

LEGISLATIVE ASSEMBLY DEBATES

TUESDAY, 21st AUGUST, 1934

Vol. VII—No. 10

OFFICIAL REPORT



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LEGISLATIVE ASSEMBLY.

Tuesday, 21st August, 1934.

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

QUESTIONS AND ANSWERS.

ARRANGEMENT FOR A MEAT AND VEGETABLE MARKET ON THE MINTO AND CIRCULAR ROADS, NEW DELHI.

699. *Sirdar Harbans Singh Brar : (a) Is it a fact that about 500 quarters built for the Secretariat staff have been allotted for occupation this year on the Minto and Circular Roads ?

(b) Is it a fact that no arrangements for the meat and vegetable markets have been made in that area ?

(c) What is the distance of the nearest market from these quarters ?

(d) In view of the fact that there are now more than 1,000 quarters (including the Press quarters) in this area, do Government propose to make some arrangement for the meat and vegetable market for the forthcoming winter season ? If not, why not ?

The Honourable Sir Frank Noyce : (a) Yes.

(b) There are shops in the area leased by the New Delhi Municipal Committee, which supply both vegetables and meat.

(c) The nearest market is about a mile from the quarters : but the shops referred to above are situated in the middle of the area in question.

(d) The question of constructing additional shops in this area is at present engaging the attention of the New Delhi Municipal Committee.

POSTAGE ON AIR MAIL LETTERS.

700. *Sir Darcy Lindsay : (a) Will Government be pleased to state the reasons for the high postage charge of 8½ annas per half ounce on letters transmitted by air-mail to Great Britain ? Is it a fact that the charge from Great Britain to India is six pence in the case of letters distributed to many parts of India by the ordinary postal service on arrival of the air-mail at Karachi ?

(b) With a view to further encouraging the use of the air-mail, are Government prepared to consider restoring the former postage charge of 6½ annas per half ounce on letters transmitted to Karachi by ordinary postal service and from thence by air-mail ?

(c) Will Government be pleased to state the system of their payment for the conveyance of mail by Imperial Airways Service from Karachi to

(1725)

Europe ? Is the payment made per single letter or by poundage of the postal bags, and if so, what is the charge ?

(d) What is the amount of the subsidy, if any, paid to the Indian Trans-Continental Airway's service for the conveyance of mail between Karachi, Delhi, Cawnpore, Allahabad, Calcutta, and Rangoon, and is there any further payment on the basis of poundage ?

The Honourable Sir Frank Noyce : (a) The charge of 8½ annas for the first half ounce for letters transmitted by Air Mail to Great Britain is made up of ordinary postage of 2½ annas and air fee of six annas. This air fee includes the charge for air conveyance by the Indian Internal Air Services. Government do not admit that the charges are high for the services rendered. The reply to the second part is in the affirmative.

(b) Formerly, the combined postage and air fee from Karachi to Great Britain was eight annas, and not 6½ annas per half ounce as stated by the Honourable Member. A flat rate of six annas per half ounce as air fee has been fixed for air conveyance from any part of India and Burma to Great Britain, in order to encourage the use of Inland Air Services and to secure acceleration of mails in inland transit. Government do not propose to reintroduce differential rates which they consider to be unsound in principle.

(c) Payment is made on the gross weight of the postal bags at the rate of 13 shillings and nine pence a pound.

(d) Apart from the subsidy paid by the British Government in respect of the trans-India Service, operated jointly by Indian Trans-Continental Airways, Limited, and Imperial Airways, Limited, the Government of India have granted these companies financial assistance in the form of the following concessions, namely :

- (1) Remission of customs and excise duties on petrol, oil, aeroplanes, spare parts, etc., used on the service in India.
- (2) Exemption from charges for landing, housing, wireless and meteorological facilities arising in India.

The value of these concessions for the current year is estimated at Rs. 1,31,400. As a result of granting these concessions, there has been a saving estimated at more than Rs. 1½ lakhs a year as the charges for the conveyance of Indian Air Mails by the main service are now permitted by the authorities in England to be settled in sterling instead of, as formerly, on a gold basis.

In this connection the Honourable Member's attention is invited to the reply given by me on the 19th March, 1934, to Mr. D. K. Lahiri Chaudhury's starred question No. 507.

In addition, payment for the carriage of mails is made on the gross weight of mails carried.

Sir Darcy Lindsay : Will Government consider a general reduction in the air mail postage from India by the West Bound Service to Europe, South Africa and other ports of call, that will be likely to encourage a more general use of the Air Mail Service ?

The Honourable Sir Frank Noyce : I may mention for the information of the Honourable Member that, although I have stated in reply to part (a) of his question that Government do not admit that the present

charges are high for the services rendered, I am having the possibility of reducing them carefully examined. (Cheers.)

Mr. B. Das : The difference between the air mail and ordinary mail from England is only 4d., while in the case of India it is 6½ annas. May I know who shares the extra payment from India and whether the Government of India get a share of it or whether it goes to the Trans-Continental Airways ?

The Honourable Sir Frank Noyce : I should require notice of that question. I cannot say off-hand how the air mail charges are divided.

Mr. B. Das : In view of the assurance which the Honourable Member has given that the Government are going to look into it, will they consider the desirability of reducing it to the extent of 4d. from 6½ annas ?

Diwan Bahadur A. Ramaswami Mudaliar : 5d.

The Honourable Sir Frank Noyce : As I have explained, we are looking into the question in all its aspects. But I would point out to the Honourable Member that the air mail charge for letters from England to India, if they are sent by air in India, is eight pence and not six pence. There is an additional two pence charge if they are conveyed by air mail in India.

Mr. B. Das : May I request the Honourable Member to reduce that 6½ annas to the 4d. ?

The Honourable Sir Frank Noyce : I obviously cannot say at present how far we shall be able to reduce the air mail charges or indeed whether we shall be able to reduce them at all. But as I have said, the question in all its bearings is under careful consideration.

Dr. Ziauddin Ahmad : Will the Honourable Member say that the air mail charge from India to England is 8½ annas while from England to India it is only 6d. ? There is an enormous difference. Will the Honourable Member kindly look into this matter as well ?

The Honourable Sir Frank Noyce : That point has already been raised in the supplementary question asked by my Honourable friend, Mr. B. Das.

TRANSMISSION OF MAIL TO AND FROM EUROPE BY CERTAIN AIR SERVICES.

701. ***Sir Darcy Lindsay :** Is it a fact that under present conditions, countries in Europe other than Great Britain have the privilege of sending mail to India by the Dutch (K. L. M.) and French Air Services to be forwarded from Karachi by ordinary postal service, an advantage of commercial value denied to Great Britain, and if so, are Government prepared to reconsider the question of the transmission of mail to and from Europe by these services ?

The Honourable Sir Frank Noyce : The facts are not quite as stated by the Honourable Member. Some countries in Europe utilise all the three air services, namely, Imperial Airways, K. L. M. and Air France. Some utilise only two and some only one.

The mode of transmission of air mails to India from countries in Europe is a matter for decision by the Governments of those countries.

With regard to the mode of transmission of air mails from India to Europe, the Government of India do not propose to reconsider the decision already arrived at.

1702*.

POST OF PERSONAL ASSISTANT TO THE MILITARY SECRETARY TO THE VICEROY.

703. *Maulvi Badi-uz-Zaman : Will Government kindly state whether the post of Personal Assistant to the Military Secretary to the Viceroy is reserved for Europeans ? If not, has this ever been held by a Muslim ? If not, why not ?

The Honourable Sir Henry Craik : The answer to the first two portions is in the negative. As regards the last portion, the answer is that no suitable Muslim of sufficient seniority has been available.

CREATION OF THE POST OF A SUPERINTENDENT IN THE MILITARY SECRETARY TO THE VICEROY'S OFFICE.

704. *Maulvi Badi-uz-Zaman : (a) Is it a fact that the post of Registrar in the Military Secretary to the Viceroy's office was retrenched about two years ago in the interest of economy ?

(b) Is it a fact that it is now intended to create the post of a Superintendent in the Military Secretary to the Viceroy's office in lieu of the post of Registrar ? If so, why ?

(c) Do Government propose to consider the name of a member of the minority community for this post ? If not, why not ?

The Honourable Sir Henry Craik : (a) Yes.

(b) With the abolition of the post of Registrar, there is no man specifically responsible for continual supervision of the work of the Assistants and clerks and, in consequence, the supervision is undertaken by the Personal Assistant to the Military Secretary to His Excellency the Viceroy and First Assistant working in conjunction ; and in the absence of the Personal Assistant to the Military Secretary to His Excellency the Viceroy, the First Assistant has to discharge the Personal Assistant's share of the duties of supervision. In these circumstances, the conversion of the post of the First Assistant into one of Superintendent is under consideration.

(c) If and when the post is finally sanctioned, it will be filled on the basis of merit and suitability.

COMPOSITION OF THE CYPHER BRANCH OF THE OFFICE OF THE PRIVATE SECRETARY TO THE VICEROY.

705. *Maulvi Badi-uz-Zaman : (a) What is the present composition of the Cypher Branch of the Office of the Private Secretary to the Viceroy ? Why is it exclusively reserved for Europeans and Anglo-Indians ?

(b) Is it a fact that prior to 1914 Indians used to do Cypher work ? If so, why are they excluded now ?

*This question was withdrawn by the questioner.

(c) Is it a fact that European clerks doing routine work in the Office of the Private Secretary to the Viceroy are in receipt of higher rates of pay than Indians ?

Mr. H. A. F. Metcalfe: : (a) Four European Assistants. There are certain difficulties which at present prevent the employment of Indians in the Cypher Branch of the Office of the Private Secretary to the Viceroy. Steps are, however, being taken to remove these difficulties. In this connection I would invite the Honourable Member's attention to the answer given to Mr. Muhammad Muazzam Sahib Bahadur's question No. 935, dated the 15th September, 1933, regarding the Cypher Bureau of the Foreign and Political Department.

(b) Both Indians and Europeans used to do the Cypher work in the Private Secretary's office prior to 1912. The reason for the exclusion of Indians from that year is given in part (a) above.

(c) There are no European clerks employed on routine work in the Private Secretary's office.

Mr. Gaya Prasad Singh: With reference to the answer to part (a) of the question, am I correct in stating that one of the difficulties is racial discrimination,—that the British Government which is in charge of the Cypher Bureau there would not agree to the appointment of Indians in this branch ?

Mr. H. A. F. Metcalfe: Who is it that the Honourable Member suggests will not agree to it ?

Mr. Gaya Prasad Singh: This Cypher Bureau is being controlled by an organisation which has its headquarters in England and it is those people who object to the employment of persons of Asiatic domicile in this Department. If I am wrong, I should like to have the correct information from the Honourable Member.

Mr. H. A. F. Metcalfe: The Honourable Member has not stated the position quite correctly. The position is as follows. Certain cyphers are used both in the Private Secretary's office and in the Foreign and Political Department Cypher Bureau, which are not the property of the Government of India. The Department which owns those cyphers has the right to say by whom those cyphers shall be handled, and the efforts we are making, which I referred to yesterday, are to try and get rid altogether of any cyphers which are not the property of the Government of India. As soon as we have substituted cyphers which are purely the property of the Government of India, the Government of India will then be able to dictate by whom those cyphers shall be handled, and there is no doubt that when that situation has been reached, Indians will be recruited to these two Cypher Bureaus.

Mr. Vidya Sagar Pandya: In that case just as the British cyphers are not to be touched by Indians, will you provide that the British will not touch our cyphers in London ? (Laughter.)

Mr. H. A. F. Metcalfe: : I am afraid I cannot provide that because there would be no Indians in London and elsewhere to decipher the telegrams which we send.

RESIDENTIAL CLERKS IN THE OFFICE OF THE PRIVATE SECRETARY TO THE VICEROY.

706. *Maulvi Badi-uz-Zaman : How many residential clerks are there in the Office of the Private Secretary to the Viceroy and how many of them are Indians ? If none, why are Indians excluded ?

Mr. H. A. F. Metcalfe : Owing to the fact that the resident clerk has to decode any cypher telegrams received out of office hours, the duty of resident clerk devolves on the four cypher clerks in turn. The reason why Indians are not employed as cypher clerks has already been explained in my answer to part (a) of question No. 705.

RACIAL DISCRIMINATION IN THE MATTER OF RAILWAY ACCOMMODATION AND SUPPLY OF FOOD TO CLERKS ON TOUR WITH HIS EXCELLENCY THE VICEROY.

707. *Maulvi Badi-uz-Zaman : Is it a fact that European clerks on tour with the Viceroy are given better railway accommodation than the Indians and receive free food, and that Indians are paid a small sum as food allowance ? If so, why ?

The Honourable Sir Henry Craik : There is no differentiation. European and Indian clerks who accompany His Excellency the Viceroy on tour are each provided with a compartment. Cooking facilities also are provided for Hindus and Muhammadans. European clerks are given food free because no facilities exist for them to cook their own food and the Viceregal Special Train is very seldom timed to stop at stations equipped with Refreshment Rooms, where meals could be had. Indian clerks are paid an adequate food allowance *per diem*.

HOLIDAYS IN THE OFFICES OF THE MILITARY SECRETARY AND THE PRIVATE SECRETARY TO THE VICEROY.

708. *Maulvi Badi-uz-Zaman : (a) How many closed holidays are observed in the Offices of the Military Secretary and the Private Secretary to the Viceroy ?

(b) How are the clerks compensated for loss in holidays when closed holidays are converted into sectional holidays or not closed at all ?

The Honourable Sir Henry Craik : (a) Closed holidays are observed in the office of the Military Secretary to His Excellency the Viceroy, as far as practicable. It is not possible to grant all closed holidays because of the personal and urgent nature of the work. In the office of the Private Secretary to His Excellency, all closed holidays are strictly observed, but here, as in the Secretariat, men are required to take their turn of duty on holidays so that urgent work may be attended to.

(b) In the Military Secretary to His Excellency's Office by the grant, whenever possible, of holidays in lieu when His Excellency the Viceroy is away from Headquarters on tour. In the Private Secretary's office by the subsequent grant of holidays in lieu.

RESIDENTIAL CLERKS IN THE MILITARY SECRETARY TO THE VICEROY'S OFFICE.

709. *Maulvi Badi-uz-Zaman : How many residential clerks are there in the Military Secretary to the Viceroy's office ? If none, are

Government prepared to consider the appointment of at least one so as to offer relief to the clerical cadre ? If not, why not ?

The Honourable Sir Henry Craik : The duties of residential clerk are performed in the Military Secretary's office by the Personal Assistant to the Military Secretary. No question of relief, therefore, arises.

SUNDAY DUTY DONE BY SOME CLERKS IN THE MILITARY SECRETARY TO THE VICEROY'S OFFICE.

710. ***Maulvi Badi-uz-Zaman :** (a) Is it a fact that some of the clerks in the Military Secretary to the Viceroy's office have to do Sunday duty without any remuneration, while others are exempt ?

(b) Will Government kindly state the date since when this practice came into force, and the name of the official who is responsible for this differential treatment in the matter of exemption from holiday duty ?

(c) Is it a fact that no compensatory holiday is given to the clerks doing Sunday duty ? If so, why is this done ? Are there Government orders to the contrary ? Who is responsible for the non-observance of these Government orders ?

The Honourable Sir Henry Craik : (a) All clerks do Sunday duty in turn and none is exempt.

(b) Arrangements have always had to be made for the disposal of urgent work on Sundays, but, as a system, the present practice dates from March, 1932.

(c) A compensatory holiday is given when His Excellency the Viceroy is on tour, but not when His Excellency is in residence at headquarters. There are no general orders on the point ; the matter is one for decision in each department.

RESTRICTIONS IMPOSED FOR ACCOMMODATING RELATIVES AND FRIENDS IN THE VICEREGAL ESTATE.

711. ***Maulvi Badi-uz-Zaman :** (a) Will Government kindly lay on the table a statement showing the ministerial establishment under the Central Government in receipt of rent-free quarters ?

(b) Are any restrictions imposed upon them about accommodating relatives and friends ? If not, why is this system in force in the Viceregal Estate, especially in those quarters which are situated at a distance of about a mile from the Viceregal Lodge ? Under what regulations is this done ?

The Honourable Sir Henry Craik : (a) The information required by the Honourable Member is not readily available, and, I regret, I am unable to undertake its collection, as it will involve an expenditure of time and labour incommensurate with the results.

(b) The restrictions referred to by the Honourable Member are imposed only in respect of quarters in the Viceregal Estate, and I would invite his attention to the reply given to Mr. T. N. Ramakrishna Reddi's starred question No. 490 on the 25th February, 1933.

STRENGTH OF STAFF IN THE OFFICE OF THE SUPERINTENDENT, VICEREGAL ESTATE.

712. *Maulvi Badi-uz-Zaman : (a) Will Government kindly state what the total strength is of the office of the Superintendent, Viceregal Estate, excluding temporary and work charged appointments, and the number of Muslims employed ?

(b) What steps are being taken to bring the strength of Muslims in that office up to the required standard, as laid down by Government ? If none, why not ?

The Honourable Sir Frank Noyce : (a) I presume that the Honourable Member refers to clerical posts. There are twenty such posts, of which four are filled by Muslims.

(b) No permanent vacancy has occurred during the last five years. When a vacancy occurs, the orders of Government relating to the representation of Muslims and other minority communities will be duly observed.

CLERICAL APPOINTMENTS MADE IN THE OFFICES OF THE PRIVATE SECRETARY AND THE MILITARY SECRETARY TO THE VICEROY, ETC.

713. *Maulvi Badi-uz-Zaman : (a) Will Government kindly lay on the table a statement showing the number of permanent clerical appointments filled up in the following offices during the past five years :

- (i) the Private Secretary to the Viceroy,
- (ii) the Private Secretary to the Viceroy's Press,
- (iii) the Military Secretary to the Viceroy, and
- (iv) the Superintendent, Viceregal Estate ?

(b) What is the number of Hindus and Muslims taken in each office, and the reasons for omitting the recruitment of Muslims ?

The Honourable Sir Henry Craik : (a) and (b).

(i) None.

(ii) There is only one clerical appointment in the Private Secretary to His Excellency's Press. This was created in 1930 and was filled by a Muslim.

(iii) One, a Hindu.

(iv) None.

APPOINTMENT OF MUSLIMS IN THE OFFICE OF THE DIRECTOR OF CIVIL AVIATION.

714. *Lieut. Nawab Muhammed Ibrahim Ali Khan : (a) Will Government please state the total number of temporary and permanent establishments of the office of the Director of Civil Aviation and the number of members of different communities employed in each grade ?

(b) Is it a fact that there is no Muslim Superintendent or senior assistant in that office ? Is it also a fact that the appointment of Superintendents in that office is not always made by promotion, but is generally made by recruitment of suitable assistants from other Departments and therefore seniority is not applicable in such cases ?

(c) How many such appointments have been made during the last three years? Why has a Muslim not been selected?

(d) Are Government prepared to remove the grievance of Muslims by appointing an adequate number of members of their community? If not, why not?

(e) Will Government please state the number of total appointments made in the office of the Director of Civil Aviation during the last four years in different grades and state how they have been filled?

The Honourable Sir Frank Noyce: (a) I lay a statement on the table.

(b) The answer to the first part is in the affirmative. As regards the second part, with the exception of the appointment of the first Superintendent, and a subsequent temporary appointment of a Superintendent, appointments to such posts have been made by the promotion of suitable assistants in the office.

(c) One—the temporary appointment I have referred to in my answer to part (b). For this appointment applications were invited from trained assistants in other Departments and the applicant considered the most suitable was selected. He happened to be a Hindu.

(d) I cannot admit that Muslims have any grievance in this matter.

(e) Government regret that they are unable to furnish the information as its collection would involve an undue expenditure of time and labour.

Statement.

	Hindus.	Muslims.	Sikhs.	Anglo-Indians.	Indian Christians.	Other minority communities.	Total.
<i>Permanent Staff.</i>							
Superintendents ..	2	..	..	1	1	..	4
Assistants ..	8	1	1	2	1	..	13
Clerks	14	4	1	1	..	..	20
Stenographers ..	1	..	..	..	..	..	1
Draftsman ..	1	..	..	..	..	..	1
Total ..	26	5	2	4	2	..	39
<i>Temporary staff.</i>							
Clerks	2	1	..	..	..	..	3
Stenographers ..	1	..	..	..	..	..	1
Draftsman ..	1	..	..	..	..	..	1
Total ..	4	1	..	..	..	..	5

EMPLOYMENT OF THE RELATIONS OF THE SENIOR SUPERINTENDENT OF THE OFFICE OF THE DIRECTOR OF CIVIL AVIATION IN THAT OFFICE.

715. ***Lient. Nawab Muhammad Ibrahim Ali Khan** : (a) Is it a fact that recently several relations of the senior Superintendent of the office of the Director of Civil Aviation have been appointed in permanent and temporary posts in that Office ?

(b) Will Government please state the number of his relations employed in the Office of the Director of Civil Aviation and subordinate offices ?

(c) Is it a fact that recently when there was a clerical vacancy in the New Delhi Civil Aerodrome Office, one of his relations and the brother of the draftsman was quietly appointed ? Were applications invited for this vacancy ? If not, why not ?

The Honourable Sir Frank Noyce : (a) No.

(b) Government have no information.

(c) Government have no information about the relations of the clerk in the Aerodrome Office, New Delhi. The man appointed was selected because he had had experience in the Civil Aviation Office.

POSTS CREATED IN THE OFFICE OF THE DIRECTOR OF CIVIL AVIATION.

716. ***Lient. Nawab Muhammad Ibrahim Ali Khan** : (a) Is it a fact that some new posts have been created in the office of the Director of Civil Aviation ? If so, how is it proposed to fill them ?

(b) Are Government prepared to remove the communal inequalities by filling these posts by members of the minority communities ? If not, why not ?

The Honourable Sir Frank Noyce : (a) Yes. They have been filled in the normal way through the Public Service Commission.

(b) There are no communal inequalities.

NON-GRANT OF GRATUITY TO ONE MR. J. CONNORS.

717. ***Pandit Satyendra Nath Sen** : (a) Will Government be pleased to state whether it is a fact that the Railway Board refused to grant gratuity to Mr. J. Connors on the ground that it was time-barred, as stated in the letter of the Railway Board, dated the 27th April, 1931 ?

(b) Is it a fact that the amount of gratuity of Rs. 7,000, with interest, due to Mr. J. Connors, is in the possession of the Railway Department of the Government of India ?

(c) Is it the policy of Government to deprive people of their dues and take shelter behind the law of limitation ?

Mr. P. B. Rau : (a) The facts of the case are as follows :

Mr. Connors retired from the Bengal Nagpur Railway in 1910. At the time of his retirement, he applied for the grant of a gratuity, which was refused as it was held by the Administration that Mr. Connors' claims were not sufficiently established. Nine years later, the Agent of the Bengal Nagpur Railway re-

opened the question and recommended a gratuity. The Railway Board saw no reason to reconsider the matter after the lapse of nine years after the officer's retirement. The question was again raised by Mr. Connors in 1931 and the Railway Board adhered to their previous decisions.

(b) My Honourable friend has overlooked the fact that the rules distinctly provide that the grant of gratuities is entirely at discretion and that they cannot be claimed as of right.

(c) No.

ALLEGED MALADMINISTRATION OF THE NORTH WESTERN RAILWAY MEDICAL DEPARTMENT.

718. *Khan Bahadur Haji Wajihuddin : (a) Will Government be pleased to state whether there has been an agitation in the Press regarding the mal-administration of the North Western Railway Medical Department ?

(b) Was any allegation made that the Office Superintendent of that Department was responsible for certain gross irregularities ?

(c) Is it a fact that the personal file of a clerk of the Medical Department, in which adverse remarks in regard to his work were made, was torn away and good remarks were inserted in its place ? How many such instances have been brought to the notice of the Chief Medical Officer ?

Mr. P. R. Rau : (a) Government have seen some articles criticising the administration of the Medical Department of the North Western Railway in the *Eastern Times* and the *Pilot*.

(b) Possibly this was one of the allegations, but I have myself no personal recollection of having seen this.

(c) Government have no information, but I am sending a copy of the question to the Agent, North Western Railway, who is competent to deal with the alleged incident.

ABOLITION OF THE POST OF SUPERINTENDENT IN THE OFFICE OF THE CHIEF MEDICAL OFFICER, NORTH WESTERN RAILWAY.

719. *Khan Bahadur Haji Wajihuddin : (a) Is it a fact that on account of the amalgamation of the North Western Railway Medical Department, with the Headquarters Office, establishment matters both of the Chief Medical Officer's Office and the whole of the Medical Department, have been handed over to the Personnel Branch of the Headquarters Office ?

(b) Is it a fact that the Medical Branch of the Chief Medical Officer's Office now deals with purely technical matters and its work has always been controlled by an officer possessing proper technical qualifications ?

(c) Is it a fact that matters relating to stores also require the control of a technical officer and have always been dealt with by the Personal Assistant to the Chief Medical Officer ?

(d) If the answers to the above parts are in the affirmative, do Government propose to abolish the post of the Office Superintendent ?

Mr. P. B. Rau : (a) The Establishment work of the Medical Branch previously done in the Chief Medical and Health Officer's office is now being dealt with in the Personnel Branch of Headquarters' office as for all branches of the Railway.

(b) The Chief Medical and Health Officer is the head of the Medical Branch and is the responsible adviser of the Agent on all medical and sanitary matters connected with the Railway and is responsible for all medical arrangements. He is assisted by two Medical Subordinates (Assistant Surgeon and a Sub-Assistant Surgeon). The Assistant Surgeon is designated 'Personal Assistant' to the Chief Medical and Health Officer.

(c) All matters relating to medical stores are dealt with by the Chief Medical and Health Officer with the assistance of the Personal Assistant.

(d) This is a matter for the Administration to decide. I have sent a copy of the question to the Agent.

PROMOTION OF SUB-ASSISTANT SURGEONS EMPLOYED ON RAILWAYS.

