for me to make any very long speech in opposing the

amendment of my Honourable friend, Mr. Pandya, because all there is to be said both for and against it has already been said on the previous occasions on which this question has been discussed in this House. My Honourable friend, Mr. Pandya, quoted the speech of Sir George Barnes when he introduced the Bill imposing the duty in the first instance in 1919. My Honourable friend, Diwan Bahadur Ramaswami Mudaliar, also, I think, referred to that speech. But may I point out to them that they omitted to quote what in my eyes is the most relevant and important part of that speech. What Sir George Barnes then said was this:

"We have no desire to benefit Indian tanners at the expense of Indian cattle owners or dealers in hides and skins. We are advised,"

—this is the point I would emphasise,—

"that the world demand for Indian hides and skins is so great that there is no risk of any injury being done."

Now, Sir, what has the experience of the last few years shown? It has shown that the assumption upon which Government then proceeded is no longer justified. I think it is peculiarly relevant also here to repeat to the House a short quotation from the finding of the Fiscal Commission of 1922. It was a very authoritative body, a very independent body, and I think the House must be guided to a very large extent by the opinions expressed by a body of that character. This is what the Fiscal Commission say:

"We hold therefore that so far as the export duty on hides and skins is intended to be protective, it cannot be justified. But we received a certain amount of evidence to the effect that Indian goat skins form somewhat a monopoly. It is possible therefore that a small revenue duty on skins can be justified in accordance with our general principle. This is a matter which might be enquired into by the Tariff Board but the duty on hides should be abolished in any case."

Now, Sir, the House is aware that the Government of India in 1927 put their whole case before this House having taken the decision that, so far as they were concerned, they could no longer support the continuance of this duty. That proposal was debated at great length in this House and eventually it was turned down by the casting vote of the President. But I would refer Honourable Members to the speech of a predecessor in office, Sir Charles Innes, delivered on that occasion. It sets out clearly the case that the Government have in support of the action which they are now proposing to take. Put very briefly, our case is this.

First of all, the exports of raw hides have fallen off since 1927 to a most serious extent. Given in round numbers, I would point out to the House that the decrease was from 40,000 tons in 1927-28 to 13,000 tons in 1932-33. It is perfectly true, as pointed out by my Honourable friend, Mr. Mudaliar, that there has been a slight increase during the last ten months. During the first few months of the year, there was a sudden revival, then for a few months, there was a slump, and, then, again, for the last two months, there was a slight revival. I submit to my Honourable friends that those fluctuations cannot be made too much of. But the fact does remain, it stands out without any fear of contradiction that there has been a very material decrease in the exports of hides.

Then, Sir, both my Honourable friends, Mr. Pandya and Mr. Mudaliar, said: "Yes, there has been a decrease, but surely that is due to world conditions, to general conditions of depression". That that is not so was pointed out, I think, by my Honourable friend, Dr. Ziauddin Ahmad, and I would reinforce the figures that he gave by pointing out that in the very

[Sir Joseph Bhore.]

important Hamburg market, the imports of hides from sources other than India were still above 1912-13 levels in 1932, whereas the imports from India were less than a quarter of what they were in 1912-13. Then, Sir, though I do not say for a moment that the falling off of Indian exports was entirely due to the export duty, I would point out that this duty could not but have had a very material effect in leading to that result, because, as everybody is aware, the European market in hides is a highly competitive market and very small differences in price may make all the difference between business and no business. I would also point out that this duty has not served its original purpose, because the exports of tanned hides is practically the same as it was in 1912-13 and indeed it has shown a marked falling off since 1927. Finally, Sir, I would like to reinforce what the Leader of the Opposition said by quoting from the speech of Sir Charles Innes. What he said is this:

"You have got to remember that India is a very big country, India is a country where the real facts of the matter are that there are vast surpluses of hides over and above what can be used in a country. Is there any reason on earth why those surplus hides should not be exported. They cannot be tanned. Are we not to encourage the export of those hides."

That, Sir, I think, completes the arguments that I have to adduce in support of the action we are taking. It just remains for me to point out that conditions beyond our control have made it impossible hitherto to take action on the recommendations of the Hides and Skins Committee's report. The report pointed out that a sum of something like five lakhs to seven lakhs was needed in the first instance if we wanted to take steps which would be of real material value in assisting this industry. Now, Sir, we could not impose an additional tax on the industry to produce this sum at a time of such depression as the present, nor in view of our financial condition could we give up a portion of the export duty. We recognise the importance of the recommendations, and shall certainly do all we can to move in the direction of these recommendations as soon as financial and trade conditions make such a step possible. I can assure the House that we propose to consider at a very early date what practical steps are feasible in the direction of making possible the adoption of the Committee's recommendations, and we hope to discuss the whole question with the representatives of the Provincial Governments when they come to discuss the general question of economic policy.

There is only one other thing that I would like to say, and it is this. It is perfectly true that this is a very important industry; I do not for a moment deny that it can very justly be termed a key industry. But I would point out, Sir, that on various occasions, in 1928, in 1927, and in 1931, the tanning industry was asked to put forward a reasoned statement of its case for protection. It has never done so; but I can assure the House that if it does do so, we shall examine it with the greatest care and with the greatest sympathy. Sir, I oppose the amendment.

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

"That sub-clause (2) of clause 3 of the Bill be omitted."

The motion was negatived.

The Assembly then adjourned till Eleven of the Clock on Friday, the 23rd March, 1934.