720. ***Khan Bahadur Haji Wajiduddin :** (a) Is it a fact that there is a provision in the rules that Sub-Assistant Surgeons employed on Railways can be promoted to the grade of Assistant Surgeons ?

(b) Is the provision only meant for the Railway Sub-Assistant Surgeons or is it also applicable to Civil Sub-Assistant Surgeons, whose services are temporarily lent to the Railway Department ?

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

(b) I am ascertaining the practice followed on railways and will place a reply on the table of the House in due course.

REMOVAL OF SURCHARGE ON INCOME-TAX AND SUPER-TAX.

721. ***Lala Rameshwar Prasad Bagla :** (a) Will Government be pleased to state if they have any proposals before them to remove the surcharge on income-tax and super-tax ? If so, what do they propose to do ?

(b) If the answer to part (a) be in the negative, will Government please state if they are prepared to consider the desirability of removing the surcharge on income-tax and super-tax ?

The Honourable Sir James Grigg : With your permission, Sir, I shall answer questions Nos. 721 and 722 together. I regret that I am unable to anticipate the Budget Statement.

FIXATION OF LIMIT OF MINIMUM ASSESSABLE INCOME FOR INCOME-TAX AT Rs. 2,000.

†722. ***Lala Rameshwar Prasad Bagla :** (a) Are Government aware that the fixation of the minimum assessable limit for income-tax at Rs. 1,000 has caused great distress to that class of people ? If so, what steps do Government propose to take in the matter ?

(b) If the answer to part (a) be in the negative, will Government please state if they are prepared to consider the desirability of fixing the limit of minimum assessable income for income-tax at Rs. 2,000 instead of Rs. 1,000, as at present ? If not, why not ?

†For answer to this question, see answer to question No. 721.

APPOINTMENT OF INSPECTORS OF POST OFFICES.

773. *Rao Bahadur M. C. Rajah : (a) Will Government please state the number of postal inspectors employed in the Indian cities ?

(b) Will Government also please state if the duties of this class of postal inspectors are identical with those of the divisional inspectors ?

(c) Will Government please state the existing rates of pay attaching to these two wings of the postal inspectors and whether at any time these rates were identical ?

(d) Is it a fact that the posts of these town inspectors were converted from selection grade into the time scale some time in 1933 ?

(e) If the answer to part (d) be in the affirmative, will Government please state if that measure was prompted by considerations of economy without impairing efficiency ?

(f) Is it a fact that simultaneously with the conversion of these posts into the time scale these appointments which were previously made by the Postmaster General of the circle concerned from amongst the qualified candidates, were left to the discretion of the local postmasters and whether any instructions were issued to them for their guidance in the matter of selecting persons for appointment to these posts ?

(g) Will Government also please state the names of the Indian cities, if any, where in pursuance of these orders these posts were offered to the unqualified persons in preference to the qualified men available at those stations ?

(h) If the answer to part (g) be in the affirmative, will Government please state if they are prepared to issue detailed instructions to the local postmasters that in the matter of appointment to the posts of postal town inspectors, qualified men, where available, should be given preference over those who could not have aspired to these posts before the conversion of these posts into the time-scale ?

The Honourable Sir Frank Noyce : (a) The Honourable Member presumably alludes to Town Inspectors attached to General Post Offices and First Class Head Post Offices. According to such information as is readily available, the number of such officials as it stood on the 5th August, 1932, was 84, but Government have reason to believe that there has been some decrease since that date.

(b) No.

(c) The existing rates of pay for the Sub-Divisional Inspectors in General Post Offices and First Class Head Post Offices are Rs. 160—10—250. Those for Town Inspectors are ordinary time-scale of pay plus a special pay of Rs. 30. From 1st September, 1927, till the issue of revised orders on the 5th June, 1933, Town Inspectors in General Post Offices and First Class Head Post Offices were in the Lowest Selection Grade of Rs. 160—10—250, like Sub-Divisional Inspectors.

(d) Yes, as stated in reply to part (c) above.

(e) Yes.

(f) The reply to the first part of the question is in the affirmative. As regards the second part, as the revised arrangement was only a reversion to the older system of local recruitment, it was not considered neces-

sary to issue any fresh instructions for the guidance of Postmasters who are in the best position to decide on the suitability of individual members of their staff for the discharge of any particular duty.

(g) No special qualifications are prescribed for the appointment of Town Inspector : as explained in the reply to part (f) above, Postmasters select for these posts the men who are, in their opinion, best suited for them. The question does not, therefore, arise.

(h) Government have no reason to think that the present system does not conduce to efficiency and are not, therefore, prepared to accept the Honourable Member's suggestion.

GRANT-IN-AID TO THE SANATAN DHARM HIGH SCHOOL, SIMLA.

724. ***Rao Bahadur M. C. Rajah** : (a) Is it a fact that the Government of India have made certain provisions in the Budget estimate for grant-in-aid to schools in Simla which cater for the children of the Government of India staff ?

(b) Will Government state the names of the institutions which receive such a grant in Simla and New Delhi, and the amounts of the grants paid to these institutions, respectively ?

(c) Has the Sanatan Dharm High School of Simla also applied for a grant-in-aid on the same grounds ? If so, do Government propose to give a suitable grant to that school also ? If not, why not ?

Mr. G. S. Bajpai : (a) Yes.

(b) A statement giving the names of the schools and the amounts of grant paid to them by the Government of India during 1933-34 is laid on the table.

(c) Yes. The matter is under consideration.

Statement giving the names of the schools in Simla and Delhi and the amounts of grants paid to them by the Government of India during 1933-34.

	Rs.
1. The Lady Irwin High School for Girls, Simla/New Delhi	9,800
2. The Harcourt Butler High School, Simla/New Delhi	3,780
3. The Islamia A. V. Middle School, Simla	1,800
4. The Madras Primary Schools, Simla/New Delhi	1,200
5. Sir Frank Noyce Boys' (Primary) School, Phagli, Simla	480
6. Lady Noyce Girls' (Primary) School, Phagli, Simla	480
7. The European Primary School, Summer Hill, Simla	450

FORMATION OF AN ADVISORY COMMITTEE FOR KATHIAWAR RAILWAYS.

725. ***Dr. Ziauddin Ahmad** : (a) Is there any advisory committee for Kathiawar Railways ? If not, are Government prepared to take action that an Advisory Committee for Kathiawar Railways may be established ?

(b) Was the Railway Board ever requested to initiate the formation of the Advisory Board ?

Mr. P. B. Rau : (a) Government are not aware of any of the Railways in Kathiawar having constituted an Advisory Committee. The Railways referred to are neither owned nor worked by the Government of India, but I am bringing the Honourable Member's suggestion to the notice of the Managers of the Railways in Kathiawar for such action as they consider necessary.

(b) One representation was received recently and the gentleman who made it was advised to address the Railway Administrations concerned in the matter.

Dr. Ziauddin Ahmad : May I ask whether the Railway Board can ask the authorities concerned to form an Advisory Committee, as there is a great demand therefor from the travelling public ?

Mr. P. B. Rau : We can only make a suggestion ; that is all.

Mr. Gaya Prasad Singh : Is it a fact that these railways are not controlled by the Indian Railways Act ?

Mr. P. B. Rau : Whatever power of control vests in Government under the Indian Railways Act can be exercised in respect of these railways, but that power of control does not extend to the compulsory formation of Advisory Committees.

Mr. Gaya Prasad Singh : Would it not be an infringement of the rights of those Indian States if the Government of India were to compel them to appoint Advisory Committees on their railways ?

An Honourable Member : There is no question of compulsion.

CLASSIFICATION OF BURMA RICE.

726. ***Mr. W. J. O. Richards :** (a) Will Government be pleased to state whether their attention has been drawn to an answer given to a question in the Madras Legislative Council in which the Honourable the Finance Member to the Government of Madras (as reported in the *Statesman* of the 6th August) included Burma rice as "foreign" rice ?

(b) Do the Government of India agree with the Government of Madras that Burma rice should be classified as "foreign" rice ?

Mr. G. S. Bajpai : (a) Government have seen a Press report of the answer referred to by the Honourable Member.

(b) The Honourable Member is no doubt aware that Burma rice is not treated as "foreign rice".

U Ba Maung : May I know if the Government of India are in correspondence with the Government of Madras with regard to the Madras Finance Member's reply ?

Mr. G. S. Bajpai : We have asked the Government of Madras, Sir, for a copy of the proceedings. That is all.

Diwan Bahadur A. Ramaswami Mudaliar : May I ask what is wrong in describing Burma rice as "foreign" rice so far as the Madras Presidency is concerned ?

Mr. G. S. Bajpai : I should say in that limited connotation the application of the word "foreign" would be justified.

Mr. Vidya Sagar Pandya : May I ask, since quotas have been differentiated, why not in the case of rice also ?

Mr. G. S. Bajpai : Not as between one part of India and another.

An Honourable Member : May I ask what are the recommendations of the Rice Committee on this point ?

Mr. G. S. Bajpai : The Rice Committee has not been formed yet, Sir.

U Ba Maung : Are the Government of India contemplating applying protection to Indian rice ?

Mr. G. S. Bajpai : The Government of India do not contemplate.

Diwan Bahadur A. Ramaswami Mudaliar : Is the Honourable Member in a position to make any statement as regards the imports of rice into Madras ?

Mr. G. S. Bajpai : I have nothing to add to what I said sometime ago on the subject.

Mr. Vidya Sagar Pandya : Is the Honourable Member always merely going to repeat that reply ?

Mr. G. S. Bajpai : Until some decision has been reached.

Mr. Sitabanta Mahapatra : Is it not a fact that Burma's separation from India is a settled fact ?

Mr. G. S. Bajpai : I have not yet heard that.

Mr. P. E. James : When are Government likely to reach a decision in regard to the question of the imports of foreign rice—I am not speaking of Burma rice ?

Mr. G. S. Bajpai : Government will try to reach a decision as soon as possible.

An Honourable Member : Before this Assembly rises ?

Mr. P. E. James : Is it a fact that the inquiries which the Government undertook to make in regard to the matter have now been completed, and, therefore, all that remains for the Government to do is to make up its mind on the results of those inquiries ?

Mr. G. S. Bajpai : Sir, the Government of India initiated certain inquiries into the question of the imports of foreign rice, and the results of those inquiries became available only a couple of days ago.

RECRUITMENT TO SUPERIOR REVENUE ESTABLISHMENTS FOR THE STATE RAILWAYS.

727 ***Dr. Ziauddin Ahmad :** (a) Is it not a fact that paragraph 4 of Appendix I of the Regulations for recruitment to Superior Revenue Establishments for the State Railways provides that at the expiration of the second period of training "fourth year", the apprentices will be examined and will be listed in order of merit on the result of this examination ?

(b) Is it not a fact that in the agreement between the candidates and the Secretary of State it is stated in paragraph 7 that at the end of the training (end of fourth year's course) the apprentice shall undergo an

examination, and, if successful, may be selected by Government for further training in the United Kingdom ?

(c) Is it not a fact that contrary to the Government Regulation and contrary to the agreement, apprentices were selected in the year 1934 without any examination by the Railway Board ?

(d) Did the Railway Board fix any minimum pass marks for qualifying in the examination ? In the absence of minimum pass marks, is it possible to assert whether a particular candidate has or has not qualified in the examination ?

(e) Is it a fact that the Railway Board issued a circular on the 20th July, 1934, that certain candidates did not attain the qualifying standard, and some were selected in direct order of merit without any examinations at the end of the fourth year ?

(f) Will Government be pleased to mention the number of candidates admitted every year in the Jamalpur Technical Railway School (Special Class Apprentices) ?

(g) How many of these apprentices are selected for training in the United Kingdom every year ?

(h) Are the apprentices, who obtain minimum pass marks and are not selected for training in the United Kingdom, eligible for appointments in the Railway services ? Are they entitled to join the Railway Department in a grade above the one for which non-technical men are eligible ?

Mr. P. R. Rau : (a) The relevant rule provides that an apprentice will be examined and will be listed in order of merit on the results of the fourth year's examination, as well as of the examinations held during the first three years of apprenticeship, taking also into account the reports received during the course of the apprenticeship. It also provides that apprentices to the number of vacancies for which the selection was made in the first instance will be selected in direct order of merit for a further period of training for two years, provided that they have attained the qualifying standard, and the others will be discharged from their apprenticeship.

(b) The provisions in clause 7 of the Agreement have been correctly quoted by the Honourable Member.

(c) The selection of apprentices for further training in 1934 was made, as in previous years, on the basis of : (1) the results of the technical school examination held at the end of each of the four 9-monthly sessions which comprise their theoretical training, (2) the Principal's reports on the candidates' general conduct, and (3) the Deputy Chief Mechanical Engineer's reports on their shop work during each year of their period of training.

(d) A minimum was prescribed by the East Indian Railway Administration.

(e) I presume my Honourable friend is referring to the Railway Board's letter of the 19th July, 1934, to the Honorary General Secretary, Anjuman-i-Islamia, Punjab, Lahore. What was stated in the letter was that six out of the ten apprentices had attained the qualifying standard and were selected in direct order of merit.

(f) and (g). I place on the table a statement showing the number of persons recruited as Special Class Apprentices and the number selected out of these for further training in the United Kingdom since the inauguration of this scheme in 1926-27.

(h) The apprentices in question are not debarred from appointment in railways if vacancies for which they may be suitable exist. I am not very clear as to the meaning of the second part of this question ; but the technical training received by these young men will naturally give them preferential claims over non-technical men for posts for which these qualifications are necessary.

Statement showing the number of special class Apprentices recruited for training the Mechanical Engineering and Transportation (Power) Departments of State Railways and sent for training in the United Kingdom.

Year of recruitment.	Number of apprentices recruited.	Year in which some of the apprentices were sent for further training.	Number of apprentices sent to United Kingdom for a further period of training for 2 years.	Remarks.
1927	6	1931	4	
1928	10	1932	8	
1929	12*	1933	*7	* 3 more were granted a scholarship of £200 per annum.
1930	12	1934	6	
1931	†12		..	†Still under training at Jamalpur.
1932	†6	..	..

Dr. Ziauddin Ahmad : May I ask whether the examination at the end of the fourth year, the second period of training, as provided in the Regulations was ever held ?

Mr. P. R. Rau : Sir, I understand that no written examination was held. Whether an oral examination was held or not is not quite clear from the report of the Agent of the East Indian Railway.

Dr. Ziauddin Ahmad : I should like to know whether no examination was held, and the selection was made on the results of the third year examination—which is contrary to regulations ?

Mr. P. R. Rau : I have just explained that my information is that no written examination was held. As to whether an oral examination was held or not is not quite clear from the report which we have had from the Agent of the East Indian Railway.

Mr. S. C. Mitra : Was there a written examination held at the end of the first three years ?

Mr. P. R. Rau : Four examinations were held, one at the end of each term of nine months.

Mr. S. C. Mitra : May I take it that in the other three cases there were written examinations as well as oral ?

Mr. P. R. Rau : I think so, Sir.

Mr. S. C. Mitra : Is it a fact that at the end of the fourth year there was no examination ?

Mr. P. R. Rau : There was no written examination, I understand.

Mr. S. C. Mitra : But there was some examination held at the end of the fourth term. May I take it there was no examination—neither written nor oral, at the end of the fourth year ?

Mr. P. R. Rau : I am not sure whether an oral examination was held or not.

Mr. S. C. Mitra : May I take it that if there was not even an oral examination, then the purpose of the regulations has not been followed ?

Mr. P. R. Rau : Sir, if there was no oral examination, as to which I am not quite sure, it looks as if the rules have not been literally followed.

Dr. Ziauddin Ahmad : May I ask if the Railway Board make a selection of the candidates without even having any information as to whether the qualifying examination was or was not held ?

Mr. P. R. Rau : We had plenty of information already on the capacities of the candidates based on the results of the first four examinations, the reports we have had about them from the Chief Mechanical Engineer about their shop work, and so on.

Dr. Ziauddin Ahmad : But the regulations provide that there should be some examination—written or oral does not matter—and on the results of that examination the Railway Board must make their final selections. In this case they did not carry out the regulations ; that is, no examination of any kind, either written or oral, was held at the end of the second period, and in spite of that the Railway Board made their selections ?

Mr. P. R. Rau : I do not admit that that is contrary to the regulations. The fact is that we had sufficient information at our disposal to place the candidates in the relative order of merit, but I may add that these questions have been raised by some of the candidates in representations to the Government of India which are under consideration.

Dr. Ziauddin Ahmad : With regard to the question of pass marks, the minimum required is fixed by the Agent ? Am I correct ?

Mr. P. R. Rau : Yes, Sir. The minimum was prescribed by the East Indian Railway Administration.

Dr. Ziauddin Ahmad : May I know if these pass marks are fixed from year to year or definitely for all time ?

Mr. P. R. Rau : They must be fixed, Sir, definitely until they are altered.

Dr. Ziauddin Ahmad : What are the minimum pass marks—40, 45 or what ?

Mr. P. R. Rau : I understand the East Indian Railway Administration have fixed 70 per cent. and over for honours, 50 per cent. and over as the minimum for the first division, 30 per cent. and over for the second division. Candidates getting below 30 per cent. are supposed to have failed.

Dr. Ziauddin Ahmad : Is it not a fact that the percentages that are given there show that the candidates passed in the second division in the third year examination ?

Mr. P. R. Rau : My Honourable friend forgets that it is not a purely qualifying examination. The Government of India's regulations were quite clear on the point that only the number of candidates corresponding to the number of vacancies were eligible for being sent for further training. There were six vacancies, and originally twelve were selected for being trained in the first four years in India. Thereafter, at the end of four years, only six were sent for further training.

Dr. Ziauddin Ahmad : May I ask whether it is not a fact that about 12 persons were selected in the first instance and they were paid Rs. 100 a month at the expense of the poor tax-payer of India, and at the end of their training the examination became a competitive examination and you selected only six men ? Is it not a fact that this is a wastage of the Indian tax-payer's money ?

Mr. P. R. Rau : That is a matter of opinion. If it is a question of having six vacancies to fill at the end of six or seven years and if you take only six candidates in the beginning, then it is quite likely that by the end of the period of training you will be left with only three or four.

Dr. Ziauddin Ahmad : May I ask, whether it is not only the waste of the public money but to deprive these candidates of their career if, after giving them four years' training and paying them during this period at the rate of Rs. 100 a month, you simply tell them : " You go out though you have passed " ?

Mr. P. R. Rau : But they have received valuable training.

Dr. Ziauddin Ahmad : May I ask what is the value of this training when the Railways themselves do not recognise it and do not consider them fit for employment ?

Mr. P. R. Rau : I am sure that if there are suitable jobs in the Railways for these trained people, they would get them.

Mr. D. K. Lahiri Chaudhury : May I ask why the examination was not held when the quota of marks is fixed for different divisions ?

Mr. P. R. Rau : My Honourable friend has not been listening attentively. I said that four examinations were held during the period of training of these candidates.

Mr. S. C. Mitra : Am I correct in saying that Government take only as many candidates as there are vacancies or there is a possibility of such vacancies ? If so, what do they do with the other candidates who are left out but who have passed the examinations ?

Mr. P. R. Rau : They are discharged from the apprenticeship.

Mr. S. C. Mitra : Why the Government do not take steps to provide for them in India or attempt to provide them with employment in the Company-managed Railways, especially in view of the fact that so much of public money has been spent on their training—Rs. 100 a month for a period of four years ?

Mr. P. B. Rau : They can be given jobs for which they are deemed fit, and, I am sure, Railways will take into consideration the fact that they have received training for four years in railway workshops when they make their selection.

Maulvi Muhammad Shafee Dzoodi : May I ask how many of them have been discharged this year ?

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

SALE OF RAILWAY STALLS ON THE GREAT INDIAN PENINSULA RAILWAY.

728. ***Dr. Ziauddin Ahmad** : (a) Is it a fact that the Chief Traffic Manager of the Great Indian Peninsula Railway has issued a circular to the Divisional Superintendents that Railway stalls should be sold to the contractors ?

(b) Was this order issued after the debate in this House and the promise of the Railway Member to refer the question of vendors, refreshment rooms and stalls to the Local Advisory Committee ?

Mr. P. B. Rau : (a) The Agent, Great Indian Peninsula Railway, has reported that no such circular has been issued.

(b) Does not arise.

APPOINTMENT OF GUARDS IN THE DINAPORE DIVISION, EAST INDIAN RAILWAY.

729. ***Sardar G. N. Mujumdar** : With reference to the reply given to the starred question No. 2 of the 16th July, 1934, regarding appointment of guards in the Dinapore Division, East Indian Railway, will Government please state :

- (i) whether the Anglo-Indian Fireman and the Anglo-Indian Shunters had passed the examination for posts of guards ; if so, when and where ;
- (ii) whether they underwent a course of Transportation at the Transportation School, Chandausi ; if so, when and with what result ; and
- (iii) whether any Indian Driver, Fireman, or Shunter, received the same treatment as these Anglo-Indians ; if not, why not ?

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

INFORMATION ABOUT MATTERS WITHIN THE PROVINCE OF THE LOCAL RAILWAY ADMINISTRATIONS.

730. ***Sardar G. N. Mujumdar** : Is it a fact that Government have informed this House in reply to a supplementary question to question No. 3 of the 16th July, 1934, regarding mal-administration in the Dinapore

Division, East Indian Railway, that these questions ordinarily relate to matters which are within the province of the local administration? If so, will Government please state :

- (a) whether there is any legislative body other than this House competent to obtain information about matters within the province of the local administrations ;
- (b) whether the local administrations directly lay information before this House, and
- (c) what the procedure is to obtain information from the local administrations by Members of this House ?

Mr. P. R. Rau : The reply to the first part of the question is in the affirmative. The reference was to the various questions put with regard to the Dinapore Division of the East Indian Railway.

- (a) Yes, my Honourable friend has forgotten the Council of State.
- (b) No.

(c) The very large number of questions on an infinite variety of subjects and of very varying degrees of importance that I answer every day in this House, is, I believe, a sufficient answer to this question.

Pandit Satyendra Nath Sen : May I know if Dinapore has made a name for mal-administration during recent years ?

Mr. P. R. Rau : That is my Honourable friend's opinion, apparently.

Pandit Satyendra Nath Sen : Is it not a fact that quite a large number of complaints have been placed before this House regarding Dinapore and that this is not the case with the other Divisions ?

Mr. P. R. Rau : It is possible to draw various inferences from the fact that a large number of questions are being asked with regard to a particular subject from particular Members of this House. (Laughter.)

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

731. ***Sardar G. N. Mujumdar :** With reference to the statement laid on the table of this House on the 18th July, 1934, in reply to question No. 450 of the 13th March, 1934, will Government please state :

- (i) whether the rank of Head Ticket Collector is lower than that of Assistant Head Ticket Collector ;
- (ii) the name, the date of confirmation, the rate of pay and the post held by men senior to old Head Ticket Collectors prior to the appointment of Assistant Head Ticket Collectors ;
- (iii) the rate of salary on which the temporary staff of the crew system on abolition was appointed on the 1st June, 1931 ;
- (iv) whether the present Assistant Head Ticket Collectors were temporary ; if so, how they are treated as senior to permanent staff ?

Mr. P. R. Rau : (i) No.

(ii) and (iv). Government have no information. Promotions and determination of relative seniority in these ranks are within the competence of the Agent.

(iii) I lay a statement on the table giving the scales of pay in force from the 1st June, 1931.

		<i>Statement.</i>				Rs.
Chief Inspectors	240—20—460
Inspectors Grade I	200—10—220
Inspectors Grade II	150—10—190
T. T. E.'s Grade I	70—5—95
T. T. E.'s Grade II	55—3—64
Hd. T. C.'s Grade I	200—10—220
Hd. T. C.'s Grade II	150—10—190
Assistant Hd. T. C.'s.	110—5—140
T. C.'s Grade I	70—5—95
T. C.'s Grade II	55—3—64
T. C.'s Grade III	37—3—52
Lady T. C.'s.	75—5—120

UNDER-WRITINGS OF THE SHARES OF THE RESERVE BANK.

732.* **Kunwar Hajee Ismail Ali Khan** : Are Government considering the question of under-writing the shares of the Reserve Bank in various centres in India ? If so, will banks and recognised share brokers be permitted to under-write the shares ?

The Honourable Sir James Grigg : The Government of India are not directly concerned with the questions raised by the Honourable Member. They will doubtless be considered in due course by the authorities of the Reserve Bank.

Dr. Ziauddin Ahmad : May I ask, Sir, whether the first allotment of the shares will be done by a Committee of the House or by the Government themselves ?

The Honourable Sir James Grigg : My recollection is that there was a provision in the Reserve Bank Act that two Members of this House should be appointed to assist in the allotment of the shares.

Mr. S. C. Mitra : Are Government going to take any steps to get the two associate members selected by the House before the House is dissolved ?

The Honourable Sir James Grigg : In due course, yes ; but it is not proposed to take immediate steps.

REFRESHER COURSE AT KOT LAKHPAT, NORTH WESTERN RAILWAY.

733. ***Pandit Satyendra Nath Sen** : Is it a fact that the Refresher Course at Kot Lakhpat, North Western Railway is intended to refresh the memory of candidates and that no candidate is bound to pass any examination relating to that course for the continuity of his services ?

Mr. P. B. Rau : I would refer the Honourable Member to the information I laid on the table of the House on the 18th July, 1934, in reply to part (a) of question No. 576, asked by Rao Bahadur M. C. Rajah, on the 3rd April, 1934.

CONFIRMATION OF TEMPORARY STAFF ON THE NORTH WESTERN RAILWAY.

734. ***Pandit Satyendra Nath Sen** : Is it a fact that the Local Railway Authorities of the North Western Railway engaged temporary staff, and their confirmation was based on passing a departmental suitability examination, exempting them from the condition of passing the Refresher Course at Kot Lakhpat or Lyallpur ? If so, why ? If so, will Government be pleased to state the reasons as to why the Refresher Course examination which was an additional one was fixed as final for the temporary clerks and failures in it were discharged ?

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

POSTS OF CONTROLLERS IN THE MORADABAD DIVISION, EAST INDIAN RAILWAY.

735. ***Sardar G. N. Mujumdar** : (a) Is it a fact that the posts of Controllers in the Moradabad Division, East Indian Railway, are prized posts reserved exclusively for the Anglo-Indian community ? If not, will Government please state :

- (i) whether any vacancy amongst the Controllers occurred during the period 1st January, 1923, to 31st July, 1934 ;
- (ii) the names of the recipients of vacant posts during the said period ;
- (iii) the posts held by the recipient prior to their appointment in the Control Office ;
- (iv) the pay, exclusive of any allowance, drawn last ;
- (v) the procedure adopted for such appointments ;
- (vi) the reasons under which no Indian Section Controller was appointed : and
- (vii) whether the rights and privileges of Indian Section Controllers were superseded by such direct appointments ; if so, to what extent and how Government compensated them, if not, why not ?

(b) Is it a fact that the posts of Controllers in the Moradabad Division, East Indian Railway, are held by Anglo-Indians, since 1923 ? If not, will Government please state the names, the community and the date of appointment of the holders of the posts since 1923 to date together with the dates of appointment as Section Controllers ?

(c) Is it a fact that the present Indian Section Controllers were superseded by the junior Anglo-Indians, when ever any vacancy amongst the Controllers, Moradabad Division, East Indian Railway, occurred ? If so, why ? If not, will Government please state the names, the community, and the dates of appointment of the Section Controllers since 1st January, 1923, till 31st July, 1934 ?

Mr. P. R. Rau : Government regret they cannot undertake to collect the information asked for which covers a period of nearly twelve years. They are, however, enquiring into the substantial allegations of racial discrimination made in the question, and will lay a reply on the table in due course.

POSTS OF CONTROLLERS IN THE MORADABAD DIVISION, EAST INDIAN RAILWAY.

736. *Sardar G. N. Mujumdar : (a) Have Government perused the Classified List of the East Indian Railway ? If so, will they please state the reasons how and why supersessions amongst Section Controllers, Moradabad Division, occurred, viz., page 245 of the Classified List corrected up to 1st January, 1926, pages 126 and 127 of the Classified List corrected up to September, 1929, and unpublished seniority list (combined) of April, 1934 ?

(b) Is it a fact that whenever any vacancy amongst Controllers occurred, some Guards or others were imported in and appointed, instead of promoting senior Section Controllers ? If so, why ?

Mr. P. R. Rau : Government have no information and are not prepared to interfere in these matters of detail, but I have sent a copy of the question to the Agent, East Indian Railway, for his information and such action as he may consider necessary.

VACANCY AMONGST CONTROLLERS IN THE MORADABAD DIVISION, EAST INDIAN RAILWAY.

737. *Sardar G. N. Mujumdar : Is it a fact that a vacancy amongst Controllers in the Moradabad Division, East Indian Railway, occurred in July 1934 ? If so, who was appointed, and what are his qualifications ?

Mr. P. R. Rau : Government have no information.

ESTABLISHMENT OF A HIGH COURT IN THE CENTRAL PROVINCES.

738. *Mr. S. G. Jog : (a) Will Government please state whether they have received any proposals from the Government of the Central Provinces in the matter of the establishment of the chartered High Court in that province ? If so, have Government formed any definite views in that respect ?

(b) Is it not a fact that the sanction of the Government of India is necessary for the establishment of such High Court, or whether it is entirely in the power of the Local Government ?

(c) If Government have formed any views in this respect, will they please state what will be the position of Berar and what steps will be taken to safeguard the interests of Berar ?

The Honourable Sir Henry Craik : (a) Yes. The matter is under correspondence with the Secretary of State.

(b) The sanction of the Secretary of State and of the Government of India is required to the establishment of a High Court.

(c) The intention is to extend the jurisdiction of the High Court, if and when established, to Berar under the Indian (Foreign Jurisdiction) Order in Council, 1902.

Mr. S. G. Jog : May I know by what process this High Court will be established, whether under the Letters Patent or by a Statute or by any Bill in this House ?

The Honourable Sir Henry Craik : By Letters Patent.

PROTECTION OF THE INTERESTS OF INDIAN SHIPPING.

739. *Mr. S. G. Jog : (a) Are Government aware that a regular competition is going on between the foreign shipping interests and the small Indian steamship companies plying on the coast of India ?

(b) Are Government aware that on account of this freight war the Indian shipping concerns are working at a loss ?

(c) Is it not a fact that Government have received representations in this matter from the shipping interests and the Indian Merchants Chamber of Bombay, asking for Government intervention in the matter of protecting the Indian shipping interests ?

(d) Is it not a fact that in October, 1932, the Viceroy gave an assurance to the deputation of the shipowners that their interests would be protected in case of freight war ?

(e) Will Government please state the steps they propose to take for protecting the interests of the Indian shipping interests, and when ?

The Honourable Sir Joseph Bhore : (a) and (b). Government have received representations to this effect, but they understand that the rate-war started between the Conference Lines and the Asiatic Steam Navigation Company.

(c) Yes.

(d) I am not aware that such an assurance was given by His Excellency the Viceroy.

(e) The question is receiving the consideration of the Government of India.

Mr. S. G. Jog : Is the Honourable Member aware that in the year 1932 a deputation waited upon His Excellency the Viceroy ?

The Honourable Sir Joseph Bhore : I do not remember the exact time, but certainly a deputation did wait upon His Excellency within the last year or so.

Mr. S. G. Jog : And the Viceroy gave some sort of an assurance that the interests will be protected ?

The Honourable Sir Joseph Bhore : I was present at that interview, but I cannot remember that any such assurance as that indicated by my Honourable friend's question was given.

Mr. Vidya Sagar Pandya : Have Government received any representation from the Malabar Chamber of Commerce about such competition on the West Coast ?

The Honourable Sir Joseph Bhore : I think it very likely that it has been received.

PROMOTION OF SECTION CONTROLLERS IN THE MORADABAD DIVISION,
EAST INDIAN RAILWAY.

740. *Mr. S. G. Jog : (a) Is it a fact that no Section Controller (Rs. 200—10—300) holding appointment since July, 1924 and drawing maximum of their scale of pay, was ever promoted to the vacancy of a Controller, Moradabad Division, East Indian Railway ? If so, why, and

will Government please state the proper avenue of promotion of a Section Controller ?

(b) If the post of a Controller is a selection one, will Government please state :

- (i) when the selections were made ;
- (ii) the name of the officers forming the Selection Boards ;
- (iii) the names of the candidates who appeared before each Selection Board ;
- (iv) the name of the applicants who applied for the posts and who were sent for to appear before the Selection Boards ;
- (v) the reasons, special, ordinary or extraordinary, if any, recorded by the Selection Boards on each appointment ; and
- (vi) the reasons recorded by the Selection Boards on each disqualification of Section Controllers ?

(c) Is the Guard, appointed as Controller in July, 1934, an Anglo-Indian ? If so, was he ever punished for corruption, or removed from the post of Section Controller and Assistant Station Master ?

(d) Was the Guard, appointed as Controller in July, 1934, restored to the post of Section Controller on expiry of his punishment ? If so, on which date and by what authority ?

(e) What was the position of the Guard, appointed as Controller in July, 1934, amongst the Section Controllers on the 1st July, 1934, on the 1st April, 1934 and on the 1st October, 1933, respectively ?

(f) Will Government please lay on the table a copy of the proceedings of the Selection Boards held to select for the appointments of Controllers ? If not, why not ?

Mr. P. E. Rau : Government have no information and are not prepared to interfere in these matters of detail which are within the competence of the Local Railway Administrations, but I have sent a copy of the question to the Agent, East Indian Railway, for his information.

APPOINTMENT OF A GUARD AS ON SPECIAL DUTY UNDER THE TRANSPORTATION SUPERINTENDENT ON THE MORADABAD DIVISION, EAST INDIAN RAILWAY.

741. ***Mr. S. G. Jog :** Is it a fact that a guard, brother of a Traffic Inspector, Moradabad Division, East Indian Railway, is attached to the Transportation Superintendent on special duty ? If so, will Government state (i) the nature of special duty, (ii) whether there is no Traffic Inspector efficient to carry on the special work of time-tables, (iii) whether any clerk was available, (iv) the rate of pay he is paid and from which cadre, and (v) whether it is not against the orders of the Railway Board that no staff should be utilized for any other duty except his legitimate duty of the class in which he holds an appointment ? If so, what action has been taken by the Railway Board on the disobedience of their orders ?

Mr. P. E. Rau : Government have no information. These matters are within the competence of the Agent and Government are not prepared to interfere. The circumstances alleged in the question do not justify the inference that the orders quoted have not been followed.

ENQUIRY INTO THE STATE OF AFFAIRS IN THE MORADABAD DIVISION,
EAST INDIAN RAILWAY.

742. *Mr. S. G. Jog : Are Government aware of the height of favouritism and coercion prevailing in the Moradabad Division, East Indian Railway, and if so, do they propose to hold an independent and impartial enquiry into the state of affairs in the Moradabad Division ? If not, why not ?

Mr. P. B. Rau : Government have received no complaints or memorials from the staff that corroborate the allegations in this question. They have sent a copy of the question to the Agent, East Indian Railway, to consider whether an enquiry or any other special action is necessary.

Dr. Ziauddin Ahmad : Will Government be pleased to send the questions asked about the Moradabad Division to the Agent of the East Indian Railway and ask him to make a special enquiry in view of the fact that there are more questions about the Moradabad Division than there are about all the remaining five Divisions of the East Indian Railway ?

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

SAFEGUARDING OF THE INTERESTS OF THE SMALL STEAMSHIP COMPANIES.

743. *Mr. Rahimtoola M. Chinoy : (a) Are Government aware that what is known as a "rate-war" is going on between shipping companies engaged in the coastal trade of India ? If so, will Government be pleased to state :

- (i) the names of the contesting Companies ; and
- (ii) the causes of this "rate-war" ?

(b) Will Government be pleased to lay on the table a statement showing the comparative rates of freight for the Coastal ports during the last five years ?

(c) Will Government be pleased to state whether they have received any representations in this connection from small steamship companies, drawing their attention to this unhealthy competition resulting in crippling the resources of small steamship companies ? If so, what steps have Government taken, or propose to take, to safeguard the interests of these small steamship companies ?

The Honourable Sir Joseph Bhoré : (a) Government have received representations to the effect that a rate-war is in progress between the Conference Lines and the Asiatic Steam Navigation Company. They have no official information as to the causes of this rate-war, but it is to be presumed that it has arisen from the desire of the competing companies to increase or maintain their respective shares of the coastal trade.

(b) Enquiries are being made and a statement furnishing the information required will be laid on the table in due course.

(c) Yes. The question is receiving the consideration of the Government of India.

ABOLITION OF TRAVELLING TICKET EXAMINERS' CADRE ON THE NORTH WESTERN RAILWAY.

744. *Sardar Sant Singh : (a) Will Government be pleased to state whether the Agents of State Railways are empowered to initiate and effect changes in the ' State Railways Open Line Code Volumes ', without obtaining previously the sanction of the Railway Board ? If not, did the Agent North Western Railway obtain any sanction from the Railway Board to make alterations in para. 362 of the ' Open Line Code, Volume II ', while abolishing the Travelling Ticket Examiners' cadre ?

(b) If the sanction, referred to in part (a), was obtained, will Government be pleased to place on the table of this House a copy of the letter under which the sanction was accorded ?

Mr. P. R. Rau : (a) and (b). I would refer the Honourable Member to the reply given by me on the 6th August, to question No. 351 put by Khan Bahadur Haji Wajihuddin.

MILEAGE ALLOWANCE OF TRAVELLING TICKET EXAMINERS ON THE NORTH WESTERN RAILWAY.

745. *Sardar Sant Singh : (a) Is it a fact that after the transfer of the Travelling Ticket Examiners to the cadre of the Special Ticket Examiners, *vide* Agent, North Western Railway's letter No. 818-E.47, dated the 26th May, 1932, the old Travelling Ticket Examiners (now Special Ticket Examiners) have still to perform duties in the moving trains as before ? If not, will Government be pleased to place on the table of this House a copy of the working programmes of the old Travelling Ticket Examiners (now Special Ticket Examiners) on the whole of the North Western Railway for the months of January to April, 1934 ?

(b) If the old Travelling Ticket Examiners still continue to perform the duties on moving trains, will Government please quote the rules under which the Agent, North Western Railway, has withdrawn the mileage allowance from the old Travelling Ticket Examiners ?

(c) Will Government be pleased to state the regulations and circumstances under which the Travelling Ticket Examiners were entitled at first to draw mileage allowance, giving precisely the nature of the duties performed by them and the other posts which carry this allowance and why ?

(d) Are Government aware that the Travelling Ticket Examiners have been deprived of 50 to 70 per cent. of their emoluments by the mere transference of their cadre to that of the Special Ticket Examiners ? Will Government be pleased to quote any other instance where reduction by such a proportion has been effected without consequent changes in the nature of duties ?

Mr. P. R. Rau : (a) and (b). The posts of Travelling Ticket Examiners were abolished and staff employed as such were offered and accepted posts of Special Ticket Examiners. Government understand the duties of the two posts are not identical. Copies of the working programmes of Travelling Ticket Examiners are not available with Government, and it is not considered that any useful purpose will be served by obtaining such copies and placing them on the table of the House.

(c) This appears to have been the practice for some time on the North Western Railway. Government do not consider it necessary to ascertain when and how it originated. The duties of Travelling Ticket Examiners consisted in checking tickets of passengers in trains and collecting the charges due from passengers found travelling without proper tickets. The other posts which carry mileage allowance are those of the engine staff, Assistant or Conductor Guards, Brakesmen and in some cases Road Van Clerks.

(d) As I have already stated in reply to part (a) of this question, Travelling Ticket Examiners were not transferred to the posts of Special Ticket Examiners and the duties of the two posts are not the same. The latter part of the question does not, therefore, arise.

Sardar Sant Singh : May I know whether it is a fact or whether it is not a fact that the duties of the two posts are identical ?

Mr. P. R. Rau : I have just now stated that Government have been informed that the duties of the two posts are not identical.

Sardar Sant Singh : In what respects do the duties differ ?

Mr. P. R. Rau : If my Honourable friend will put a question on the notice paper, I shall be glad to obtain from the North Western Railway a complete statement of the duties of the two classes and as to the circumstances in which the duties differ.

Sardar Sant Singh : Is it not a fact that this question has been pending for the last four years and a claim has been made by the Travelling Ticket Examiners that the duties are identical ?

Mr. P. R. Rau : The question has been pending mainly because my Honourable friend persists in asking questions in this House. I am afraid, I cannot prevent him from doing that.

STRENGTH OF THE TRAVELLING TICKET EXAMINERS' CADRE ON THE NORTH WESTERN RAILWAY.

746. ***Sardar Sant Singh :** Will Government please state the sanctioned strength of the Travelling Ticket Examiners' cadre on the North Western Railway, of each class and grade on the 31st May, 1931 ?

Mr. P. R. Rau :

Special class.	Grade II.	Grade I.	Total.
Rs.	Rs.	Rs.	
100—10—210	100—10—180	50—5—95	....
5	27	95	127

AGREEMENTS SIGNED BY TRAVELLING TICKET EXAMINERS ON THE NORTH WESTERN RAILWAY.

747. ***Sardar Sant Singh :** (a) Is it a fact that on the abolition of the Travelling Ticket Examiners cadre and its consequent transfer to that of the Special Ticket Examiners, the Travelling Ticket Examiners were asked to sign new agreements ?

(b) Does the signing of new agreements signify that the previous service agreements are cancelled ?

(c) If the reply to part (b) be in the affirmative, will Government please place on the table of this House such agreements, together with the list of old Travelling Ticket Examiners (now Special Ticket Examiners) who signed them? If no new agreements were required to be signed, why are not the old Travelling Ticket Examiners entitled to the same mileage allowance according to the old agreements and para. 362 of the Open Line Code, Volume II?

Mr. P. R. Rau : With your permission, Sir, I propose to reply to questions Nos. 747, 749 and 751 together.

I have called for certain information and will lay a reply on the table of the House in due course.

REFUSAL BY OLD TRAVELLING TICKET EXAMINERS TO ACCEPT THE OFFER OF SPECIAL TICKET EXAMINERS' POSTS ON THE NORTH WESTERN RAILWAY.

748. ***Sardar Sant Singh :** (a) With reference to the reply to Question No. 474, will Government please state whether some of the old Travelling Ticket Examiners of the several divisions refused to accept the offer of Special Ticket Examiners posts on the abolition of the cadre? If not, will Government please lay on the table copies of the declaration, signed by the Travelling Ticket Examiners of Rawalpindi and Multan Divisions, for instance, for the information of this House?

(b) Will Government please state whether Travelling Ticket Examiners of other Divisions similarly did not communicate their acceptance of Special Ticket Examiners' post offered to them from the 1st June, 1931? If not, will Government please state how many old Travelling Ticket Examiners of the North Western Railway actually accepted this offer and how many of them did not intimate their acceptance?

Mr. P. R. Rau : (a) and (b). I have already informed the Honourable Member in reply to his question No. 474 referred to that Government have been informed that all the men to whom the offer was made accepted it. Government do not consider that any useful purpose will be served by obtaining and laying on the table of the House copies of the replies received from the staff in connection with the offers made to them.

HOUSE RENT PAID TO CERTAIN SPECIAL TICKET EXAMINERS ON THE NORTH WESTERN RAILWAY.

†749. ***Sardar Sant Singh :** Is it a fact that the North Western Railway authorities have decided that the Special Ticket Examiners' post should not carry house-rent or rent-free quarters? If so, will Government please state the reasons for paying the house rent to some of the Special Ticket Examiners in Multan, Rawalpindi, Ferozepore and Delhi Divisions of the North Western Railway and for not paying the same to all the Special Ticket Examiners who have previously held posts carrying house-rent allowance prior to the 1st August, 1928, *vide* Government's answer to question No. 1379, dated the 11th December, 1933?

DUTIES OF SPECIAL TICKET EXAMINERS ON THE NORTH WESTERN RAILWAY.

750. ***Sardar Sant Singh :** (a) Is it a fact that the Guards of the North Western Railway are deputed to perform station duty? If so, what allowances are paid to them in such cases?

†For answer to this question, see answer to question No. 747.

(b) Were the Travelling Ticket Examiners ever put to work at stations prior to the 1st June, 1931? If so, what allowances were paid to them on such occasions?

(c) Will Government be pleased to state what difference there is between the duties of the present Special Ticket Examiners, working at stations, and the old Travelling Ticket Examiners performing duties prior to the 1st June, 1931, at stations?

Mr. P. R. Rau : (a) Yes. Mileage allowance is paid in such cases.

(b) Government have no information.

(c) I would refer the Honourable Member to the information laid on the table of the House in reply to parts (b) and (d) of his question No. 472 asked on the 4th September, 1933.

HOUSE RENT PAID TO CERTAIN TRAVELLING TICKET EXAMINERS ON THE NORTH WESTERN RAILWAY.

1751. ***Sardar Sant Singh :** (a) Is it a fact that Messrs. :

- | | |
|---------------------|------------------------|
| 1. Khushal Chand I. | 10. Mohammad Ali. |
| 2. Radha Kishan. | 11. Barkat Ali. |
| 3. Brij Lall. | 12. Havoli Ram. |
| 4. Devi Dass. | 13. Jagat Ram. |
| 5. Basbamber Dass. | 14. Jewan Singh. |
| 6. Hukam Chand. | 15. Mohan Lal. |
| 7. Lall Chand. | 16. Abdul Rahman I. |
| 8. Abdul Rahman. | 17. Khushal Chand II. |
| 9. Abdul Aziz. | 18. Khushal Chand III. |

were working as Travelling Ticket Examiners on the North Western Railway on the 1st August, 1928?

(b) If the reply to part (a) be in the affirmative, will Government be pleased to state if it is a fact that the first ten Special Ticket Examiners are getting house-rent from the 1st June, 1931, the date on which their posts were converted from Travelling Ticket Examiners into Special Ticket Examiners? If so, will Government please state why this house-rent is withheld from the remaining eight men? Were they all in one and the same list of Travelling Ticket Examiners? What are the reasons for this differential treatment?

GRACE TIME ALLOWED TO THE EMPLOYEES OF THE GOVERNMENT OF INDIA PRESS, SIMLA.

752. ***Mr. D. K. Lahiri Chaudhury :** (a) Is it a fact that ten minutes grace time in attendance, enjoyed by the Press employees in Government Presses, has been withdrawn and they are penalised for late attendance, even for one or two minutes, by deductions in their earnings or leave account?

(b) Are Government aware that the Simla Government Press is situated very far from main Simla and this being a hilly place, Press employees live at a distance of from two to five miles from the Press, having not been provided with Government quarters, and they find no cheap conveyance in Simla?

†For answer to this question, see answer to question No. 747.

(c) Are Government prepared to reconsider the matter and allow the grace time to the Simla Government Press employees ?

The Honourable Sir Frank Noyce : (a) The period of grace has been withdrawn, but late attendances up to a limit of four per mensem may be excused at the discretion of the Managers. Late attendances, which are due to unavoidable causes of a general and serious character, may also be excused at the discretion of the Managers without regard to the limit mentioned above.

(b) Government do not consider that the Simla Press employees are subject to any special hardships by reason of the location of the Press.

(c) Government consider that the present orders, in regard to grace time, which were passed after very careful consideration, are fair and reasonable and do not propose to modify them.

REDUCTION IN THE WORKING TIME OF THE INDUSTRIAL HANDS IN THE GOVERNMENT OF INDIA PRESSES.

753. **Mr. D. K. Lahiri Chaudhury :** Are Government aware that it has been enacted in the current Assembly session to reduce the time of the industrial hands from 60 to 54 hours in a week ? If so, will Government be pleased to state whether the reduction of six hours is to be made up in the working hours or in the overtime attendance ?

The Honourable Sir Frank Noyce : If the Honourable Member's enquiry refers to the hours of work in the Government of India Presses, the answer is that the Government of India do not propose to reduce the ordinary working hours which are 48 a week and that the provisions of the new Act will be met by reducing the permissible maximum hours of extra work from 12 to 6.

Mr. D. K. Lahiri Chaudhury : The Honourable Member does not seem to have given a reply to the latter part of the question which reads :

“ If so, will Government be pleased to state whether the reduction of six hours is to be made up in the working hours or in the overtime attendance ? ”

The answer which the Honourable Member gave was not clear.

The Honourable Sir Frank Noyce : My answer is perfectly clear. I shall read it again :

“ If the Honourable Member's enquiry refers to the hours of work in the Government of India Presses, the answer is that the Government of India do not propose to reduce the ordinary working hours which are 48 a week and that the provisions of the new Act will be met by reducing the permissible maximum hours of extra work—in other words, the overtime work—from 12 to 6.”

Mr. S. G. Jog : May I know whether the rules about working hours will be applied to the Secretariat of the Government of India ?

Mr. President (The Honourable Sir Shanmukham Chetty) : That does not arise.

LEAVE DUE TO SUSPECTED LEAD-POISONING TO THE EMPLOYEES OF THE GOVERNMENT OF INDIA PRESSES, SIMLA.

754. **Mr. D. K. Lahiri Chaudhury :** (a) Is it a fact that under recent orders of Government all the employees of the Government

Presses are to be examined twice a year to see whether they are affected by lead-poisoning or not to avoid any compensation being given to any employee ?

(b) Is it a fact that some men of the Simla Government Press have been sent out on leave under the doubt of lead-poisoning as reported by the Press Doctor ?

(c) Are Government aware that the men on leave on account of this doubt are granted leave at their credit and special leave is not allowed as a result of which they are being put to a great loss in the matter of leave which was accumulated for other purposes ?

(d) Will Government be pleased to lay on the table a statement showing the number of men on such leave and of those on leave on clear signs of lead-poisoning ; and to state the rules and amount payable to a workman reported unfit for service on account of lead-poisoning, quoting any instance of this nature in any of the Government Presses which caused Government to pay any amount on this account ?

The Honourable Sir Frank Noyce : (a) The medical examination is restricted to industrial workers who come into contact with lead or lead fumes and is intended to prevent the occurrence of lead poisoning in the Government of India Presses.

(b) Yes.

(c) The kind of leave to be granted to press employees in such cases is under the consideration of Government.

(d) Three men are on leave from and one is on change of duty in the Simla Press under suspicion of lead-poisoning. No one is on leave on account of clear signs of lead-poisoning. Payment of compensation is made in accordance with the provisions of the Workmen's Compensation Act. The total amount paid on this account during the four years 1930-31 to 1933-34 has been Rs. 14,638 in seven cases.

TIME OF THE CLERICAL STAFF OF THE GOVERNMENT OF INDIA PRESSES.

755. ***Mr. D. K. Lahiri Chaudhury :** (a) Is it a fact that the time of the clerical staff of the Government Presses is from 10 A.M. to 5 P.M. against the time 10 to 4 or 10-30 to 4-30 in all other Government offices including the office of the Controller of Printing ?

(b) Is it a fact that the clerks of Government Presses submitted many memorials in the past for the reduction of time to bring them to the same footing as the clerks of other offices but their request was not granted for reasons unknown ?

(c) Are Government prepared to look into the matter and find their way to grant them their request ?

The Honourable Sir Frank Noyce : (a) The hours of attendance are from 10 a.m. to 5 p.m. on Monday to Friday, inclusive of a recess interval of half an hour, and from 10 a.m. to 2 p.m. on Saturday, without a recess interval. The hours of attendance in other Government of India offices are generally, I believe, from 10-30 a.m. to 4-30 p.m. These are the hours of attendance in the Controller's office.

(b) and (c). A petition was received by Government in 1921 from the clerical staff of the Government of India Press, Calcutta. A petition

was also received by the Controller from the staff of the Government of India Press, Delhi. These were rejected. I understand that further memorials have recently been received by the Controller from the clerical staff of the Delhi and Simla Presses. These memorials are under the consideration of the Controller.

NON-OBSERVANCE OF LAST SATURDAY AS A HOLIDAY IN THE GOVERNMENT OF INDIA PRESSES.

756. *Mr. D. K. Lahiri Chaudhury : Is it a fact that last Saturdays are not allowed in Government Presses but all other Government offices enjoy this concession by turns? If so, are Government prepared to issue necessary instructions to the Controller of Printing to instruct the Managers of the Government Presses to allow this concession by turns classes after making adequate arrangements so that Government work may not suffer?

The Honourable Sir Frank Noyce : The rule which applies to the Government of India Secretariat is that the head of a department may give the last Saturday of a summer month as a holiday, if there has been no closed holiday during the month. This rule does not apply to Government of India offices generally. It does not apply to the Presses, which have their own rules regarding holidays. Government do not propose to alter their present rules in this respect.

IRON RACKS COLLAPSED IN THE CENTRAL PUBLICATION BRANCH.

757. *Mr. D. K. Lahiri Chaudhury : (a) Will Government state whether it is a fact that the steel racks heavily laden with thousands of Government publications stored in the Central Publication Branch collapsed completely of late in two stock rooms of the office?

(b) If so, will Government state the extent of damage caused thereby?

(c) Is it a fact that the Public Works Department and the firm of Messrs. Godrej Boyce and Company who installed these racks opined that the collapse was occasioned by the racks being filled with books beyond their capacity from the point of view of weight?

(d) Is it a fact that in one of these rooms where the racks collapsed, the Posts and Telegraphs Section of the office was located?

(e) Is it a fact that all the furniture used by the personnel of that section was smashed to matchwood and splinters?

(f) Is it a fact that the collapse has done considerable damage to official publications?

(g) What has been the expenditure for the clearance of debris? Have the racks been reinstalled? If so, what has been the expenditure on that account?

(h) Is it a fact that the steel racks in other stock rooms are also liable to collapse?

(i) Will Government state whether it is a fact that the indent pickers and clerks have very often to work inside these racks?

(j) Will Government state whether the strength of these racks has been thoroughly examined by experts to prevent any catastrophe that may entail loss of human lives as a result of collapse?

The Honourable Sir Frank Noyce : (a), (c) and (d). Yes.

(b) and (e). Apart from the damage to the racks, some tables and chairs were broken.

(f) and (i). No.

(g) The expenditure on clearance of debris was Rs. 120. The racks have been installed in one of the store rooms, but information regarding the expenditure incurred on this account is not yet available.

(h) and (j). The racks have been inspected by a representative of Messrs. Godfrey Boyce and Company in company with officials of the Central Public Works Department and all reasonable precautions have been taken to prevent other racks from collapsing.

DAMAGE OF PUBLICATIONS STOCKED IN THE CENTRAL PUBLICATION BRANCH.

758. ***Mr. D. K. Lahiri Chaudhury :** (a) Will Government state whether it is a fact that the publications stocked in the Central Publication Branch are mostly damaged by insects and the leather covers are deformed?

(b) Is it a fact that the Central Publication Branch has very often to encounter complaints from the public and agents for the supply of damaged books?

(c) Are Government aware that during the rains the records and publications of the office became drenched in rain that oozed through the many leakages and holes in the corrugated roofs?

(d) Are Government aware that some of the walls of the Central Publication Branch Office building are very weak and likely to tumble down?

(e) Will Government state the number of kinds of publications disposed of as waste paper in the course of the last four months?

(f) What is their total value on the basis of their published prices?

(g) What is the amount credited to Government by their sale as waste paper?

(h) Will Government furnish comparative statistics of expenditure on this account during the last four financial years?

The Honourable Sir Frank Noyce : (a) No.

(b) No : such complaints are infrequent.

(c) and (d). No.

(e) 507.

(f) Rs. 21,732.

(g) Rs. 93.

(h) The value of all the publications destroyed as waste paper according to their published prices was :

				Rs.
1930-31	..	..	..	19,449
1931-32	..	..	..	2,53,315
1932-33	..	..	..	4,58,743
1933-34	..	..	..	32,379
				<hr/>
				7,63,886

The saving which would have accrued to Government if these copies had not been printed would of course have been only a fraction of this amount.

INCREASE OF WORK IN THE CENTRAL PUBLICATION BRANCH.

759. *Mr. D. K. Lahiri Chaudhury : (a) Is it a fact that the practice of entertaining men on daily wage basis was stopped under Government orders in the Central Publication Branch with effect from February, 1934 ?

(b) Are Government aware that the staff of the Central Publication Branch are extremely overworked ?

(c) Is it a fact that the work of the office has gone on increasing while no arrangements have been made for increase of staff to cope with the work ?

The Honourable Sir Frank Noyce : (a) Yes.

(b) and (c). No.

STAFF IN THE CENTRAL PUBLICATION BRANCH.

760. *Mr. D. K. Lahiri Chaudhury : (a) Is it a fact that the Controller of Printing and Stationery in getting the move of the Central Publication Branch to Delhi sanctioned committed himself to the proposition that the move would dispense with the necessity for increase of staff ?

(b) Are Government aware that the scourge of malaria in the region where they have been housed exists with great virulence ?

(c) Are Government aware that most of the staff have to work on holidays even on Sundays and after office hours and it has been practically impossible to maintain the work up-to-date ?

The Honourable Sir Frank Noyce : (a) Yes.

(b) No. The locality is healthy except during the malarial season which, in Delhi, is usually of short duration.

(c) The reply to the first part is in the negative. As regards the second part, my information is that the work in the Central Publication Branch is more up-to-date now than it has been for a very long time past.

PERSONS DETAINED UNDER REGULATION III OF 1818 AND RELEASED SINCE THE DISCONTINUANCE OF THE CIVIL DISOBEDIENCE MOVEMENT.

761. *Mr. Sitakanta Mahapatra : Will Government be pleased to state the names of those persons who were detained under Regulation III of 1818 but who have been released since the discontinuance of the civil disobedience movement ?

The Honourable Sir Henry Craik : Four State prisoners have been released, namely, Qazi Ata Ullah Khan, Saadullah Khan, Kheali Ram Gupta and Bhag Ram.

Mr. Sitakanta Mahapatra : Has their release any connection with the suspension of the Civil Disobedience Movement.

The Honourable Sir Henry Craik : In two cases it has some connection.

JUDGMENT BY THE HONOURABLE MR. S. K. SINHA, CHIEF PRESIDENCY MAGISTRATE, CALCUTTA, AGAINST MR. HALES, A MEMBER OF PARLIAMENT,

762. ***Mr. S. C. Mitra :** (a) Is it a fact that questions were asked in the House of Commons regarding the judgment passed by the Honourable Mr. S. K. Sinha, the Chief Presidency Magistrate, Calcutta, against Mr. Hales a Member of Parliament ?

(b) Will Government be pleased to place on the table all communications that passed between the Government of India and the Secretary of State on the subject ? If not, why not ?

(c) Are Government aware of the public feeling that the Government of India in this particular case went against the Magistrate because he is an Indian who had the temerity to pass strong judgment against an European Member of Parliament ?

(d) Will Government be pleased to state the percentage of cases in which judgments passed by European Presidency Magistrates have been superseded by higher authorities and High Courts ?

(e) Will Government be pleased to state how such percentages compare with the percentage of cases where judgment of Honourable Mr. Sinha have been revised by higher authorities and High Courts ?

(f) Do Government propose to uphold the prestige of the Indian Magistracy and Judges by supporting the conduct of their officials in such cases where they passed independent judgments irrespective of whether the persons concerned are Members of Parliament or private individuals ?

(g) Are Government aware of the Indian public opinion extolling such magistrates who pass independent judgments against a Member of Parliament ? If not, do they propose to enquire into the matter ? If not, why not ?

The Honourable Sir Henry Craik : (a) Yes.

(b), (c) and (f). The Government of India recently received from the Secretary of State copies of questions and answers in the House of Commons on the subject together with a request for a report on the facts from the Government of Bengal. I place on the table copies of those questions and answers from which it will be seen that the question whether there is a case for enquiry is a matter for the consideration of the Government of Bengal. The Local Government's report is awaited.

(d) and (e). The information is not readily available and I am not prepared to ask the Government of Bengal to collect it.

(g) I have seen some criticisms in the Press on the questions asked in the House of Commons.

Question No. 38, dated 24th July, 1934.

Mr. Hall-Caine.—To ask the Secretary of State for India, if he is aware that many serious complaints have been made against the unfair decisions of the Honourable S. K. Sinha, the chief presidency magistrate of Calcutta, such as the bullying of witnesses, and the unfair treatment of counsel, resulting in many applications for

the transference of cases to another court; and will he make arrangements for a searching inquiry to be made with the least possible delay in the interests of British subjects residing within the jurisdiction of the chief presidency magistrate.

Question No. 40, dated 24th July, 1934.

Mr. Wedgwood.—To ask the Secretary of State for India, whether his attention has been directed to a charge, proved to be false, made by the Calcutta Chief Presidency Magistrate against the Honourable Member for Hanley, a charge for which, on appeal being made to the Calcutta High Court, the magistrate was severely censured by the high court judges; and whether an inquiry will be made into the magistrate's conduct.

Answer to Mr. Hall-Caine's question No. 38 and Mr. Wedgwood's question No. 40, dated the 24th July, 1934.

Mr. Butler.—I will reply to questions 38 and 40 together.

I have seen a report in the Press that the findings of the Chief Presidency Magistrate, Calcutta, in the case mentioned by the Right Honourable Member for Newcastle-under-Lyme were criticised by the Calcutta High Court. I have no information regarding the complaints referred to in the other question.

The question whether there is a case for inquiry is a matter for the consideration of the Government of Bengal.

Supplementary Questions.

Colonel Wedgwood.—May I ask whether magistrates are entitled to make serious charges against Members of this House with impunity, more particularly when those charges are proved to be entirely unfounded?

Mr. Butler.—I have only hitherto seen a Press report of this matter. If the Honourable and gallant Member so desires I am ready to ask for a report from India on the facts. Naturally, I congratulate the Honourable Member for Hanley (Mr. Haies) on his appeal.

Colonel Wedgwood.—Will the Honourable Gentlemen remember that it is the business of the Government, if I may say so, to defend the honour of this House?

Mr. Michael Beaumont.—Is the Honourable Gentleman aware that at the time when the strictures were made they caused considerable comment in India, and did a great deal of harm to this House in India, and will he give this matter his most careful consideration with a view to seeing whether anything can be done to defend the honour of this House?

Mr. Butler.—I have already informed the Honourable and gallant Gentleman who put the question that I am willing to ask for a report on the facts. The question of whether a further inquiry arises on the facts is a question for the Government of Bengal. In reply to the Honourable Member for Aylesbury (Mr. M. Beaumont), I have already said that I am glad the Honourable Member for Hanley won his appeal.

Question No. 23, dated 25th July, 1934.

Mr. Herbert Williams.—To ask the Secretary of State for India, whether he is aware that in the case of Rabindra Nath Dhar *versus* the King Emperor, in the Calcutta High Court, the appellant's counsel accused the Honourable S. K. Sinha, the Calcutta Chief Presidency Magistrate, of tampering with the records and interpolating certain words in evidence not previously recorded; and will he make representations that inquiries should be instituted into the allegations made against the said magistrate.

Answer to Mr. Herbert Williams' question No. 23, dated 25th July, 1934.

Mr. Butler.—I have no information about this case and I have nothing to add to the replies given to the Right Honourable the Member for Newcastle-under-Lyme and the Honourable Member for East Dorset yesterday.

Supplementary Questions.

Mr. Williams.—Is it not the case that there have been a great number of complaints against this magistrate, and, in view of that, is my Honourable friend considering whether he should take any action?

Mr. Butler.—As I informed the Right Honourable and gallant Member for Newcastle-under-Lyme and my Honourable Friend the Member for East Dorset yesterday, we have undertaken to make an inquiry into the facts, and, until we have received that report, I think it would be unwise to come to any decision.

Question No. 60, dated 26th July, 1934.

Mr. McEntee.—To ask the Secretary of State for India, if he will at the earliest opportunity institute an inquiry as to the alleged serious irregularities in the administration of justice in Calcutta police court by the Honourable S. K. Sinha, Chief Presidency Magistrate, particularly in regard to the large percentage of appeals to the High Court where his decisions have been reversed.

Answer to Mr. McEntee's question No. 60, dated 26th July, 1934.

Mr. Butler.—I have nothing to add to the answers given to the Right Honourable the Member for Newcastle-under-Lyme and the Honourable Member for East Dorset on the 24th July.

Supplementary Questions.

Mr. McEntee.—What is the actual percentage of cases heard by the Chief Magistrate which have been reversed on appeal?

Mr. Butler.—I have not that information. Perhaps the Honourable Member will put down a question.

Mr. McEntee.—Have 75 per cent. of these cases in fact been reversed?

Mr. Butler.—I have informed the Honourable Member that I have no information on the subject.

Major Jesson.—Is not this gentleman now in London and could he not be taken to the India Office and taught his duties?

Diwan Bahadur A. Ramaswami Mudaliar: Is there any peculiar privilege for a Member of Parliament when he visits this country, with reference to criminal proceedings?

The Honourable Sir Henry Craik: None that I am aware of.

Diwan Bahadur A. Ramaswami Mudaliar: Does the Honourable Member realise that in the questions that were asked in the House of Commons, a suggestion to that effect was conveyed by the questioners?

The Honourable Sir Henry Craik: I have got the questions and answers here, but I do not remember any suggestion to that effect, and I do not think there was any such suggestion.

Diwan Bahadur A. Ramaswami Mudaliar: On what subject does the Honourable Member expect a report from the Bengal Government with reference to this issue?

The Honourable Sir Henry Craik: On the matters raised in the questions in the House of Commons.

Mr. S. C. Mitra: Do Government realise that if they take special interest in the case of Members of Parliament and other high personages and ask for an explanation from the Local Governments or the Magistrates, as they are doing, in the case of Mr. Hales, M.P., it will interfere with the independence of the Magistrates and Judges in India who will hesitate to pass independent judgment on these high personages?

The Honourable Sir Henry Craik : No, Sir : the Government of India are not taking a special interest in this case, but they were asked, in consequence of questions and answers in the House of Commons, to request the Bengal Government to furnish a report.

Diwan Bahadur A. Ramaswami Mudaliar : On what subject ?

The Honourable Sir Henry Craik : On the subjects raised in the questions in the House of Commons which I am laying on the table.

Diwan Bahadur A. Ramaswami Mudaliar : But do not the judgment of the High Court and the judgment of the Chief Presidency Magistrate taken together furnish all the information that is available with reference to the case ?

The Honourable Sir Henry Craik : Very likely it does, but I have not yet seen the judgment of the High Court. I have only seen one sentence of it quoted.

Diwan Bahadur A. Ramawami Mudaliar : Is my Honourable friend not aware that any inquiry into this matter or any explanation taken from the Magistrate will have a very deleterious effect on the nature of the judgments which Indian Magistrates will hereafter give with reference to cases like this where either a European is an accused or, even more, a Member of Parliament is an accused ?

The Honourable Sir Henry Craik : I am not aware that there is any intention of calling on the Magistrate for an explanation. We have merely asked the Government of Bengal for a report on the facts of the case.

Mr. H. P. Mody : Have Members of Parliament got any other privileges besides that of making silly speeches ? (Laughter.)

The Honourable Sir Henry Craik : Yes, Sir, they have certain privileges. I understand the traffic is stopped for them in the streets.

Mr. H. P. Mody : In India ?

The Honourable Sir Henry Craik : No, when they cross Parliament Square. (Laughter.)

Sardar Sant Singh : Will the Honourable Member take similar steps in asking for a report from the Local Governments when a Member of the Assembly is placed in the same position ?

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

The Honourable Sir Henry Craik : I trust that contingency will never arise.

Sir Cowasji Jehangir : The Honourable Member says he has asked for a report from the Government of Bengal. So far as I recollect, the insinuation in the questions asked in the House of Commons was that this particular Magistrate was prejudiced against Englishmen in particular. How is it possible for the Government of Bengal to report as to whether the Magistrate is prejudiced against a certain community or not, and what report can the Bengal Government give on the sort of questions that were asked in the House of Commons ?

The Honourable Sir Henry Craik : So far as I have read the questions asked in the House of Commons, there was no suggestion of racial

prejudice of that kind. And even if there were, I do not see why the Local Government should not be able, out of their own knowledge of the Magistrate's character and record, to say whether there was anything in them or not.

Sir Cowasji Jehangir : If the Local Government had any suspicion that the Magistrate was anti-British or anti-Hindu or anti-Moslem or anti-Christian, they ought not to have kept him there as a Magistrate. It must be presumed that they have no such suspicion from the fact that they have allowed him to stay in that responsible position.

The Honourable Sir Henry Craik : I quite agree with the Honourable Member, but as a matter of fact I cannot find that there is any hint of any such prejudice on the part of the Magistrate in any of the questions asked in the House of Commons.

Sir Cowasji Jehangir : If the Honourable Member will read the questions and answers, I think he will find that there is a very strong insinuation throughout the questions that this particular Magistrate was malicious in his judgment.

Mr. President (The Honourable Sir Shanmukham Chetty) : Actually the question was this :

“ To ask the Secretary of State for India, if he is aware that many serious complaints have been made against the unfair decisions of the Honourable S. K. Sinha, the Chief Presidency Magistrate of Calcutta, such as the bullying of witnesses, and the unfair treatment of counsel ”, etc.

That was the charge against the Magistrate.

Sir Cowasji Jehangir : There are many supplementary questions.

The Honourable Sir Henry Craik : There was no suggestion of racial prejudice.

Sir Cowasji Jehangir : But what report can the Bengal Government give ? If they have no confidence in the man, he should have been got rid of. It is clear they have confidence in him, because they allow him to continue.

The Honourable Sir Henry Craik : I would suggest that we await the report of the Government of Bengal.

Mr. Gaya Prasad Singh : Do I understand that, before the Government of Bengal submit their report, they will ask the Magistrate why he passed the sort of remarks which he made or the sort of judgment which he wrote ?

The Honourable Sir Henry Craik : We have not made any suggestion that that should be done, but that is a matter within the discretion of the Government of Bengal. If they think it necessary to take the Magistrate's explanation, they will presumably do so. If they know from the Magistrate's previous record and character that the allegations made against him are unfair, they will presumably reply to that effect out of their own knowledge.

Mr. K. C. Neogy : Will the Honourable Member be pleased to lay the report of the Government of Bengal on the table when it is received ?

The Honourable Sir Henry Craik : I will consider that when I receive the report.

Mr. Jagan Nath Aggarwal : Does the Honourable Member realise that an inquiry like this is likely to have serious effects on the independence of the magistracy in this country ?

The Honourable Sir Henry Craik : I take it that the inquiry will not be a public inquiry : there is no suggestion that it should be public.

Mr. Jagan Nath Aggarwal : That is right, but even a private inquiry of this kind may have serious effects on the independence of the Magistrates !

The Honourable Sir Henry Craik : No ; I do not apprehend that result at all.

Mr. Jagan Nath Aggarwal : May I suggest to the Honourable Member to see that that undesirable effect is not produced by this inquiry ?

The Honourable Sir Henry Craik : All we have asked the Government of Bengal to supply is a full statement of the facts together with the views of the Local Government as asked for by the Secretary of State.

Mr. Jagan Nath Aggarwal : Quite so : but would not an inquiry create an impression that an adverse judgment on a high placed gentleman has brought the Magistrate into trouble ?

The Honourable Sir Henry Craik : As I say, I do not see why it should have that result. On the other hand, serious allegations have been made by presumably responsible persons against a Magistrate serving under a Local Government, and surely we must ascertain what the facts are and what the views of the Local Government are. We cannot allow the matter to rest there ; if we did, the Magistrate would rest under these imputations the unfairness of which is suggested in the Honourable Member's question.

Mr. C. S. Ranga Iyer : Will Government be pleased to state that they will see to it that the prospects of the Magistrate are not affected by trivial questions in the House of Commons ?

The Honourable Sir Henry Craik : I do not think the Government of India have any control over the asking of questions in the House of Commons.

Mr. C. S. Ranga Iyer : What I was suggesting was this : will Government be pleased to state if they will see to it that the prospects of an Indian Magistrate are not affected by questionable questions of a racial character in the House of Commons ?

The Honourable Sir Henry Craik : If the allegations contained in those questions are found to be without foundation, naturally the prospects of the Magistrate would be in no way prejudiced.

Mr. Amar Nath Dutt : Are Government aware that the Magistrate is no other than the son of the late Lord Sinha, who spent his whole life to preserve the British connection and who was the first Indian Governor of Bihar ?

The Honourable Sir Henry Craik : I am aware of that.

Mr. Amar Nath Dutt : Will Government be pleased to report this fact along with whatever report may be sent by the Government of Bengal to the Secretary of State ?

(No answer was given.)

STATEMENTS LAID ON THE TABLE.

Information promised in reply to starred question No. 312, asked by Pandit Satyendra Nath Sen on the 31st July, 1934.

RULES REGULATING DISCHARGE AND DISMISSAL ON THE EASTERN BENGAL RAILWAY.

312. (b) It is reported by the Agent, Eastern Bengal Railway, that the discharge and dismissal rules were followed.

(c) The charges against Mr. Stalkey were :

- (i) temporary mis-appropriation of Government money realised in connection with excess fare tickets.
- (ii) Altering the dates of the record foil of the excess fare tickets to fit in with the dates on which the money was actually remitted.
- (iii) Preparing and submitting false diaries and manipulating the entries therein to cover up a fraud in connection with the excess fare and passenger tickets.
- (iv) Non-adherence to the programme of work issued by his District Officer on the plea that he was on Military duty and carrying out work at his own sweet will, subject to no discipline whatsoever.

(d) The first three charges referred to above were questions of facts which could be proved or disproved by documents. Mr. Stalkey was summoned to the Head Office, examined by the Deputy Traffic Manager and served with the charge sheet. Mr. Stalkey was also given full access to the documentary evidence against him. He replied to the charge sheet admitting the facts. In the circumstances no further enquiry was considered necessary. A formal enquiry was held where considered, *viz.*, on charge (iv) above. On receipt of Mr. Stalkey's replies to the other charges, his case was dealt with under Rule 8 of the Rules regulating the discharge and dismissal of State Railway non-gazetted Government servants.

(e) Yes.

(f) In 1923, Mr. Stalkey along with two other Travelling Ticket Inspectors was prosecuted by the administration in consultation with the Audit Department in connection with a suspected fraud case ; these men were then working under the Audit Department, that is they were not under the Administration of the Eastern Bengal Railway. Mr. Van Someren was at that time a District Traffic Superintendent.

(g) All the three Travelling Ticket Inspectors were acquitted but were not awarded or given damages. Mr. Stalkey applied for the re-imbusement of his legal expenses and this was in fact sanctioned for the three men under the rule which allowed such re-imbusement to staff who were so acquitted at the discretion of the authority empowered to sanction it. Mr. Van Someren proceeded home on long leave for one year and 19 days in February, 1924. His leave was due and had no concern with the case in question.

(h) Mr. Van Someren was Deputy Traffic Manager, Commercial, whereas Mr. Stalkey was discharged under the orders of the then Traffic Manager. It is immaterial who signed the letter in this connection.

(i) Mr. Stalkey submitted an appeal in May, 1932, to the then Traffic Manager and not to Mr. Van Someren. No reply was sent to the appeal since the Traffic Manager interviewed Mr. Stalkey in connection with that appeal and told him that the orders passed on his case would hold good. A note to this effect was recorded on the file.

(j). The administration considered that Mr. Stalkey's discharge from service was sufficient punishment. At that time orders regarding the withholding of gratuity in the cases of staff so discharged were not strictly adhered to; this has since been remedied.

Information promised in reply to starred question No. 314, asked by Mr. Sitakanta Mahapatra on the 31st July, 1934.

EXPORT OF CHILKA FISH OF ORISSA.

314. Three.

Information promised in reply to starred question No. 345, asked by Sirdar Harbans Singh Brar on the 1st August, 1934.

APPOINTMENT OF TRADE AGENTS.

(a) As regards Trade Agents, there are three such sanctioned appointments, one each at Gyantse, Yatung and Gartok. Owing, however, to financial stringency, the post of the British Trade Agent, Yatung, is at present held as an additional charge by the British Trade Agent, Gyantse, and the present incumbent is Captain P. C. Hailey. As regards the Gartok Trade Agency, the charge is held by Rai Sahib Dr. Kashi Ram, I.S.M.D.

(b) So far as can be seen at present no new appointment of British Trade Agent is likely to be made during the present or the next year.

Information promised in reply to starred question No. 401, asked by Bhai Parma Nand on the 6th August, 1934.

INDIANS RECRUITED AS SAILORS OF THE ROYAL INDIAN MARINE.

Statement showing the number of Indians recruited in the ranks of the Royal Indian Marine during the five years ending the 31st March, 1934, by provinces and communities.

Province.	Community.				Total.
	Muham- madans.	Hindus.	Chris- tians.	Sikhs.	
Bombay Presidency	58	2	37	..	97
Madras Presidency .. ..	..	..	2	..	2
Punjab	300	3	1	..	304
United Provinces	2	13	..	..	15
N. W. F. Province	1	..	..	..	1
Burmah .. ..	..	..	..	1	1
Total	361	18	40	1	420

Information promised in reply to starred question No. 480, asked by Haji Chaudhury Muhammad Ismail Khan on the 7th August, 1934.

DUTIES OF SUB-ASSISTANT SURGEONS IN THE CIVIL HOSPITAL, DELHI.

There are two Assistant Surgeons occupying residential quarters in the hospital compound. They receive a local allowance of Rs. 50 per mensem, and they are given quarters on the spot so that their services should be available for serious cases at any time. It is not the intention that they should be on constant duty to deal with casualty cases in the Out-patient Department. In addition, there are four Sub-Assistant Surgeons who work in the Out-patient Department from 7 A.M. to 11 A.M., and every day one of the four in turn remains at the hospital from 11 A.M. to 7 A.M. the next morning. He is provided with a bed in the duty room and is able to sleep the whole night unless he happens to be called up to attend a case. The turn for such duty comes at present once in every four days. The question whether the Sub-Assistant Surgeons would prefer a shorter tour of continuous duty will be considered. It is also intended to post an extra sub-assistant surgeon for general duty and to act as leave reserve. With this addition, the staff should be adequate to meet the requirements of the public without throwing undue strain upon the staff. No further action is considered necessary.

Information promised in reply to starred question No. 481, asked by Haji Chaudhury Muhammad Ismail Khan on the 7th August, 1934.

MEDICAL DEPARTMENT OFFICERS EMPLOYED IN DELHI FOR THE MEDICAL INSPECTION OF SCHOOLS.

(a) Yes.

(b) (i). Three part-time officers are in receipt of allowances ;

(ii) Two whole-time Sub-Assistant Surgeons are employed. They are in the grade of Rs. 70—4—130 on the Punjab Subordinate Medical Service Cadre. In addition to their salaries, they are granted house-rent at Rs. 10 per mensem each, but no other allowances are given to them ;

(iii) The sum of Rs. 8,100 has been included in the budget for 1934-35 for this purpose.

(c) Reply to the first part is in the affirmative. The number of primary and secondary schools in Delhi city being very large, it is not possible for the medical officers attached to dispensaries to find sufficient time for the medical inspection of so large a number of students and pupils ; an arrangement similar to that in rural areas cannot, therefore, be made in Delhi city.

(d) A number of varying experiments are being made in the Punjab. In some cases allowances are given to the ordinary medical officers ; in some of the larger towns, the services of a medical practitioner are employed.

(e) The expenditure on this scheme was reduced in 1932 from Rs. 830 to Rs. 510 per mensem. Further reductions could be made only at the expense of the health and well-being of school children.

Information promised in reply to starred question No. 486, asked by Mr. Sitakanta Mahapatra on the 7th August, 1934.

STANDING COUNCIL TO THE INCOME-TAX DEPARTMENT IN BIHAR AND ORISSA.

(a) No.

(b) Yes.

Information promised in reply to starred question No. 491, asked by Sirdar Harbans Singh Brar on the 7th August, 1934.

COMMISSIONED OFFICERS SERVING IN THE ROYAL INDIAN MARINE.

The number of King's Commissioned officers of the Royal Indian Marine is 117. The average number of those who have retired annually during the last six years is

five. During that period the same average number has been recruited annually in the proportion of two British to one Indian officer.

Information promised in reply to part (d) of starred question No. 525, asked by Mr. A. H. Ghuznavi on the 13th August, 1934.

DISPOSAL OF SURPLUS LAND ON THE ASSAM BENDAL RAILWAY.

Government understand that lands found surplus on the Assam Bengal Railway have been relinquished from time to time to the Local Government who arrange their disposal and settlement.

MESSAGE FROM THE COUNCIL OF STATE.

Secretary of the Assembly : Sir, the following Message has been received from the Council of State :

“ I am directed to inform you that the Council of State has, at its meeting held on the 20th August, 1934, agreed without any amendments to the Bill to supplement the Assam Criminal Law Amendment Act, 1934, which was passed by the Legislative Assembly at its meeting held on the 14th August, 1934.”

THE INDIAN IRON AND STEEL DUTIES BILL.

The Honourable Sir Joseph Bhore (Member for Commerce and Railways) : Sir, I beg to move :

“ That the Bill to provide for the modification and continuance of the protection afforded to the iron and steel industry in British India, and to impose an excise duty for revenue purposes upon certain steel, as reported by the Select Committee, be taken into consideration.”

It seems unnecessary for me to commend this motion for consideration of the Select Committee's Report on this Bill in a lengthy speech. It may, however, be of assistance to the House if I indicate quite briefly the nature and extent of the more important changes which have been made in the Bill as originally introduced into this House as a result of our discussions in the Select Committee. We, on our side, have adhered to our proposals in regard to the excise and countervailing import duties as being matters on which unfortunately it was not possible for us to compromise in any way. Nevertheless, my Honourable Colleague, the Finance Member, and I have both stated in unequivocal terms that the Government of India do not propose that this particular excise should continue any longer than financial considerations render such continuance necessary. (*An Honourable Member* : “ For ever ! ”) I venture to hope that Honourable Members opposite will reciprocate the spirit of accommodation which we have shown in endeavouring to meet them on matters to which they attach considerable importance and that they will accept without division the Bill as it has now emerged from the Select Committee. The House will observe that we have altered our proposals in regard to British tested structurals and plates. These will now be subject to a revenue duty of ten per cent. *ad valorem* instead of being allowed free entry. There is another matter of considerable importance in regard to which we have met Honourable Members opposite. It has been urged that the continuance of the existing duties, until the end of October by the extending Act which was passed by this House last Session, should be taken as precluding any modification of the duties.

[Sir Joseph Bhoze.]

before that date. We are unable to accept that interpretation. Nevertheless, in order that unnecessary loss and hardship might not be imposed upon those who in good faith believing that these duties would be extended in the ordinary course until the end of October, 1934, have entered into commitments, we have agreed that these proposals should come into effect from the 1st of November. I may add that it has been calculated that this will cost the Government something like Rs. five lakhs in revenue and incidentally it will swell the credit side of the balance sheet of Tatas considerably for the period covered by this year. I do not think it is necessary for me to anticipate the discussions that must take place on the clauses and the Schedule in respect of which I see many notices of amendments on the paper, and, I will, therefore, now content myself by moving for consideration of the motion. (Cheers.)

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

“ That the Bill to provide for the modification and continuance of the protection afforded to the iron and steel industry in British India, and to impose an excise duty for revenue purposes upon certain steel, as reported by the Select Committee, be taken into consideration.”

Dr. Ziauddin Ahmad (United Provinces Southern Divisions : Muhammadan Rural) : Sir, a child was once given five chocolates in which fine saw-dust was mixed. When it began to eat them, it neither liked to swallow them, nor did it like to throw them out. They were like what we call :

Boor ke laddoo khayee toe pastāye nā khayee toe pastāye.

If you eat the *boor ke laddoo*, you are not happy ; if you don't eat them, you are still more unhappy. This is exactly the position in which I am placed today. The Bill which is now before us is really a *boor ka laddoo* for me. I can neither accept it nor reject it, and this is now a common phraseology in politics. Sir, protection to the steel industry we must give. We are committed to it, and we can't help it. We would not reject the protection even if we could, and we could not reject it even if we would. The only point that we have to consider today is the quantum of protection and the conditions on which protection ought to be given. Sir, there are two industries which have given very great anxiety to the Legislature, to the Commerce Department, and to my friend, the Honourable the Leader of the House, and, these two industries are the textile industry and the steel industry. The position in the case of these two industries is entirely different. In the case of the textile industry, the Government can dictate their own terms, but in the case of the steel industry the Government would have to accept the terms dictated to them, and on account of the powerful nature of the steel industry the position is exceedingly difficult.

Sir, the steel industry has got a long history behind it ; but I shall not go into details for want of time. We first started giving protection to steel, in the year 1924, and, in the year 1927, Sir Charles Innes clearly said in his speech when he brought forward the Steel Protection Bill for the second time :

“ That we are now beginning to reach finality, and that when once the House has passed this Bill, the Legislature will be spared the pain and weariness of listening

to long speeches, such as I am afraid it is my fate to make today, and will be able to stand aside and watch the steel industry of India forging ahead to a position in which it can meet competition from whatever country or quarter it may come without any special protection from the Government."

These were the words used by Sir Charles Innes in the year 1927, and he said further that it would be the last occasion on which they would hear about this Bill and that people would hear no more of protection, but, contrary to the assurances of Sir Charles Innes, seven years later, the Commerce Member says,—“if we are satisfied that within a definitely measurable distance of time”,—mark the words, ‘within a definitely measurable distance of time’,—“it will be possible for that industry, unaided, to withstand the competitive challenge of its outside rivals”. So, in the year 1927, the Commerce Member thought that we were then at the end of this protection period of the steel industry, but seven years have passed, and the Commerce Member now says that within a definitely measurable distance of time, which may mean a century, two centuries or which may mean anything,—it will be possible for the industry to withstand unaided outside competition, and that, after that “measurable distance of time”, protection will come to an end. Sir, as I shall show later on, this protection is not for seven years, it is for perpetuity, and it will not be possible for either the Government or for the Opposition to withdraw it.

Sir, I have been going through these Tariff Board Reports very carefully since 1924, and, I think, I can pass an examination in these Tariff Board Reports. I do not propose to go into details now, but I shall just refer to one or two points. When we began the first Tariff Board Report, they said at page 83 :

“It is probable that the cost of steel production in India will fall substantially in the next 3 or 4 years, and there is a reasonable assurance that at no very remote date, Indian steel will be able to hold its own in competition with imported steel without protection.”

That was the hope held out by the first Tariff Board Report. Then it was repeated by Sir Charles Innes when he laid the Bill before the House. I should not say the ink, but the paper was not dried when we noticed that a second Tariff Board Inquiry met, and they almost doubled the duty. Then it was followed by a third Tariff Board Report, in the year 1925, in which they recommended a bounty of Rs. 18 per ton. Sir Charles Innes when placing the second Tariff Board Report, 1927, which is now in my hands, calculated the effect of the burden during the preceding three years, and he said that in bounty we give to Tatas 209 lakhs, and the burden on the consumers was 164.50 lakhs per annum. Sir Charles Innes said that that Report would be the last Report, but unfortunately we have got six more Reports, which are now in my hand. The first Report is the Report on pig iron, and now after considering very carefully all the arguments for and against, the Tariff Board were of the opinion that the duty on pig iron ought to be removed, but on account of the fact that there were some strikes in Tata Iron and Steel Works, they thought that probably they might continue it for some time more. This is what they say at page 12 :

“We have found that the removal of the revenue duty on pig iron would not directly interfere with our scheme of protection for the steel industry..... In view of the recent strike at the Tata Iron and Steel Company's work, we consider the present an unfavourable time for the removal of the duty.”

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And, hence, the taxpayers had to pay for the mis-management of Tatas' Works in mishandling the strikes, and consumers have to pay the penalty for it. That was not all. I will return to pig iron a little later, because, even after the recommendation made in 1930, we notice in the Bill that the duty has not been removed. The effects of the 1929 strike are still visible.

Then followed a second Tariff Board Report on Galvanized sheets, and in this case they again recommended that on account of the strikes of 1929 they could not reduce the duty, particularly on smaller orders.

Then came the third Tariff Board Report on the railway materials, in which they proposed fresh duties to be imposed. Then came the fourth Report, and, on page 8 of it, they have suggested an imposition of duty at the rate of Rs. 7 per ton. Then followed the fifth Annual Report on wire and wire nail industry, on which they imposed a duty of Rs. 45 per ton on wire and wire nails. Then, Sir, after all these Reports, and after producing all this literature, there comes a remarkable incident in the history of the taxation proposals of the Government of India, which, I call it, is the result of their intoxication of the fourth type that I have repeatedly described on the floor of the House, and that is the enactment of 1931, in which they raised the duty by 25 per cent. throughout without considering what the protection was. *Take ser bhaji take ser khaja.* In 1926, the protection was very carefully calculated, and the Government had no business to alter it,—and they cannot give any explanation for their action except intoxication of the fourth type—they increased the protection duty by 25 per cent. and gave Tatas additional profit. I do not find in the Tariff Report any mention whatever about this particular point, only on one page they have said that the duty in 1926 was estimated at so much and now it is so much; but it was their duty to discuss the effect of the 25 per cent. increase throughout. Neither in the speech of the Honourable the Commerce Member nor in the Report of the Tariff Board is there any reference to the effect on the Tata Iron and Steel industry due to the adoption of this abnormal procedure, by the Government, of raising the duty by 25 per cent. In this particular case, I can only say that the Tariff Board, by omitting this very important event, have not discharged their duties properly. They ought to have divided this period of seven years in two different sub-periods, one from 1926 to 1931, when the old duties were in force, and the other from 1931 up to the present time, when the new duties have been in force. They ought to have given the figures for the two sections separately so that we may be able to realise what the effect of the mistake of the Government has been on the protection of this particular industry. I thought that the period of protection was over, but we find that though we are anxious to give up the blanket the blanket would not leave us. We know the story that a crocodile was floating in the river and somebody thought that it was really a blanket. So he sent a friend to bring out the blanket. The man went there and the crocodils caught hold of the man. The person who sent him shouted to give up the blanket. The friend replied: "Though I am ready to leave the blanket, the blanket is not willing to leave me." (Laughter.) We may be inclined to give up this protection but the protection will never leave the Government or the Legislature or the country.

I now come to the report of the Tariff Board and shall deal with the specific points now under discussion. I have got several complaints which I shall enumerate. My first complaint is that we don't know the exact amount of burden we are putting on consumers. Sir Charles Innes, while making his speech in 1924 and also while making his speech in 1927, gave us clearly what the effect of the protection would be on the consumers and on the taxpayers and in what proportion it would fall on different classes. But in this particular case now, we are left entirely in the dark. The Tariff Board, in a particular section of their report, have suggested the method by means of which this could be calculated, but they left it to the readers to make their calculations and to find out figures for themselves. They gave, no doubt in a succeeding paragraph, a kind of estimate of the customs duty and they said by dividing it by half it would be the protection to the Tatas. I do not like to read the relevant portion for want of time, but Honourable Members can see it for themselves. Thus, the Tariff Board have not discharged their duties satisfactorily. They gave us the method but did not give the calculations and they left to readers to calculate. We know that during the first three years, that is, from 1924 to 1927, we paid to Tatas by way of bounties Rs. 209 lakhs in cash, and also, as stated by Sir Charles Innes in his speech in 1927, Rs. 164.50 lakhs per annum. So, during the period of three years the burden comes to about Rs. eight crores. For the period 1927 to 1934 the figures are not given accurately anywhere and we are left in the dark. Probably we might safely put it that it could not be less than about Rs. ten crores. That is the lowest estimate that I made in my mind. When I look at the shares and the capital of Tatas I am really surprised whether the Company now is owned by the consumers of India or it is owned by certain persons who originally subscribed the money. I notice from the *Commercial Review* that the funds of the Tatas consist of Rs. 75 crores at six per cent. cumulative, 6.93 crores at 7½ per cent. cumulative, and ordinary shares of Rs. 2.62 crores ; the total is Rs. 10.45 crores.

Mr. Vidya Sagar Pandya (Madras : Indian Commerce) : Is it the latest balance sheet ?

Dr. Ziauddin Ahmad : No, no. The balance sheet will never come out because it will show all the latent profits which are earned by the Tatas. They are taken from the *Commercial Review*. Then the total is Rs. 10.45 crores. If the original shareholders contributed Rs. 10.45 crores, and the consumers of India have contributed another Rs. 18 crores during the last ten years on which no interest is to be paid, then the question to ask is, whether the Company is owned by the shareholders, or by the consumers of the country who contributed much more than the shareholders of the Company did.

Mr. B. Das (Orissa Division : Non-Muhammadan) : Let us nationalise it.

Dr. Ziauddin Ahmad : That is my first criticism. My second criticism is that in the Bill as well as in the Tariff Board's report there is a great confusion between the revenue duty and the protective duty. These two are quite distinct and separate. Every revenue duty is a protective duty unless a corresponding excise duty is levied. This is a point which the Tariff Board quietly omitted. When I read the report care-

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fully, I found that they began to calculate the amount of protection needed and they said *nil*, i.e., no protection was needed, in the body of the Chapter where the calculations are made—I refer to page 84, section 196, where on certain articles they said no duty was needed. But, when they come to their appendices, they quietly put down a revenue duty. When they put down a revenue duty of this kind, it really serves the purpose of additional protection. Either the Members of the Tariff Board are fools, or they considered that all of us are fools and would not understand the confusion. But I can say this that they have befooled the Government all right, because they have put down this as a revenue duty while it acts as a protective duty. Coming to the Company's profits and capital charges, I think they are excessive, but today I do not question them. I question only two points, and I think the majority of Members here, especially my Honourable friend, Mr. Vidya Sagar Pandya, will agree with me, that the interest on working capital is calculated at six per cent. today when the Government is floating a loan at three per cent. May I ask whether the six per cent. is really a correct figure for calculating interest? At present, a Company like the Tatas which has got good the security of this Bill can raise money at any market at four per cent. and my Honourable friend, Mr. Vidya Sagar Pandya, and my Honourable friend, Sir Cowasji Jehangir, will probably be ready to lend them at the rate of four per cent. Therefore, the rate of six per cent. in these days when the Government are floating their loan at three per cent. is excessive, and, I think, Government ought to have looked into this matter and allow interest only at four per cent. Therefore, the amount of Rs. 11 lakhs which the Tariff Board has allowed should be reduced to Rs. seven lakhs. Let me come to the manufacturers' profit. Here is my Honourable friend, Seth Haji Abdoola Haroon, who is a manufacturer; here are the Members of the European Group, though they are not here now, would know that the manufacturers' profit is never calculated on the capital; it is always calculated on the cost price. When I began to learn the chapter on profit and loss in arithmetic, the first thing that my teacher said was, that you calculate your profit on the cost price and on nothing else. But here are my friends of the Tariff Board who come forward and say, do not calculate profit on the cost price, calculate it on the capital subscribed by the shareholders. The important thing is to give fat dividends to the shareholders, never mind the consumers, never mind the Government and never mind the taxpayers. The only important thing is that shareholders should be properly paid and given a dividend of eight per cent. in these days when the Government is floating loans at three per cent, and profits should be calculated accordingly. Their basis of calculation is absolutely wrong. Their hypothesis is incorrect. The Government ought to have objected to it. Their idea was this, that the Tatas ought to be assured of a profit of one crore of rupees and let us see how this one crore of rupees should be sub-divided among the principal items. Now, this is the logic on which the Tariff Board began to act. One crore, the pound of flesh, should be given to Tatas and let us see how it would work out in the present case. I took the trouble to calculate from the figures given on page 45, Table XV.

Now, if we accept the two principles that the percentage of profit should be ten per cent. of the work cost and it is exceedingly reasonable

in these days of depression and also accept that for working expenses they can raise money at four per cent. interest, then their selling price will be altered and I give figures in the column below :

	1	2	3	4	5		
	Estimated average works cost.	Estimated average output.	Overhead charges.	Company's profit.	Fair selling prices f. o. r. Tatanagar 1+3+4.	Percentage of profit on work cost.	Fair selling price if profit is 10 p. c. cost price interest reduced from 6 p. c. to 4 p. c.
	Rs. per ton.	Tons.	Rs. per ton.	Rs. per ton.	Rs. per ton.	Rs. per ton.	Rs. per ton.
Rails ..	53	80,000	21	21	95	40.3	78
Fish plates	81	3,000	26	26	133	33.5	114
Structurals	57	117,000	21.5	21.5	100	40.3	86
Bars	57	80,000	19.5	19.5	94	37.8	90
Plates ..	60	35,000	19.5	19.5	99	38.5	84
Semis ..	43	110,000	5	5	53	14.1	52
Black Sheets.	79	25,000	21.5	21.5	122	30.2	108
Galvanised Sheets.	109	90,000	25	25	159	26.7	144
Sleepers ..	54	15,000	12	12	78	26	71

Company's net profit excluding overhead charges, depreciation, interest on working Capital is Rs. 100 lakhs. Company's profit calculated at ten per cent. on working cost is Rs. 36 lakhs, other items remaining unchanged.

Diwan Bahadur A. Ramaswami Mudaliar (Madras City : Non-Muhammadian Urban) : Fair selling price where, at Tatanagar ?

Dr. Ziauddin Ahmad : At Tatanagar.

An Honourable Member : What about the shareholders ?

Dr. Ziauddin Ahmad : They are not orphans. They are not to be fed at the cost of the poor consumers of India. They can look after themselves. I give them ten per cent. profit. Then I ask one question. Suppose I have a big factory to manufacture chairs. I build a palace for my factory and have first class liveried servants and have a costly staff. Now, I produce a chair whose work cost is three rupees. Am I entitled to take as my profit eight per cent. interest on the money that I spent or am I entitled to charge only ten per cent. on Rs. three ? I am afraid the price

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in the former case will be so high that unless the consumer is compelled to purchase by an Act of Legislature, there will be absolutely no chance for selling the chairs.

(Interruption by several Honourable Members.)

Mr. President (The Honourable Sir Shanmukham Chetty) : Honourable Members ought not to interrupt the Doctor and try to understand in a second or two what it has taken him hours and hours to study and understand. (Laughter.)

Dr. Ziauddin Ahmad : One merchant told me that the duty on non-British article is prohibitive. There will be no steel trade with non-British countries. This is a thing which I do not like to develop today, as I leave it to Mr. Das. He has expressed it in his Note of Dissent, but I can only mention one thing. If we displease the non-British countries and they cease to have any trade with us, then we will be reduced into a very difficult position. We have to pay 72 crores a year to the United Kingdom on account of our fixed charges and on account of the remission of money by private individuals. Now, these 72 crores we can only get by selling our goods to non-British as well as British countries and if the source of selling our goods to non-British countries is stopped, then, I am afraid, we will have no alternative but to request the British Government and say—please take 72 crores in the shape of goods, because we cannot dispose of them on account of the intoxication of the fourth type of our own Government.

My fourth complaint is that even to this day we have not been supplied with the balance sheet of Tatas. We have not been supplied with the evidence which was given before the Tariff Board and we have not been supplied with the representations made to the Government on this particular question. We are asked to vote in the dark. No one will believe, outside India, that the Tariff Board made its recommendations ; the Government prepared that Bill without seeing the Balance Sheet of the Tata Company. We do not know all the facts and the Government knows very well that they can dictate their terms in this House. They have been dictated to by others and they think they can dictate to us. Besides, there is no safeguard against keeping up the price as recommended by the Fiscal Commission on page 48 of their report. This is what they say :

“ But should any such combination arise in India which appear to be to the detriment of the Indian consumer, we do not think it would be difficult to find a remedy. The matter should be investigated by the Tariff Board which we propose should be established, and if the Board reports that the combination is in effect injurious to the interests of the Indian consumer, and the Legislature accepts the view, the protection given to the industry could be lowered or withdrawn, or possibly special legislation could be introduced to deal with the matter.”

Here, there is a definite suggestion about the safeguards whenever protection is given, but, in this Bill, we find that it is entirely ignored. There is nothing in this Bill to visualise how the matter will be dealt with should such an emergency arise. Should the Tata Company have some sort of combine with the importers of steel, it will create an exceedingly difficult position for us.

My last complaint is that no effort has been made to find out the cost of production in foreign countries, in England, America, Belgium and Germany. This is one of the directions given by the Fiscal Commission, that in the case of protection, this thing must also be inquired into, which the Tariff Board did not do.

Now, coming to the profits guaranteed to the Tata Company, there are three kinds of profits—the visible profits, the invisible profits and the latent profits.

An Honourable Member : Patent profits ?

Dr. Ziauddin Ahmad : No, latent profits. As regards the visible profits, the Government have given them 100 lakhs and they have distributed this one crore among the eight principal articles, and in the fair selling price this sum has been included. Now that one crore is a visible profit. Now, I come to the invisible profits, whose value I have calculated to be one crore and 13 lakhs,—that is, one crore visible profits, and 13 lakhs invisible profits. I will give you my results, but, in the meantime, I may put one question to my Honourable friend, Seth Haji Abdoola Haroon, and other business men. Supposing, I am the sole manufacturer of an article, and my fair selling price is Rs. 100. Now, I cannot manufacture the whole of the requirements of the country, I manufacture half the requirements of the country, and the other half must be imported from outside. Now, if that commodity is imported after duty has been paid at Rs. 120, then will I sell it for Rs. 100 or for Rs. 120 or perhaps for Rs. 119 ? I will sell it for Rs. 100, but I will sell it perhaps at slightly less than the price at which the foreign article would be sold. Now, I consulted several business men and everyone told me that if any factory has got a monopoly and there is no internal competition, because Tata has got the monopoly, then their selling price *de facto* will not be what Government calls the fair selling price, but a price equivalent to the price at which the duty paid article is imported into this country, especially on account of the fact that I cannot supply the entire amount, and the other half must come from abroad. If you accept the principle, that the Tatas will not sell it at the scheduled fair selling price provided here, but at duty paid imported price, and there is no machinery by which the Company could be forced to sell at the scheduled price, then a new additional profit will be accrued and this I call invisible profit.

Diwan Bahadur A. Ramaswami Mudaliar : But the fair selling price is the same as the imported price ?

Dr. Ziauddin Ahmad : No. This is not the case. The fair selling price has been calculated after paying one crore to the profits account and another 100 lakhs for overhead charges and depreciation, and the amount of 200 lakhs is distributed among various articles, as is given in the table I have just given. The difference between the fair selling price and the *de facto* price is the invisible profit of the Company.

Maulvi Muhammad Shafee Daoodi (Tirhut Division : Muhammadan) : There is no statutory power to compel them to sell at the fair selling price.

Dr. Ziauddin Ahmad : I will now refer you, Sir, to page 54, Tables XXIII and XXIV :

Invisible profit.

	1	2	3	4	5	6	7
	Fair selling price at Tatana-gar + Rs. 4 per ton excise duty Rs. per ton.	Landed price without duty Rs. per ton.	Proposed duty.	Landed duty paid price 2+3.	Invisi-ble pro-fit per ton 4-1.	Totals output in tons.	Invisible Profit in rupees, 000 omitted.
Rails ..	99	113	10	123	24	80,000	1,920
Fish plates ..	137	151	14	165	28	3,000	84
Structurals ..	104	113	11	124	20	117,000	2,340
Bars ..	98	96	15	111	13	80,000	1,040
Plates ..	103	114	10	124	21	35,000	735
Semis ..	57	64	6	70	13	110,000	1,430
Black Sheets ..	126	119	16	135	9	25,000	225
Galvanised Sheets	163	160	15	175	12	90,000	1,080
Sleepers ..	72	86	10	96	14	15,000	210
Total ..	..	..	..	..	..	..	Rs. 90·64 leaving minor variations between tested and untested.

There will be a profit of Rs. 90,64,000, according to this calculation ; it is only a question of arithmetic.

Diwan Bahadur A. Ramaswami Mudaliar : May I just take the first item—Rails ? My Honourable friend knows that there is a contract, so far as rails are concerned, with Government and no question of competition with landed prices arises at all.

Mr. S. C. Sen (Bengal National Chamber of Commerce : Indian Commerce) : But what about the market ?

Diwan Bahadur A. Ramaswami Mudaliar : There is no private market for Rails.

Maulvi Muhammad Shafee Daoodi : These are sold in the market also.

Dr. Ziauddin Ahmad : There may be a kind of minor variations on account of their contract with particular firms to sell at particular prices, but these variations equalise. Now, to this, I add the profit on the pig iron on which a duty has also been imposed and that amounts to over 18 lakhs and it makes a profit of 109 lakhs. This is an invisible profit. Sir, I do not wish to discuss pig iron now, but I will discuss it later on, as I have given notice of an amendment on this subject. I

have, however, come to the conclusion that the Tata Company will get one crore of rupees and what I call visible profit. The invisible profit will diminish if you equalise the British prices and Tatas' prices, as I notice in each case that the fair selling price is always lower than the price of the British goods imported in this country without duty. Sir, when I make a proposal, I do not do so in the interests of the British manufacturers, but I do it, in the interests of the consumers of this country. After all, if these goods are imported at a higher price, then the consumers will have to pay not only a higher price for the British goods but also a higher price for the corresponding articles manufactured by Tata. This is a point which I will discuss when I come to my amendment of which I have given notice today to the effect that the whole of the Schedule should be modified. Sir, if this Bill, as it stands, becomes an Act, then I am prepared to take the contract of the Tata Company at one crore of rupees, which is their pound of flesh and I will have sufficient money to pay 50 lakhs of rupees to the Treasury Benches—it will not be a bribe—which they can deposit in the Indian Exchequer. I am also prepared to give 25 lakhs to the Leader of the Opposition which he can distribute among various Parties of Non-Official Members. (Laughter.) Even after paying this 75 lakhs in the shape of presents and one crore of rupees to the Tatas', I will be able to make a profit of over half a crore of rupees every year. This is my calculation and if Mr. Mody is agreeable to give me the whole contract I am prepared. Sir, this is really the state of affairs now. Now, Sir, I have discussed the visible profit and also the invisible profit, but it is very difficult to discuss the latent profit as the outsider cannot know the hidden secrets of any company unless he is in it. There are a number of articles which they are making, and some of them are mentioned in the second part of the Report, and which they will never disclose to any outsider, and, therefore, it is impossible for me to calculate this latent profit, but this much I can say that this amount is absolutely substantial.

Sir, I now come to two or three specific points and then I will finish my speech. I will take up first pig iron. In the case of pig iron, I notice that in the year 1930 the Tariff Board reported :

“ We have found that the removal of the revenue duty on pig iron could not directly interfere with our scheme of protection for this steel industry.”

This is the clear finding of the Tariff Board that if we remove this duty it will not affect our principle of protection. They further go on to say :

“ But in view of the recent strike at the Tata Iron and Steel Company's works, we consider the present an unfavourable time for the removal of the duty.”

Now, this was the verdict in 1930, and today, in 1934, we find that the duty on pig iron is still there. It has not been removed in spite of the recommendations of the Tariff Board in 1930. They have only said that it should be temporarily withheld on account of the strike at the Tata works. Sir, the effects of the strike are over. We have given them 25 per cent. extra protection by the enactment of 1931, and yet this duty on pig iron is there and I see absolutely no justification for it. The Government were put on the wrong track by the Tariff Board Report.

Mr. N. N. Anklesaria (Bombay Northern Division : Non-Muham-
madan Rural) : May I ask how much pig iron we import every year ?

Dr. Ziauddin Ahmad : I have calculated that the profit on pig iron at ten per cent. will be about 18 to 20 lakhs.

Mr. N. N. Anklesaria : I did not ask that. I want to know how much pig iron we import in India every year ?

Dr. Ziauddin Ahmad : I want notice of that question. (Laughter.) I can supply this information only after consulting the sea-borne trade statistics.

Now, Sir, with regard to pig iron, I have got two specific complaints which have also been referred to in the Tariff Board report. They say that the pig iron has got two different rates—one rate, for its sale in India and the other rate for its sale outside of India—and the difference is about Rs. 11 per ton. Now, I want to know what justification can there be for selling this pig iron to our own industries at a higher rate than they do to the outside market ? By doing this they are helping the foreigners engaged in this industry. Not only this, but they go one step further. They have got a differential rate of their selling price. They sell at a cheaper price to the bigger firms and at a higher price to the smaller firms. In this way, the Company does not only levy a tax on the consumers but are taking direct action to destroy the smaller industries in the whole of India and this is a thing to which we the legislators should not contribute. Government may make a common cause with the Tata Company and help them to destroy the minor industries in this country, but we, who represent the consumers and the taxpayers, should not agree to such a course. We cannot possibly keep in this Bill a duty which may help and injure the cause of smaller industries and which has been very much misused during the last three years. Sir, I say that there is no justification for keeping this duty on pig iron. I do not want to quote the relevant remarks of the Tariff Board on this particular subject as, I believe, every Member knows them, but I will refer Honourable Members to page 139 of this report in which they say :

“ Except in the case of the Indian Iron and Steel Company in 1931, the figures of the past three years show a difference between internal and export prices not exceeding Rs. 11 per ton.”

Then, on the same page, later on, I come to a very important point and I cannot possibly understand the mentality of the Tariff Board when they say :

“ The representatives of Indian foundries have admitted in evidence that a difference of approximately Rs. ten per ton between internal and export prices may be regarded as reasonable and does not afford any ground for complaint.”

I should like to know who this man is who says that there is no cause for complaint. Not only this, but the Tariff Board itself forgot what they said when they came to paragraph 241. They said :

“ Between the large Companies associated with the Indian Iron and Steel Company and the manufacturers in Japan, Indian foundries producing castings of good quality for sale have been placed in a position of disadvantage by reason of the discriminatory prices at which Indian pig iron is sold.”

So much about pig iron. The other points about pig iron I would like to reserve when I move my motion that the duty on pig iron should be removed.

The next thing to which I would like to refer is the sale price, and I maintain that their policy in this direction is absolutely wrong.

They give a profit of about 40 lakhs to these sale houses and this is an additional burden on the consumers of the country.

1 P.M. Therefore, whenever we discuss the burden on the consumers, we discuss not only the visible, the invisible and the latent profits but also consider the profits of the middlemen called the sale houses. I have got a definite complaint against this system of sale houses. My first complaint is—and the merchants have repeatedly told me and there is evidence in the Tariff Board report as well—that they can buy directly from the manufacturers in Belgium, in America, in France and everywhere under the sun, except the Tatas who will not sell to them. They can only sell through their special managing agents. Thus, their position would be reduced to that of an ordinary shopkeeper instead of merchants. That is my first definite complaint. The second complaint is that these sale houses have internal competition among themselves. They try to push the sale of these things. What they actually do is this. Whenever they find in a particular market some local industry flourishing, then they under-sell the local industry so that the local industry may be destroyed. As soon as the local industry is destroyed they raise the price again and in this way they help to build their own exclusive sale. I submit that these sale houses have been created by the Tatas simply to kill local industries so that nothing but the products of the Tatas can sell in the markets. My third complaint is that you have given them unnecessarily a profit from five per cent. to ten per cent., though on paper it is put down as 2½ per cent., in practice it works out to something like ten per cent. There is nothing in the Bill to regulate the sale price. Though the Tatas may be innocent, yet their vultures, whom they have let loose on the country to devour the consumers of India, may play havoc in the country and may practically take away the money from the consumers and rob them as much as they like. Therefore, this complaint requires careful consideration, and I am sorry that the Tariff Board have not given sufficient attention to it and the Government have not kept in their hands sufficient power to remove these enormous troubles into which the consumers have fallen. They always raise prices whenever the supply of foreign steel is scanty in the market.

I now come to galvanised sheets. This is really a very important article for Eastern Bengal and Burma. We know that the people in these parts cannot build *pucca* houses. They shift their houses from one place to another. It is a question of the utmost importance to the people of Eastern Bengal and Burma.....

An Honourable Member : And for Bihar also.

Dr. Ziauddin Ahmad : Yes, for the people of Bihar also because they have suffered by the recent earthquake, and I submit that these galvanised sheets should be sold at a minimum price giving reasonable profit to the manufacturers, and they should not be sold at exorbitant prices. (Hear, hear.) In 1924, a duty of rupees 45 per ton was imposed on this and it was reduced to Rs. 30 per ton, and, as my Honourable friend, Mr. Neogy, pointed out while discussing this Bill, this duty works out to about 12½ per cent. Sir Charles Innes thanked him for this suggestion and said that it was reasonable. The Ottawa Agreement has again played havoc as regards this particular commodity and they raised the

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price to Rs. 83 in the case of non-British goods, Rs. 53 per ton in the case of British goods and Rs. 30 per ton in the case of British goods made out of Indian bar, but there is a cat in the neck of the camel, that is that these sheets on which 30 per cent. duty is to be paid and which are made out of Indian bars will be the monopoly of the Tatas. They cannot be sold by any other person and nothing from outside can come in till all these articles have been disposed of. This really means that the Tatas would sell the goods not with regard to the 30 per cent. duty but with regard to higher rate of duty which will be 53 rupees, and thus the entire profit will go to the Tatas. In this particular case I think this is absolutely unjustifiable. But fortunately this particular thing has now come to an end. By this arrangement the Tatas got a double profit. They first had profits on the sale of their bars and afterwards they had the monopoly of sheets which are made out of these bars. The price was fixed at Rs. 215 per ton but actually it was sold at Rs. 218 per ton, but the cost of manufacture of these bars by the Tatas with ten per cent. profit is only Rs. 144 ; but if you give them that one crore, even then it will be Rs. 159 per ton, and, therefore, there is no justification to sell it for any amount exceeding Rs. 160 per ton, and the Tatas will get ten per cent. profit even if they sell at Rs. 144 per ton. That is the price at which the galvanized sheets should be sold.

I now come to the end of my speech because I would like to develop the other points later on when I move my amendments. I would very much like now to quote from the leader of the *Statesman*, dated 17th August, 1934, in which it is said :

“ Diwan Bahadur A. Ramaswami Mudaliar from Madras City, for example, is responsible for a saying that threatens to become a proverb : ‘ politics are the last refuge of the millowners.’ This was harsh enough, but when the Diwan Bahadur added in the same breath, ‘ I dare not call them scoundrels,’ friendships of long standing snapped. Even the Commerce Member, with friends on every Bench, did not escape unscathed, being accused of dual personality.” “ There were two Sir Josephs ”, declared Mr. Ranga Iyer, “ one a patriot and the other an Imperialist ”.

Sir, I am not opposed to protection but I do not like the manner in which the protectionist policy is pursued by the present Government whom the consumers may call perhaps not so strongly as Mr. Gandhi would put it as—Government. With these words, I oppose the motion. (Applause.)

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

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

Mr. T. N. Ramakrishna Reddi (Madras ceded Districts and Chittoor : Non-Muhammadan Rural) : Sir, we have just now listened to the learned and erudite speech of my learned friend, Dr. Ziauddin. After listening to his speech, I wondered whether he was opposing this Bill for granting any protection to the Tata industries. But he could not have done so when once this House has accepted the principle of granting protection. Apparently, his idea does not seem to be that but his

idea seems to be just to point out the defects that at present obtain in Tatas' and he hoped that Tatas' might rectify those defects as soon as possible and reap the full benefits of the protection that is given under this Bill.

Sir, when this Bill was before the House at the time when there was the motion to refer it to the Select Committee it was subjected to very severe criticism from this side of the House, specially the report of the Tariff Board was subjected to much adverse criticism. It was said that the Tariff Board went out of their way to take some extraneous circumstances into account and made certain recommendations which they were not competent to do. Sir, it was said that the Tariff Board was as particular about giving protection to the British industries as they were anxious to give protection to the Indian industries. And another point is that they made certain recommendations with regard to the changes to be made in the revenue tariff which they were not competent to do. And, Sir, the Honourable the Commerce Member said that we must follow the recommendations of the Tariff Board *in toto*, and hence he has framed the Bill on the recommendations of the Tariff Board. Sir, very recently we had another report of this Tariff Board on the cotton textile industry. At that time the Tariff Board recommended the imposition of duties on the British cotton textiles of finer counts also, because the imports of cotton goods of finer counts by Britain into this country will seriously compete with the Indian goods and hence Government did not give effect to those recommendations in the Bill which they had subsequently introduced. The Honourable Member explained away the reasons why he did not follow the recommendations of the Tariff Board report on that occasion. He said that two extraneous circumstances intervened, namely, the Mody-Lees Pact and the Indo-Japanese Agreement. But that is a different matter. Why I refer to that matter is that the reports of the Tariff Boards of late have not been taken as sacrosanct, and as a matter of fact they have not been taken even by Government as sacrosanct. The Government have accepted its recommendations when they suited them, and rejected them when they were disagreeable.

Sir, there are four important points on which the Bill is open to severe criticism. The first was the recommendation to remove the revenue duties on the British structurals and sheets and plates; second, the levying of an excise duty on steel ingots manufactured in India; third, the preferential treatment given to the British galvanised sheets in the matter of protective duties as against the continental galvanised sheets; and fourth, that the Tariff Board report as well as the Bill did not draw any distinction between tested and untested steel. The main attack of the Opposition was on these four points, but fortunately Government yielded to the pressure of the Opposition and agreed to restore the revenue duties on the British steel structurals and plates and sheets. On the other points they were unable to see eye to eye with the criticism of the Opposition. The most important and vulnerable point in the Bill is the levying of an excise duty on steel ingots manufactured in this country. The reason which prompted Government to levy this excise duty on steel ingots is that according to their recommendations they will stand to lose about 30 lakhs in the revenues; that is to say, by removing the revenue duties on British structurals and also by adopting a scheme of lower protective tariff as against the British

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galvanised sheets imported into this country. They calculate that there will be a loss of 30 lakhs and they have to make good these 30 lakhs. And, after searching various items for taxation, they finally decided to levy an excise duty on the steel ingots manufactured in this country.

Sir, as I have already stated, Government have agreed to reimpose the revenue duty on British structurals. That will restore the revenue by two to seven lakhs of rupees and they have to make good the loss they would sustain owing to the effect of the proposals with regard to galvanised sheets. Sir, I submit this is a very extraordinary feature of the whole Bill that they should resort to the levying of an excise duty. There was absolutely no necessity for Government to impose lesser import duties on the British galvanised sheets than the continental galvanised sheets and lose the revenue which they want to make good by levying the excise duty. The Tariff Board has clearly stated that if they take the landed prices of the British galvanised sheets into consideration there is no reason why they should make any difference between the import duties to be levied on British galvanised sheets as well as the continental galvanised sheets. In calculating the amount of protective duty, that is necessary for any article, the Tariff Board first calculates the fair selling price of the Indian product by taking the works cost, the overhead charges and the manufacturer's profit and freight disadvantages and then takes the landed price without duty of the foreign imports of that kind of article and then assess the difference between these two figures as the protective duty that is necessary for that article. In this particular case of galvanised sheets, they have taken Rs. 160 as the fair selling price of Indian galvanised sheets, and, then, they have taken the landed price *ex-duty* of the galvanised sheets of foreign countries at Rs. 130 in order to assess the quantum of protective duty. But, with regard to British galvanised sheets, they have blindly taken the figure given by the British steel interests as the fair selling price as at the time of the Ottawa Agreement. There was absolutely no reason given by the Tariff Board why they should not take the landed price of British galvanised sheets as obtaining during the preceding year, namely, year 1932, when the competitive prices ruled. This is what they have stated in the Tariff Board Report :

“ Two alternatives have been open to us, first, to take the average price in the earlier half of 1932 and adjust it for the variation in the price of spelter since that period and secondly, to proceed on the basis of calculation adopted by the Ottawa delegation, namely, to take the United Kingdom price at the lowest figure which the delegation considered would give a reasonable return to the British manufacturer and to take the Continental price at the lowest figure actually reached in recent importations. Under ordinary conditions we should be inclined to adopt the first method in estimating the measure of protection. The United Kingdom prices in that case would be almost the same as Continental prices and there would be no scope for differential duties.”

That is a very important admission. But they have gone out of their way and they have taken the fair selling price which the British industries gave at the time of the Ottawa Agreement. The Tariff Board did not look into the accounts of the various British firms to find out what the actual fair selling prices of the British galvanised sheets were, nor were the balance sheets of British interests submitted for inspection, as my friend, Dr. Ziauddin, reminds me—to the Tariff Board. Hence, there was absolutely no justification for making this extra-ordinary difference in the matter of protective duties as against the continental galvanised sheets.

It is said that Great Britain is importing pig iron from India duty free, and that that is a great advantage and a consideration for showing this preferential treatment to British galvanised sheets. It has already been pointed out by my learned friend, Diwan Bahadur Ramaswami Mudaliar, that it is after all a very small advantage when compared to the loss that the Indian Government stands to lose by making this difference; and, further, I submit that we should not take this as a consideration for this preferential treatment. Great Britain has imposed duties of 33½ per cent. on continental pig iron and continental steel and on all other countries, and hence they are not in a position to get as much pig iron as they want for their industries and hence it is advantageous to them to import Indian pig iron duty free. Then, it is said that by showing this preferential treatment and reducing the prices of galvanised sheets, it will be of great benefit to the agriculturist. I may submit that the agriculturists do not derive much benefit from this reduction in the price of galvanised sheets. It is only the industrialists who make use of these galvanised sheets: it is a mistake that has been committed by the Government to say that the agriculturists derive great benefit. It is the small industrialists who have to build their factories, who make use of these galvanised sheets: the agriculturists may use it to some extent but not so much as to justify this differential treatment. But as my Honourable friend, the Finance Member, has pointed out, we should not confuse the revenue duties with protective duties. Here I apply the very same argument and say that in estimating the protective duties we should not take into consideration—we should not mix up—the burden on the consumer with the amount of protection you are giving; because both are quite contradictory terms. The very idea of protection means burden to the consumer: we give protection to a particular industry, because after some time the particular protected industry will set its house in order, will bring down the costs of production and will eliminate competition from foreign countries, and then supply the goods to this country at a much cheaper cost, so that the consumer, who has been suffering all along, may get the benefit ultimately from out of the burden he has been bearing all along. In this case, what is the benefit to the industry by giving this protection to the British galvanised sheets? I submit that the argument that prices will go down is also based on erroneous reasoning. The prices will never go down. The price of the British galvanised sheets in India will be the price of the sheets that obtain in this country for the continental imports. If foreign countries have to bear a higher duty, they can import only at a higher cost. Then the British people will not sell galvanised sheets at anything less than that rate. Hence, the difference in the protection duty will be a benefit to them, and that difference will go into their own pockets, and it will not go to reduce the price of galvanised sheets. Thus, Sir, we are giving a bounty, as it were, which is estimated at 20 lakhs, to British interests, if we reduce the measure of protection in favour of British galvanised sheets. Sir, if this difference is not maintained, and if British galvanised sheets are taxed to the same extent as foreign galvanised sheets, then there will not be so much loss to the Government. We would have been able to retain the Rs. 20 lakhs. In that case, there would also have been no necessity for levying this excise duty on Indian made steel ingots. Sir, the Government is placing a very great obstacle in the way of the development of the Indian steel industry by levying this excise duty. They could certainly have avoided the necessity of levying this excise duty, as I stated, by equalising protective duty as against the British as

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well as continental goods. Generally, excise duty is levied only when there is over-production and when we have to stop over-production in order to raise the price, or as a measure of mild prohibition on a particular article, such as liquor. Then also excise duties are levied. But nowhere in the world is there a country where the key industry is subjected to an excise duty. Government cannot say that there is over-production of steel ingots in this country. Sir, the Indian industry has to work under a very great handicap if they have to manufacture goods under an excise duty. Sir, Great Britain has imposed 33½ per cent. on foreign steel products, but it has not levied any excise duty on steel structurals, or the steel products that are produced in their own country, and so, Sir, they can dump their goods into this country if this excise duty were to be levied on Indian products.

Sir, it is stated by Government that they are also imposing a countervailing import duty on all the imports into this country of steel products equivalent to the amount of excise duty they are levying on these steel ingots, but, Sir, there are many items of imported steel products which escape this countervailing duty or over which these duties have no effect. Take, for instance, the galvanised sheets themselves. There is a revenue duty of ten per cent. This revenue duty of ten per cent. is much higher than the countervailing import duty, as also the rupees ten protective duty that is proposed to be levied on galvanised sheets, and, thus, the galvanised sheets are not at all affected by this countervailing import duty. The same is the case with regard to steel structurals and so many other items. They do not bear this countervailing import duty at all.

Then, Sir, Tatas have to work under very great disadvantages. It is estimated that Tatas produce about 20,000 steel ingots per week or about 800,000 steel ingots in the year. If they have to produce 20,000 steel ingots in a week, whether these steel ingots are sold or not, they have to pay the excise duty. That means, they have to make arrangements for paying about one lakh of rupees every week by way of excise duty, whether these steel ingots are sold or not. Therefore, it will be a very great handicap to the industry to get on.

Sir, my learned friend, Dr. Ziauddin Ahmad, this morning, read passages from the speech of Sir Charles Innes showing that the year 1927 would be the last occasion, when Government would bring proposals to impose this protective duty, and that would be the last occasion, when the country would have to bear this burden of the protective policy. But, Sir, seven years have now elapsed, and we are again extending this protection for a further period of seven years. The Honourable the Commerce Member has stated that if everything goes well, then it would not be necessary to bring forward any further measure of protection.....

Dr. Ziauddin Ahmad : He said within a measurable distance of time.

Mr. T. N. Ramakrishna Reddi : Yes, but that definite measurable distance of time may never come if we continue to give protection in this half-hearted manner. If you want to give protection, then give it fully and completely, and not in such a half-hearted manner, because the idea underlying the present measure would seem to be not merely to give protection to Indian industries, but also to give more and more encouragement to British imports to come into this country. Therefore, Sir, if this state of affairs continues, I am afraid, we shall not be able to realise

or reach that measurable distance of time when *Tatas* would be able to stand on their own legs. I hope, Sir, in view of what I have said, Government will be able to find their way to yield to the other criticisms of the Opposition, as they have yielded in connection with the revenue duties on the British steel structurals.

Mr. C. S. Ranga Iyer (Behilkund and Kumaon Divisions : Non-Muhammadan Rural) : Sir, there is such a thing as dragging a man to take part in a debate, even though, left to himself, he might not have taken part in it, after listening to the short sweet speech, the convincing and logical speech, which the Honourable the Commerce Member made this morning. Sir, we on the Opposition Benches welcome him after his illness and in a stage of convalescence to this House with a spirit of martyrdom to pilot this essential Bill. (Cheers.) Sir, he has, in his short speech, indicated to us that financial considerations are mainly at the bottom, and financial considerations cannot be lightly brushed aside by an opposition, however earnest about making speeches, after long burning. I should say, not the midnight oil, but the electric current in the small hours of the morning. (Laughter.) Probably that is responsible and excusable for the quotation that the Honourable Member made from a very excellent newspaper, the *Statesman* of Calcutta. Sir, he quoted, in the course of his speech, the *Statesman* as saying :

“ Even the Commerce Member, with friends on every Bench, did not escape unscathed, being accused of dual personality. ‘ There were two Sir Josephs,’ declared Mr. Ranga Iyer, ‘ one a patriot and the other an Imperialist.’ ”

Sir, not having read the *Statesman's* editorial,—I am not a careful reader or a reader at all, except on infrequent occasions, of editorials of newspapers. I cannot vouch for the accuracy of this quotation, but I cannot at the same time charge the Honourable Member on the Opposition Benches with indulging in the luxury of an inaccuracy. Therefore, I presume, this is an accurate quotation. The quotation may be accurate, but the text on which it relied is inaccurate. The text was the usual mis-report that emanates from a notorious news-agency called the Associated Press (Laughter), especially when it reports speeches of Honourable Members in this House, myself being the special target. Sir, the Associated Press on that historic day when I gave a warm support to the Honourable the Commerce Member reported to the country that I described him as having dual personalities of a patriot and of an Imperialist. The speech is before me here, and I shall presently remove that misapprehension of the *Statesman*. The editor of the *Statesman* is a great editor and was an important Member of this House. *Ex-Members* of the Assembly, even though newspaper editors, are not expected to read the reports of the proceedings of this House. They naturally rely on news-agencies and responsible news agencies even though the latter specialise deliberately in *suppressio veri* and *suggestio falsi*. (Laughter.) And that is why, in order to get my support, that the Honourable the Deputy Leader of the Opposition indulged in this gross misquotation to the effect that I spoke of Sir Joseph Bore as having two personalities,—of an Imperialist and of a patriot. And treating him as an Imperialist, Dr. Ziauddin Ahmad proceeded with long speeches unnecessary and irrelevant on this occasion as if to block the Bill in its passage or press it to a division. Otherwise, there is no necessity or justification for the quotation. But my attitude towards the Honourable the Commerce Member on this

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occasion is exactly the same as it was on the previous occasion. I certainly spoke of two Sir Josephs, and I said :

“ There is at this end a Sir Joseph who loves this country with the passionate and profound love of a patriot, and there is at the other end (in England) the other Sir Joseph, Sir Joseph Nall (a Member of Joint Parliamentary Committee), an Imperialist of Imperialists, a die-hard who is not satisfied by the safeguard clause, who says that the Government must be prevented for all time to come from getting rid of that safeguard by giving bounties to the industry, etc., etc.”

Then, I went on to say :

“ Sir Joseph Bhore follows up and lives up to the principles of Napoleon Bonaparte when Napoleon said that a statesman's heart must always be in his head, and often times the heart of our Commerce Member is in his head.”

There is evidence of it in this particular Bill. He has thought with
 2 P.M. his head, he has approached the question with his heart and head alike combined, and that is why he was, to meet the Opposition Benches, prepared up to a point to compromise. He has put, as this House is no doubt aware, in regard to British tested structurals and plates, a revenue duty of ten per cent. *ad valorem* instead of being allowed free entry or $1\frac{1}{2}$ times the excise duty leviable for the time being on steel ingots produced in British India. That is meeting the Opposition, because the Opposition has been crying hoarse that we are surrendering here our rights of raising a tariff wall against British and other *foreign* imports. I do not consider the British as foreign imports, and, so long as our goal is not independence, as the goal of the Congress happens to be, but Dominion Status, our economic policy, I say, must be regulated by coming to an agreement, whenever possible, so long as it is not disadvantageous to our own industries, with Britain, and that was the principle on which I took my stand when I endorsed the Ottawa Agreement and when I fought in the Committee that this Assembly should be given a Committee to examine in the light of Indo-British trade the rise and fall of advantage in regard to our own trade. The Committee is examining it, we have not got the Committee's report before us. But it is very easy to draw the red herrings of prejudice as the Congress people are doing out in the country and our friends on the floor of the House and say that we are doing to Britain a great favour to the disadvantage of our own industries. That kind of argument we may be prepared for in future years and we may have to fight it in this House and out in the country, but it does not lie in the mouth of the Opposition, which has consistently and rightly co-operated with the Government, to hug the Congress carcass which the Congress people are trying to put life into. (Cheers.)

U Ba Maung (Burma : Non-European) : Sir, coming from a Province in which there are no heavy industries and where the population has to rely on agriculture for its livelihood, I cannot be expected to display any enthusiasm to a continuation of the protective duties on iron and steel even in a modified form. It will not be denied that the burden we have borne has been heavy and of long duration, and I submit that we are entitled to relief in any direction we can find it, provided it does not kill this great Indian industry which our revenues have been instrumental in establishing. I find such a case in item 143 (b) (1), namely, fabricated steel of British manufacture which it is proposed shall carry the very heavy tax

of Rs. 46 per ton. It is clear from paragraphs 164 to 166 of the Report of the Tariff Board that Rs. 40 of this levy is only intended to be temporary, that Tatas can get along very well without it, and that the reason for imposing it for a short period is to give the fabricating concerns in India and the integrated concerns in England a chance to settle their differences. I fear, Sir, that that settlement may take a very long time if these concerns are left to continue their policy of annihilation of each other, and I recommend the Government, as soon as the Bill is passed, to exercise its powers under clause 2 and issue a notification that the surcharge of Rs. 40 per ton will be abolished six months hence. No further enquiry than that already held and reported on by the Tariff Board will be necessary. All over India there are important works requiring large quantities of fabricated iron and steel which cannot be long delayed. There is the Howrah Bridge for which money is available and which will require 25,500 tons of steel, as I have seen in paragraph 168 of the Tariff Report, and I noticed further that the Governor of Bombay, during his tour last week, stated that the construction of two bridges there was a matter of urgent public necessity and would be embarked upon as soon as money was in sight. In my own Province, that is, Burma, the road between Tavoy and Mergui (these towns were occupied by the British during the First Burmese War), which serves the important tin and wolfram mining and rubber growing industries, is impassable for seven months every year as this is intersected by two rivers over which a bridge must be built. Sir, as soon as they are built, Mergui will have a daily postal service with Rangoon instead of a weekly service by sea as at present. It will then be no longer necessary to pay a heavy subsidy to the British India Steam Navigation Company which is now given for carrying mails.

Then, Sir, turning from the industrial and commercial development of India for which steel is a prime necessity, may I remind the House that it is also necessary for repairing the havoc wrought by the earthquake in Burma on the 5th May, 1930, to one of our ancient famous pagodas. The great Shwemawdaw Pagoda at Pegu, in which I was born and brought up and am still residing, was then brought to the earth in ruins, and when it is rebuilt, its structural supports will be of iron and steel and will cost not less than 15 lakhs of rupees. The money for rebuilding is being found by public subscription and those to whom we have to look for funds are mainly among the poor cultivator class. I am sure, the House will agree that we should not have to pay an extra Rs. 40 per ton for our steel, just because the fabricating firms in India have lagged behind Tatas in the march to efficiency. Sir, it is of the utmost importance that a better understanding be created between India and Burma and, I am sure, that the people of Burma would regard it as a generous gesture of goodwill if Government would forego the Rs. six per ton excise duty and Tatas reduce their price by a further Rs. six per ton for the steel required for rebuilding this famous pagoda. In this connection, I beg to support the statement in the minute of dissent by Messrs. B. Das, S. C. Sen and Mahapatra :

“ We think that levying an excise duty for revenue purposes in a Bill to afford protection to a basic industry is wrong in principle and should not have found a place in this Bill.”

Sir, in conclusion, I am glad to see the progress Tatas have made under the shelter to which we, in Burma, have contributed so much and

[U Ba Maung.]

I ask that the duty no longer necessary for Tatas on fabricated steel be abolished regardless of revenue considerations without delay. This is all I have got to say.

Sir Leslie Hudson (Bombay : European) : I desire at the outset to acknowledge the spirit of accommodation which Government has shown throughout the discussions of the Select Committee towards the suggestions which were put forward. That has made our position easier and enables us to give our support to the Bill as it emerges from the Select Committee. In my speech on the first reading of the Bill, I referred at some length to the very debatable question of excise duties in general, and I concluded by saying that as a Group we suspended judgment until after we had heard what the Honourable the Finance Member had to say on the subject and until after the whole question had been thrashed out in the Select Committee. If, therefore, we now give or support to the excise, it is on two grounds. Firstly, we recognise that it is perhaps, at the present moment, necessarily bound up with the present financial position, and, secondly, we have the assurance of the Honourable the Finance Member, and also, so late as this morning, from the Honourable the Commerce Member that this is neither to be taken as a precedent for other industries nor to be regarded as a permanent burden on this industry. I submit that if it is found that an industry is protected by such a high tariff wall that Government revenues are affected seriously and the industry in question is making inordinate profits, then the proper remedy is not to impose an excise duty on the protected industry but to lower the tariff wall. After all, the consumer benefits by a reasonable amount of fair competition, but he loses doubly through an over-protected industry together with an excise which he and not the industry has to bear. I am glad that the Select Committee has agreed upon the retention of revenue duties on structurals and plates. The amount involved is small, but the principle which I enunciated in my earlier speech remains, namely, that a thorough examination of all revenue duties is necessary with a view to their removal where the law of diminishing returns operates, and where they have no substantial, though incidental, value that should be undertaken when the Government's general financial policy is under review. There is, however, one important modification to this general principle.

The question of the supply by Tatas of semis required by the re-rolling firms in India has, I understand, been the subject of a conference between the Government, Messrs. Tatas and representatives of the re-rolling interests concerned. The apprehension has been expressed that Messrs. Tatas may be unable to keep up the supplies of semis contracted for by them with the Tin Plate Company, the Indian Steel and Wire Products Company and the Eagle Rolling Mills, and much less to be able to supply sufficient quantity of semis to the re-rolling concerns in this country to enable them to keep their works running. If this is the case, it is obvious that these re-rolling firms must get their supplies of semis from elsewhere and it would be definitely unfair to them, if by the failure of Messrs. Tatas to supply sufficient raw material, they have to pay a countervailing duty of Rs. four per ton or a revenue duty of ten per cent., whichever is higher, which might cause them to pay more for their

raw materials than the fair selling price of Messrs. Tatas laid down by the Tariff Board. I will take, for instance, the item of sleeper bars, the supply of which by Messrs. Tatas is also, I understand, quite inadequate and I think the Tariff Board report confirms this. I understand that after supplying their own requirements there is only a surplus of some 8,000 tons of sleeper bar available, which is hardly a fourth of the requirements of Indian railways.

Surely, it is no part of the Government's protective policy that Messrs. Tatas should have a monopoly of the manufacture of steel sleepers when there is another plant in the country capable of manufacturing them. If, however, steel sleepers and sleeper bars are charged the same rate of duty, then the likelihood is that orders for sleepers which Tatas cannot fulfil will be placed abroad, as local manufacturers, other than Tatas, could not import the bar and pay the proposed duty and compete with imported finished sleepers. If manufacturers in this country are capable of doing this work, we suggest that it is in the interests of India that these orders should be kept in India and thus ensure the employment of Indian labour. I suggest that Sleeper Bars should be removed from their present heading where they are combined with Sleepers.

I have quoted the case of sleeper bars as an example of the difficulty of imposing on these Semis a countervailing duty, or a revenue duty, whichever is higher. Government might take executive action in such a case, subject to the safeguard, however, that when the *c. i. f.* price of imported Semis is less than the landed price, exclusive of duty, the duty should be such as to bring the price into line with the fair selling price of Tatas Semis as suggested by the Tariff Board.

In my speech I referred to the apprehension that Tatas with a considerable measure of protection may tend to become more and more monopolistic. In his reply, Mr. Mody made reference to the instance of the manufacture of brick products but he omitted any reference to the other industry, namely ; Coke.

The Tariff Board report states that Tatas are able to produce only about 89 per cent. of their requirements of cooke, the remaining 11 per cent. having to be purchased elsewhere. It is actually purchased and obtained from collieries in Bihar and it would appear from the Tariff Board report and from Messrs. Tata's representation that it has the intention itself to erect a new cooke-making plant which will, when completed, be able to supply the whole of their requirements. This will entail the closing down of these cooke-making plants which at present supply the eleven per cent. to which I have referred, and the consequent loss of the capital invested therein, because, I understand that there is no outlet for the cooke which is made by these companies. Possibly, when my Honourable friend, Mr. Mody, does us the honour of speaking on this reading, he will give the House some information on this point. I want to say one word about the confusion which is in the minds, I am afraid, of several Members of this House, and more particularly my Honourable friend, Mr. B. Das, concerning the distinction between differential duties and Imperial Preference. Now, Sir, Imperial Preference, in the generally accepted meaning of the term, is a principle which is now as dead as Queen Anne. Imperial Preference means a preference which

[Sir Leslie Hudson.]

is given to the Empire countries in the interest of the Empire at large. I say that that principle is dead, because even at the Ottawa Conference such agreements as were arrived at were reached on the basis of hard bargaining and in the interests of the participating countries. Differential duties, on the other hand, are based on India's interests and no one else's. The Tariff Board made it perfectly clear that in the case of British and continental steel a differential duty was fixed to correct the dumping tendencies of the continent and to put the continental and the British importer on exactly the same basis, and I cannot do better than quote from the speech of my Honourable friend, Mr. S. C. Mitra, in which he said that : " the fight that this great national industry is now waging is more against the continental importers because they are selling iron and steel at uneconomic prices, prices which are meant to destroy the Indian industry ". The Honourable the Finance Member also gave it as his view, that if at any time, the continental steel interests were to quote economic and not dumping prices, there might then be a case for the reduction of the differential rate, and this should, I think, explode the allegations which have been so frequently made that this Bill is intended not to protect the iron and steel industries of India but to protect British industries.

One matter which has been causing considerable comment for some time past is the fact that in addition to the protection given by the protective duties, Tatas have been enjoying special and advantageous rates of freight on the Bengal Nagpur Railway. That this must have been so is evident from the Tariff Board's Report and Tatas' own representation where it is stated that the new rates of freight which came into force from the 1st July, 1933, are going to add forty lakhs more to the haulage charges. Well, Sir, we are giving protection, because it is considered that the iron and steel industry must receive help for another period of seven years after which it is expected that it will be able to stand on its own legs. I suggest that it was never intended that this Company should have permanent special arrangements with railways as regards freight. As the public does not know what the rates of freight were up to the 30th June, 1933, and does not know what the net rates are now in vogue, it is difficult to say whether the benefit is for the Company or for the consumer. In conclusion, Sir, I think, I may claim that we have, throughout our discussions in the House and in Select Committee, endeavoured to serve the interests of India first and last (Hear, hear) ; we have agreed to the continuance of protection to a national and basic industry for the further period of seven years ; we have agreed to measures which maintain the revenues of the country intact. We have opposed any measure to reduce the revenue duties, in view of the financial position of India, subject to the modification which I have mentioned in regard to semis and we have done nothing to place the British manufacturer at a disadvantage *vis-a-vis* his continental competitor. In short, we have endeavoured to be just to all concerned bearing in mind the needs of India and the requirements of her basic industries. I trust that the House will approve of the policy which I have just outlined and will accept the Bill, with the suggestions that I have offered, as it has emerged from the Select Committee.

Mr. K. C. Neogy (Dacca Division : Non-Muhammadian Rural) : Sir, the Honourable Member in charge has invited this House to take into

consideration a very weighty report, weighty not from the point of view of *avoir-dupois*, but weighty because there are as many as four signatures of the Members of the Executive Council appended to this report. If my recollection serves me right, there has been no other Select Committee of this House on which as many as four Members of the Executive Council have found it necessary to sit. Perhaps my Honourable friend, the Member in charge, felt that on this particular occasion he needed all the moral support that he could get from his Colleagues. Now, Sir, so far as the Honourable the Law Member is concerned, to use a now famous phrase, the less said about him the better, because, under the rules of this House, he need not even be named in a motion for the appointment of a Select Committee, and, as an *ex-officio* Chairman of all Select Committees, he is sure to be found occupying the chair if there is a meeting.

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

Then there is my Honourable friend, Sir Frank Noyce. I think his claim to be a Member of the Select Committee is derived from the fact that he describes himself as the Member for Industries. But, as far as I know, under the present constitutional dispensation, the Central Government has very little to do directly with the interests of any industry in this country unless it be the industry of the manufacture of red tape. But, then, I must forget that my Honourable friend has another undeniable qualification for membership of a Select Committee which is to deal with fiscal matters. My Honourable friend was the President of a special Tariff Board at one time, whose recommendations were summarily rejected by the Government of India.

Now, Sir, I come to my Honourable friend, the Finance Member. Of course, he has got to be in a Select Committee of this character to safeguard the revenue interests of the Government. Not merely that, as the latest gift of Great Britain to India, he has also to remind us about the political complications that might arise if we were to pursue any particular course while dealing with this measure. My Honourable friend is quite sure that he is no longer a servant of the British Government, nor is he in confidential correspondence with that Government. But he must, at the same time, exercise his right to represent the views of the British manufacturers in such matters, as he himself made it quite plain in his speech when the Bill went to a Select Committee. Now, Sir, my Honourable friend has, as I said, got to safeguard the revenue interests of the country. He said that he looks upon this steel industry as a composite taxing unit which must yield a definite amount in revenue. He does not care whether it is obtained by this means or that, but he must have what revenue he expects from this composite item. My Honourable friend reminded me of another great financier, but he lived in Venice ages ago, who insisted upon his pound of flesh. But, Sir, my Honourable friend, I am glad to observe, has, after all, agreed to certain very modest kinds of compromise in the Select Committee which, I take it, he considers to be absolutely innocuous from the point of view of the British manufacturers. I think I must now put in a word on behalf of the Honourable the Home Member, although he is absent from the House today, because he is the only Member of the Executive Council who, as a Member of this House, was not taken into this Select Committee,

[Mr. K. C. Neogy.]

and I am afraid his absence is an indication that he wants to record his protest against that invidious treatment. (Laughter.) As Home Member, I am sure he is interested in seeing the steel-frame of the Indian administration maintained, and, I think, he had every right to be included in the Select Committee, if only to urge the free importation of British tested steel. In spite of the fact that the Honourable the Home Member did not find a place in the Select Committee, it is, as I said, a very weighty report, and certainly it has had the best consideration on this side of the House. While I recognise that the Government have agreed to certain compromises, I fail to see how they meet the objections that were raised from this side of the House. Without taking much time of the House at this hour, I should like to place on record the emphatic protest of myself and of my friends to the imposition of an excise duty on a protected industry. (Hear, hear.) I do not think I need repeat the arguments that have been used in my Honourable friend, Mr. Das's Minute of Dissent, but I may tell my Honourable friends opposite that we, on this side of the House, generally agree with the sentiments expressed there.

Now, Sir, my Honourable friend, Sir Leslie Hudson, took exception to this measure being described as an Imperial Preference measure. I do not find my Honourable friend, Mr. Das, referring to it in those terms in his Minute of Dissent. What he said was that this measure lays down preferential tariffs for the benefit of British steel. I do not think my Honourable friend can dispute that proposition. It is certainly going to benefit British steel in so far as British steel will be enabled by these differential, or preferential, rates of tariff successfully to compete with continental steel in the Indian market. That is certainly a proposition which cannot be challenged from any side of the House. As a matter of fact, that was the position taken up, as far as I remember, by the Honourable the Finance Member himself. I think the purport of his speech was that if you do not have this kind of preferential system of tariffs, then the British manufacturer will be completely ousted from the Indian market, a contingency which could not be contemplated with equanimity in this country because of the likely political reactions that it might create in England. Now, Sir, I want to put a particular point to my Honourable friend, Sir Leslie Hudson. He accepts the findings of the Tariff Board, and is convinced that so far as the items of the British steel are concerned, they do not stand in need of protection *vis-a-vis* the Indian industry. This is what I find in paragraph 99 of the report of the Tariff Board :

"It will be seen from the preceding tables that the need for protection is now confined entirely to the competition from continental imports. No protective duties are required against the British imports except bars and sheets. The duties required on these do not, however, exceed the normal level of revenue duties and are considerably below the existing level."

I take it that my Honourable friend accepts this finding of the Tariff Board as correct. Now, Sir, if that be the position; and if we are also to accept the statement made by the Honourable the Finance Member that continental steel is being dumped into this country—dumped in the strict technical sense of the term and not in the non-technical sense in which perhaps some people might say that Great Britain is dumping Finance Members into this country..... (when responsible Members of Govern-

ment use technical expressions, I take it that they intend those expressions to be interpreted in their technical sense).....if continental steel is being dumped in India, if again there is no need of protection so far as British steel is concerned, why, I think the most straight-forward course would be to withdraw this protection measure and impose revenue duties on a uniform level on all foreign imports, and if dumping is really established as against the continent, then to have an anti-dumping legislation and put on additional duties against those countries which are found guilty of dumping. I know that this point of view has been put forward by a financial journal in Calcutta. There, I do not know on what authority, it is stated that : " the Company too from what we understand of its attitude is prepared to be regarded as a non-protected industry ". I do not know whether my Honourable friend, Mr. Mody, is going to speak, but when he does, he will I hope, explain what is meant by this. I should like to know from him also as to whether he is prepared to accept as an alternative to this Bill, a measure in which there may be uniform revenue duties all round against all foreign imports *plus* anti-dumping additional duties against the continental steel. I should like to know from him as to what the position of the industry will be if an alternative step like that were to be taken. I very much hope that my Honourable friend, Sir Leslie Hudson, will support this particular idea if he is true to his own opinions.

I remember that when in 1924 we had the Tariff Board report before us, it was confidently expected not merely by the Tariff Board but by Government as also the Non-official Members of the Legislature, that in the course of 15 or 20 years, India will be absolutely self-supporting in regard to her needs of steel. Now, we have completed ten years from that date. I also know from a statement made in the Tariff Board report that it takes full five years for a steel plant to set going. Is the Honourable Member in charge in a position to repeat that assurance, that is to say, that within ten years hence India will be absolutely self-supporting in regard to her needs of steel ? The point that was made, on the occasion when the first Steel Tariff Bill was before the Assembly in 1924 was that in determining the period and the extent of protection, we must remember that the terms shall be such as to induce fresh capital to come into this industry so that within a definite period—in this case the utmost period that was laid down was 20 years—there would be at least two or three more concerns like the Tatas springing up. That was the expectation of the Tariff Board, and it was on that assurance that the consumer was expected to make a temporary sacrifice, so that at the end of that period, India would be absolutely self-supporting in regard to her needs in respect of steel. I should like my Honourable friend to tell this House as to whether the terms of this measure are such as to encourage any reasonable belief that there will be two or three or even one more concern like the Tatas coming up within the next ten years, so as to fulfill the expectations which were held out in 1924. Unless my Honourable friend is in a position to say that, I do maintain that you are departing from the fundamental principles on which protection was initially granted to this industry. I know in one part of the present Tariff Board report, they express the hope, rather they express their belief, that there is sufficient room for one more concern to spring up ; but, at the same time, I also remember that so far as the geographical situation of the iron-ore deposits and the coal deposits is concerned, it would make it rather difficult for any second

[Mr. K. C. Neogy.]

concern to compete successfully with foreign steel in outlying parts of India. This seems to me to show that we are very near a contingency when India will be asked to share her steel market with Great Britain. Such a demand was put forward on behalf of an organisation of steel manufacturers in Great Britain, who, in their evidence before the Tariff Board, made the claim that India should now come to an understanding with the British steel manufacturing interests so as to partition the Indian market of steel as between the Tatas and other minor concerns on the one hand and the British manufacturers on the other. I should like to know whether Government are going to see to it that, whatever fiscal policy they may adopt, they will bear this in mind that when the consumer was asked to make an enormous sacrifice in 1924, it was not for the purpose of enabling some organisation of British interests to come forward and share the steel market with the Indian industry. I know that when in 1924 the Steel Bill was introduced, it was acclaimed as an evidence of the genuineness of the fiscal freedom that was conferred on this country by a convention agreed to by the Government in Great Britain, not that the Non-Official Members of this House took any delight in penalising the British industries merely for the purpose of penalising them, but they took this as an acid test of the value of our constitutional rights : " did our fiscal powers enable us to protect our industries even as against the British industries " ? And inasmuch as the legislation of 1924 did not discriminate between British and non-British, the Non-Official Members hailed that measure as a proof positive of the genuineness of the fiscal freedom enjoyed by this country under the present Constitution. Then came the Tariff Board inquiry of 1926 leading to the Bill of 1927. I very well remember, that the Honourable Sir Charles Innes, while supporting the differential duties which were for the first time proposed by that Tariff Board for the benefit of British steel, was as careful as a tight rope dancer, always anxious to make out that it was not any preference that was intended for the benefit of Great Britain but that Great Britain was virtually synonymous with standard steel and continental steel was synonymous with non-standard steel, and as the rates of duty need not be the same as between the standard and the non-standard steel, for the sake of facility of expression we might as well distinguish between British steel meaning standard steel and the non-British meaning non-standard steel. A few years later, it became almost an article of the fiscal faith of this country to grant preference in favour of Great Britain in diverse matters. Even before the Ottawa Agreement was come to, the spirit was abroad in the Government of this country that there must be some kind of preference for the benefit of the British industries. Today we find an Honourable Member of Government getting up and reminding us of the dire consequences that will overtake this country if we were not to agree to such preferential treatment of Great Britain. Sir, whether you call it Imperial Preference or whether you call it by some other name, what is the principle behind it all ? I will allow one of the later advocates of the idea of imperial economic unity, namely, the first Lord Melchett, better known as Sir Alfred Mond, to state what is the object behind this idea of imperial economic unity which appears to be the guiding principle of our fiscal policy of the present day. This is what Lord Melchett says :

" The people of this country should accord to some future Government of this country freedom to take steps necessary to make the Empire a real economic unit,

subject to the condition that each decision is preceded by an appropriate investigation to ensure that its results will on balance tend to enlarge *British* trade and raise the standard of living of the *British* people."

Maulvi Muhammad Shafee Daoodi : Sir, this is no doubt a very big subject but I shall confine myself to the point of view of the layman. You know I belong to Bihar and Orissa where the industry is situated and where coal which is the basic foundation of the industry is found in plenty. It is in the neighbourhood of that part of the country where these facilities are to be found, coal, iron and everything else. Even labour is very cheap in that part of the country. Before protection was granted, I know in what plight the masses in that part of the country were and what was the stage in which the agricultural implements were manufactured there. When I compare the condition ten years before with the condition prevailing at the present moment, I find that Bihar and Orissa had to suffer more than any other part of India. I have been told that the Punjab is in a better position so far as the price of its steel ingots is concerned. We further find that the protection so far given has not afforded the subsidiary industries of Bihar and Orissa where the industry is situated any help whatsoever, and any opportunity to improve their agricultural implements or other instruments in which they generally deal. It appears that there is something wrong somewhere. I have not been able to find out exactly where the shoe pinches, but it is no doubt true that agriculturists and subsidiary industries in Bihar and Orissa have suffered greatly, although the key industry of iron and steel lies in that Province. It appears to me, therefore, that the Tata Company have been dealing in their business in such a way that the people living near by have not profited as much as they should have. The consumers' point of view is not at all considered either by Tata's or by the Government of India. When the Bill was introduced, our friend, Mr. Vidya Sagar Pandya, and, to a certain extent, Dr. Ziauddin also advocated the cause of consumers, and I hoped that the Select Committee would do something to help the cause of the consumers. But I am very much disappointed to find that nothing whatsoever is said about the interest of the consumers in the report. Rather, from what appears on the paper itself, they have increased the burden on the consumer. I do not, therefore, feel inclined to say words of praise, either for the Company or for Government, in a matter in which the interests of the large masses are ignored. I am tempted to say that it appears that there is a combination of capitalists to squeeze as much money as possible from the poor people without minding the distant consequences of such indirect taxation. I can safely say that the consumers are being bled for the sake of the capitalists and the growth of the steel industry is not apace as may be desired in this country, notwithstanding coal and other raw materials being so abundantly found in our own country. The implements of the agriculturists have become dearer than they were some time before. All improved implements of agriculture come from distant parts of the country to Bihar. That shows clearly that the freight disadvantage which has been allowed to Tata's is responsible for this state of things. I know the people of Bihar have been very zealous in taking advantage of raw materials from Tata's in building up their own industry. But although the industry is situated close to Tata's, the advantage of nearness is not secured to them. I do not dispute the right of Tata's to protection, but I would certainly say that the interests of the consumers should be the first concern both of Tata's as well as of Govern-

[Maulvi Muhammad Shafee Daoodi.]

ment and the only way in the present circumstances to safeguard the interest of the consumers is to compel the Company to sell iron and steel at a price fixed by the Government. If that is done, then, I think, the interests of the consumers would be to a certain extent safe.

I have not gone into the mass of figures in the report—it is for
4 P.M. Dr. Ziauddin Ahmad to do what he has done—but what I find is that a great margin of profit has been given to the Tatas in every item—in the costs of production, in the profit on the money advanced, in overhead charges, in point of lag, and so on : but this is for the mathematicians to take up and tackle. For me it is clear that the advantages given to the Tatas are far more than they really deserve ; and the fair selling price which has been found out by the Tariff Board, even on this basis, is not the price at which the Company is compelled to sell its products. There is no doubt, that the fair selling price is simply a price written down on the paper but of no avail to the consumers. The Company takes advantage of the changes and fluctuations in world prices and of exchange, and, thereby, sells its products at a very high price—much higher than what has been fixed by the Tariff Board from time to time. Complaints have reached me—it must have reached other people also—that the Company is not under the obligation of selling it at a definite price. They have the option of raising it to any extent they like and that is the reason why they naturally would not like to sell their products at a price which has been fixed as a fair selling price in the report of the Tariff Board. On behalf of the consumers, I say that if that is not done, then the extension of protection to the Tatas would be of no good to the country. For the last ten years we had the experience of protection given to the Tatas. We expected that in India the steel industry would increase in volume, but what I find is that in my own Province it has not increased at all. Some of the agents of Tatas, some who deal with the Tatas, have made money no doubt ; but generally the industry has not given any benefit to the people in general. It is a difficult proposition to compel the Tatas to sell at a fixed price ; but this House has accepted the principle of Government settling prices, wherever it is necessary. In the case of sugarcane, it was found necessary that the sugar factories should be compelled to pay a certain price to the sugarcane growers, and for that purpose a law has been enacted in this House. I feel that the same principle should apply in this case.

Mr. B. Das : If you suggest that the iron ore supplied to the Tatas by Orissa should secure more price, I would welcome such a proposal.

Maulvi Muhammad Shafee Daoodi : I do not mind that : you may have it ; but what I say is that there should be a price fixed by the executive of the Government and the Tatas should be compelled to sell their products at that price. That is my point and I was saying that there is a precedent in this House : we have enacted a provision of law to fix the price of sugarcane : why should we not fix the price of iron and steel produced in this country ? If that is done, I think it will save crores and crores of rupees which these poor peasants have to pay to the Tatas under the present conditions. Some of my friends say that clause 2 of the Bill is enough for compelling the Tatas to sell their products at a fair selling price fixed by the Tariff Board : but I do not find there is any

provision in that compelling the Tatas to sell their products at a certain price. I should like to learn from the Honourable the Commerce Member, who has so ably moved this Bill and has captured the imagination of the Honourable Members of this House by his amiable speech, as to whether there is any provision anywhere in this Bill by which the fair selling price adopted by the Tariff Board should be the price at which the Tatas should be compelled to sell their products. If that is done, I would be satisfied that the Government have the interests of the consumers at heart and that they are trying to help the poor agriculturist and the consumers who are not at all organised, and who cannot be so soon organised being spread over the whole of India. It is for the Government to watch their interests more carefully than they should watch the interests of the iron and steel company. I should like to be enlightened on this question very clearly by the Honourable Member in charge of the Bill.

Raja Bahadur G. Krishnamachariar (Tanjore *cum* Trichinopoly : Non-Muhammadan Rural) : Sir, it is no good my opposing this motion because I know it will be carried. Therefore it is that I beg to submit a few observations for the consideration of this House. On the last occasion, I protested against any protection being given for the reasons that I then stated to this Honourable House. Unfortunately that protest had gone unheard, and the principle of granting protection to the Tata Company had been accepted. Under the circumstances, there is no good—I do not think I would be in order, I do not think I would be showing sufficient respect to the opinion of this House—to start again protesting against the grant of protection to this Company.

Mr. B. E. Puri (West Punjab : Non-Muhammadan) : You will be perfectly in order.

Raja Bahadur G. Krishnamachariar : I do not think I will be in order because the House having accepted the principle of protection, it is no longer open to this House to review what it has already done...

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran : Non-Muhammadan) : You can oppose this Bill and vote against it.

Raja Bahadur G. Krishnamachariar : I shall come to that later when that stage comes ; but at present the consideration of the report of the Select Committee is before this House and my attempt once more is to try and bring this Bill into conformity with the interests of the consumer.

Sir, we have had an excellent speech from my friend, Maulvi Shafee Daoodi, and, I think, most of us here represent the rural interests. There are very few persons here who represent an urban constituency, still less a commercial constituency, and yet, what do we find ? The grant of protection invariably casts a heavy burden on the consumer. Times out of number we have heard in this House statements about the poverty of the agricultural population, of the poor teeming millions, out of which 49 millions go from year's beginning to year's end without knowing what it is to have a full meal a day. You have heard of all this rhetoric, but when it comes to a question of weighing the interests of the consumer as against the industrialist, somehow or other, all that denunciation is forgotten, and we go the whole hog for the interests of the commercial magnate. Once he is given that protection or that concession, or by whatever name you may call it, and the thing is done, sealed, signed and it is practically going to be delivered, we stand up here, Honourable

[Raja Bahadur -G. Krishnamachariar.]

Member after Honourable Member stands up here and pleads for the consumer. Now, what is the good of that please? You have already sealed the fate of the consumer by agreeing to the principle of this protection...

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

And, although I am told that I can move for the rejection of this Bill, so far as the precedents go, there have not been even half a dozen motions for the rejection of the Bill at its Third Reading. It is all camouflage. You may satisfy yourself and your conscience by saying that you have done your best, but I submit that this House has not done its duty if really it thinks of the interests of the consumer. Sir, as my friend, Mr. Neogy, pointed out,—I hope I have not misunderstood him,—the expectations, that were raised at the time when this protection was given on the first occasion, have not been fulfilled. How long are you going to continue this sort of protection in the hope that those expectations that were raised then would be fulfilled some day, meanwhile piling agony upon agony upon what is admittedly the poorest of the population in the world? That, Sir, is my position, and that position, although admitted in theory by everybody, unfortunately is cast to the winds when it comes to a question of giving practical effect to it, with the result that we all can go back to our homes thoroughly satisfied that Tatas have got protection, that the consumers have been asked to pay a few annas extra for their necessities of steel products, and everybody is quite satisfied. Tomorrow morning, when again another question comes up, again the argument of the teeming millions going without food will be advanced, and again without producing any practical effect. I respectfully submit that even at this stage it is up to this House to find out means by which the interests of the consumer would be placed first, in the middle and in the last. Mind you, I have absolutely no feeling against the Tatas at all. Let the Tatas get the whole of the revenue of India, I would not mind. What I do submit is, please don't put me under your iron heel in order to help the Tatas, or for the matter of that, any other firm.

There is the question of excise, regarding which I have tabled an amendment, and I do not, therefore, propose to trouble the House at this stage with any long observations. The amendment will, I suppose, come up in due course. I want to knock off that section which imposes the excise duty.....

Mr. Gaya Prasad Singh : That will help the consumer.

Raja Bahadur G. Krishnamachariar : Exactly that is what I am trying to. You make speeches, and I make the attempt. That is my complaint here.

Another point to which I would respectfully invite the attention of this House,—it has already been ably dealt with by my friend, Dr. Ziauddin Ahmad,—is about these galvanized sheets. If I had the mathematical inclination of my friend, and if I could have worked out all those difficult and mysterious problems regarding the profits and regarding the way in which all these things are worked up to the benefit of Tatas, I should probably have been able to lay before this House certain other considerations in addition to those that were placed by my friend, Dr.

Ziuddin Ahmad, but, unfortunately, I cannot claim any knowledge of mathematical calculations or of the three different kinds of profits that could be calculated out of these statements. But as a plain man, I desire to repeat what I said on the occasion of the Second Reading, that these proceedings are absolutely useless so long as we are not supplied with the materials which were placed before the Tariff Board. Sir, discussing the principles of Regulation III and of those other repressive laws, some of us waxed eloquent upon the absurdity of even judicial officers coming to a conclusion upon a partial statement of the evidence against the man accused without cross-examination, without all those other tests that law provided, before a man could come to a reasonable conclusion. What does happen now? 'The Tata Company wants protection. They submit statements, and my friend, Mr. Vidya Sagar Pandya, asked the other day—'where is the balance sheet'? No balance sheet has yet been produced before us. Where are those statements that were submitted to the Tariff Board either in support or against the request that has been made by the Tariff Board? And yet, Sir, we are supposed to stand up in this House and practically take up the time of the House for absolutely no purpose whatsoever, and, as long as the balance sheet and other relevant figures are not supplied to us, the conclusion that one can come to is irresistible. We are supposed to make our criticisms upon those figures, but where are the figures? Really, Sir, we must be more serious in this very important matter, and I submit that without a proper supply of materials upon which these conclusions have been based, it is absolutely impossible for any one, except, of course, to those who sit on the Government Benches, to come to a conclusion as to whether the inference of the Government was right or wrong. Sir, I consider that the proposal for the lowering of the duty and at the same time for trying to find out a method by which it could be made up is not quite the correct way of viewing this position, but as I said, I shall have to deal with it later. It is not possible for me in the absence of materials to make any proposal, but I would respectfully ask the Honourable Member in charge, whom we all congratulate upon his happy recovery from his recent illness,—I would ask him to bring his mind, to bring his experience, to bring his vast knowledge, to bear upon this question and help the poor agriculturists as far as possible if he wants to give protection to Tatas. As I have said, I have not the least objection to your giving protection to Tatas or for that matter to any other firm, in the abstract, but it is only when you apply it to practical considerations that the trouble arises.

Mr. Gaya Prasad Singh : Sir, whenever my Honourable friend, Raja Bahadur Krishnamachariar, speaks in this House, he is listened to with respectful attention, and the present is no exception to that rule. My friend has referred to the interests of the consumer. I am quite at one with him in stressing upon the importance of lessening the burden which a protective duty on the Indian steel industry in this country might impose on the consumer. We are here to guard the legitimate interests of the consumer. But my Honourable friend forgets that the way in which the consumer's interest is to be protected lies in the deletion of clause 4 of this Bill which seeks to impose an excise duty on steel ingots produced in this country. Sir, this House has accepted the principle of discriminating protection from a long time as a result of the report of the Fiscal Commission of which many distinguished public men of this country were members. The Iron and Steel Company satisfies the three

[Mr. Gaya Prasad Singh.]

conditions laid down in the Fiscal Commission's report, and it is for this reason that, beginning with the year 1924, a scale of protective duties have been imposed on foreign imports in order to give a chance to our indigenous industry to establish itself firmly in this country. Now, when a protective duty is imposed, it is quite clear that the consumer's interest suffers to some extent during the period the protective duty is in force. Why is the consumer saddled with the burden of a protective duty? It is in order to foster the development of a national industry, so that, in later years, when it is no longer necessary to maintain the protective duty, the interests of the consumer may be safeguarded by the lowering of the price. After a stipulated period of time, the particular industry no longer stands in need of a tariff wall or a protective wall to foster it, and, then, when that protective duty is removed, the industry is in a position to stand on its own legs and to face the competition from foreign countries. When we are within a measurable distance of that time, when it may not be necessary to maintain the protective duty on this particular industry, the industry is being saddled with an excise duty which would necessarily result in increasing the cost of production and then the burden will naturally fall upon the consumer in the shape of increased price. Therefore, if the Government and we on this side of the House are genuinely interested in safeguarding the interests of the consumer, we should all unite in trying to delete the excise duty which is proposed to be levied by this Bill. I am very glad to know from my Honourable friend, the Raja Bahadur, that he has tabled an amendment. I do not find his amendment amongst the papers which are before us, but I am very glad that he has done so, and so also my Honourable friend, Dr. Ziauddin Ahmad. My Honourable friend, Maulvi Muhammad Shafee Daoodi, has also referred to the interests of the consumer, and he has said that the Tata Company is unmindful of the interests of the consumer. As I have myself stated, I am quite at one with him in trying to guard the interests of the consumer, but I do not understand quite clearly what my Honourable friend exactly meant when he stated that the Tata Company has been unmindful of the consumer's interest. He made a suggestion that the Government should compel this Company to sell their products at a price which may be fixed by Government. I do not quite understand how this will be a feasible course to adopt. If this is to be adopted we have got protective duties on the textile industry as well. Would it be feasible or proper, if we were to make the suggestion, that the cotton textile goods which are produced by our Indian mills should be sold in our markets at particular prices to be fixed by Government?

Maulvi Muhammad Shafee Daoodi: If they were making undue profits, then it should be done.

Mr. Gaya Prasad Singh: If the Tata Company are really making undue profits, some steps I admit may be necessary, but I do not understand how this particular course, which my Honourable friend has advocated, would be either desirable or feasible now, although that is a matter which I need not refer to in greater detail here.

As regards the Bill as it has emerged out of the Select Committee, I have to make one or two observations. With regard to clause 2 (a) I have to submit one thing. Here, in my opinion, more power is being

sought to be given to the Governor General in Council than is necessary or desirable to carry out the objects of the Bill. For, I find that power is being given to the Governor General in Council in these terms :

“ If the Governor General in Council is satisfied, after such enquiry as he thinks necessary, that any duty imposed on any article by Part VII of the Second Schedule has become ineffective or excessive for the purpose of securing the protection intended to be afforded by such duty to a similar article manufactured in India, he may, by notification in the Gazette of India, increase or reduce such duty to such extent as he thinks necessary either generally or in respect of such article when imported from or manufactured in any country or countries specified in the notification.”

Here, I feel that the power sought to be given to the Governor General in Council to increase or to vary the duties on a particular commodity is more than is necessary to carry out the objects of the Bill. I think that the Central Legislature must be consulted in the matter of increasing or decreasing the quantum of the protective duties. There is a proviso attached to this clause which says :

“ Provided that the duty leviable on any such article shall in no case be less than the duty leviable on a like article of British manufacture.”

I do not understand why it is necessary to retain this proviso. For instance, if a particular commodity is imported into this country and a particular scale of duty is to be levied on that, why should there be this stipulation that the amount of protective duty on foreign imports should not be less than, but may be greater than, or even equal to, the import duty which is levied on like articles of British manufacture? It is quite conceivable that there might be cases in which the import duty on continental goods might be less than the import duty on a particular class of British manufacture. I do not understand, therefore, why this proviso is at all necessary in this case. If this power is given to the Governor General in Council, to which I object, let it be given, but why should there be this limitation because it discriminates against continental goods? I have already made my submission on clause 4 of this Bill which proposes to levy an excise duty on certain articles of Indian manufacture. I will only refer to sub-clause (3) of clause 9 to which reference has already been made in some of the minutes of dissent which are appended to the Report of the Select Committee. Sub-clause (3) says:

“ In making any rule under this section the Governor General in Council may provide that a breach of the rule shall be punishable with fine not exceeding two thousand rupees.”

Now, Sir, I do not understand how the power of creating new offences, so far as this particular matter is concerned, should be given to the Governor General in Council. But I will not enlarge on this. My position, so far as this Bill is concerned, is shortly this, I am quite in favour of granting a scale of protective duties on a modified scale to the Iron and Steel Industry of this country for a stipulated period of time, after which they may be expected to dispense with this scheme of protection and may be able to stand upon their own legs. Now, reference has been made to the question of overhead charges in this Company. I do not know what is the exact position there. I should have been very glad if the balance sheet of this Company had been before us, but, unfortunately, this is not the case, but I understand that efforts are being made to decrease the amount of overhead charges. If not, I would certainly expect this Company to look very seriously into this matter and all efforts should be directed to curtail the amount of overhead charges

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and to employ Indian personnel so far as this is possible and practicable. I have already stated that I am opposed to this imposition of the excise duty and also the preference which is sought to be given to certain imports of British manufacture. The mischief has started, if I may say so, even before the Ottawa Convention. We granted Imperial Preference to certain goods in 1927. Thereafter, as a result of my friend, Mr. Mody's visit to Lancashire, we had the famous Mody-Lees Pact, which gave preference to certain kinds of British textile industries. Now, we have an extension of the same scheme of Imperial Preference. The Ottawa Agreement, if I may say so, with great respect, has confirmed the scheme, and I find that in this Bill which is before us efforts are being made to extend further the scheme of Imperial Preference to the detriment of our own industry. I do not object to this scheme on merely sentimental or political grounds but I object to it on grounds of practical considerations in the interest of our own industries. That is all I have to say so far as this Bill is concerned.

Mr. Bhuput Sing (Bihar and Orissa : Landholders) : Sir, the Bill before the House concerns one of the most important industries in the country, namely, the basic industry of producing pig iron and steel. It appears to be strange that the Government, which were so much solicitous of giving protection or rather over-protection to the industry in 1924 against the strong opposition in this country, have all of a sudden changed their angle of vision. Even when the Steel Protection Act of 1927 was being discussed in this House, Government, in the teeth of opposition in the country, extended abnormal protection to Tatas, but at the same time introduced for the first time in the history of the fiscal policy of India the principle of Imperial Preference. It appears to be all the more strange that the very same bureaucracy all of a sudden in 1934 found the baby steel industry of Tata to have grown so big and to have attained the full manhood, that in the opinion of the Tariff Board there appears to be practically no necessity for any more protection. The Tariff Board did not stop only there. But they even went out of their way and recommended that even the revenue duty on certain steel products imported from England should be abolished. During the last few years, since the Ottawa Agreement, it appears that the Indian Government is suffering from a new disease which I would like to name as the Ottawaphobia. The whole length and breadth of the Tariff Board report and the present Bill which is based on that report pervades the symptoms of the disease. At this stage it will not be out of place here to mention that even the President of the Bengal Industries Association—Mr. N. N. Rakshit—who gave a damaging evidence about the partiality of the Tatas in favour of bigger concerns in the matter of rates charged for the sale of pig iron, had been staggered to find the last Tariff Board Report. I would like to read an extract from his memorandum submitted to the Government of India on the present Bill on the 17th of July last. It reads as follows :

“Extremes, however, are always to be avoided, and if there was any lavish protection in the past, such a period of protection should not be followed by one of retaliation. Lavish indefinite protection there perhaps was, and perhaps it resulted in something undesirable in the Company's activities. But it seems the other extreme is now being attempted. Such an attempt has undoubtedly a bearing on the entire Indian steel industry and therefore is of very vital concern to the country in general and all small and big iron and steel industries in particular.”

I must say that I also share with him his views that extremes of everything is bad. A few years ago Government was keen to give over-protection to Tatas and now the Government has come forward with suggestions of under-protection probably to benefit the United Kingdom steel industry.

Now, Sir, the smaller foundries using pig iron and foundry iron claimed some statutory provision to the effect that when the number of smaller foundries using such raw materials increase in the country and can consume the whole of the Tatas produce in that line, the price of such iron should be fixed at the same level at which it is now being exported by Tatas. In this connection, I may be permitted to read an extract from the evidence tendered by the President, Mr. N. N. Rakshit and the Secretary, Mr. Bhattacharjee, of the Bengal Industries Association, which will show why the smaller industries demanded such a statutory provision. I read as follows :

President : We have seen a statement of prices realised by the Tata Iron and Steel Company over a period of years and we find that the average margin between the internal price and the export price does not exceed Rs. 12. In some cases it is lower than Rs. 12, so if that was the position, so far as the export price of the question is concerned, you have no complaint.

Mr. Rakshit : We have no complaint.

President : That is to say, Mr. Bhattacharjee, your Association asks for the stoppage of export of pig iron and as far as I can understand you are suggesting arrangements for the purpose of preventing the sale of pig iron abroad at prices considerably lower than the price at which pig iron is sold in this country.

Mr. Bhattacharjee : We do object to that because we thought that if it was sold cheaper abroad and re-converted there and brought back to India, it would be competing with smaller industries here."

Later on the President asked :

"You make that statement in your representation on the assumption that the margin would be considerably greater than Rs. 12.

Mr. Rakshit : Much greater than Rs. 12.

Mr. Bhattacharjee : The figures as they stood in 1932 were Rs. 64 and Rs. 20. If it is Rs. 30 and Rs. 18, then the risk of competition is practically eliminated."

Now, after tendering their evidence the smaller foundries thought that Government would take steps to remedy the defect, but on finding that nothing has been done in the matter, the Bengal Industries Association further submitted a memorandum claiming the same provision in the present Bill. Then, I come to the question of the exemption of the duties proposed in this Bill by the Select Committee on certain kinds of imported steel from the operation of section 4 of the Indian Finance Supplementary Act, 1931, by which a surcharge of 25 per cent. has been levied on all taxes and duties including the income-tax. Sir, it is an abuse of power of the Government of India to exempt the revenue duty on the steel from the surcharge. Sir, so long as the surcharge on income-tax is being maintained and so long as the cut in salary is being enforced there is no justification on the part of the Government to exempt those duties from the surcharge. When the surcharge was proposed in 1931 did the Government take into consideration the effects of such surcharges in individual cases? If they did not consider the conveniences and inconveniences of the different kinds of taxpayers hit by the surcharge, what justification has the Government in considering that question in the case of the proposed revenue duties on imported steel?

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Sir, I emphatically protest against the exemption proposed in clause 3 (2) in the Bill till the burden of income-tax payers is lightened. I would suggest that this surcharge must be levied on revenue duties at least till the end of the current financial year and if in the next Budget, Government find themselves solvent, then they may bring forward such exemptions from surcharges along with other exemptions from such surcharges and it will be for the House then to decide which of the taxes and duties should be exempted from such surcharges. This reminds me, Sir, of a proverb in Bengal. The meaning of the proverb is that a beggar who has got no place for himself to sleep invites others to his place offering shelter. The same is the position of the Government of India. (Hear, hear.) They are in as bad a mess in matters of finance; yet they desire to show their generosity to the British steel industry. Blood is of course thicker than water and the white Bureaucrats are always eager to help their own men in the United Kingdom by opening the Indian market freely to the British industrialists, never mind what happens to the industries of this country.

Sir, I now come to the question of the levy of an excise duty on steel. I must say that this is the concomitant symptom of the disease of what I may call "Ottawaphobia". Every day, during the last two Sessions, we were faced with the levy of some sort of excise duty on some article or other and I wonder when this excise mania of the Government of India is going to end. In place of the discriminating protection came the Imperial Preference by the back-door. In place of the Imperial Preference came the Ottawaphobia. Close on the heels of Ottawaphobia came the concomitant disease of the excise mania and the present Government of India is proceeding like persons attacked with some sort of maniac disposition in respect of the levy of excise duty.

The Honourable Sir Joseph Bhoré : Sir, I find some difficulty, at the end of a long and somewhat tiring day, to reply in detail to the points which have been raised in the course of the debate, and I would ask the indulgence of the House if I am not able to deal as fully with them as they might have expected of me. I will not deal, Sir, at any length with the speech of my Honourable friend, Dr. Ziauddin Ahmad. The learned Doctor, in labour, has produced not twins, not yet triplets, nor yet quintuplets but a whole brood of amendments, which I am afraid, are all destined to an untimely end—at any rate I hope, Sir. (Laughter.) Sir, it is far easier for me to count the points upon which I agree with my Honourable friend than to count the points upon which I disagree with him. I would, however, refer to one point upon which I undoubtedly do agree with him. He was quite right when he pointed out that the imposition of a revenue duty, in cases where no protection was required, imposed an unnecessary burden upon the consumer. That, Sir, will I think be a very complete reply to the amendment which stands in the name of my Honourable friend, Mr. Thampan, who wants, for instance, the counter-vailing duty to be imposed in addition to the revenue duty; and, Sir, it is quite possible that when we come to that amendment, I may ask you to call upon my Honourable friend, Dr. Ziauddin Ahmad, to reply on behalf of Government. (Hear, hear.) (*Dr. Ziauddin Ahmad :* "Accepted.")

Sir, I shall only refer to a few of the special points that have been made before I come to the more general criticisms. Take, first of all, the case

of the subsidiary industries. I want to make the position clear so far as they are concerned. Firstly, as regards the supply of tin bar to the Tinplate Company, I have already made the position of Government perfectly clear, and I stand by what I have already said in my first speech. Secondly, I come to the supply of billets to the wire nail industry. There, Sir, I want to make it quite definite that we expect the Tata Iron and Steel Company to provide the industry with its raw material at a price not exceeding Rs. 64 *plus* the excise duty, whatever it may be. Then, Sir, thirdly, I come to the re-rolling industry. The House knows that we had a conference last Sunday and we are now fully seized with the case for these interests. We know exactly what it is that they want but we are not in a position definitely to say how far we can go until we have remitted certain points which arose during the course of our discussion to our technical advisers for their examination and advice ; but I can assure the House that we will give to the re-rolling industry assistance on the general lines laid down in the Tariff Board's Report. To be specific, we will do what we reasonably can to ensure that the price of their raw material will not exceed Rs. 64 at port *plus* the countervailing excise duty. That I think completes the case of the subsidiary industries. A number of points were raised to which I think it unnecessary for me to refer at this stage, because they must come up in connection with the amendments which will be moved and it will then be open to us to place our view before the House. But, I think, I ought to say something about the more general criticisms which have emanated from certain sections of the Press, from certain commercial bodies and traces of which have not been absent from this House. I ascribe those criticisms very largely to political bias and prejudice, partly also, if I may say so, to a failure to read the Tariff Board's Report, and to study our Bill, at any rate to do so in any spirit of judicial fairness. Let me, Sir, summarise briefly the criticism to which I refer. Stripped of all its embroidery and embellishment, it boils down to three main objections. The first is that sufficient protection has not been given to the Tatas. Secondly, that the import duties on British goods are on too low a level ; and, thirdly—and here we come to a more specific point,—that we have not made sufficient differentiation between the cases of tested and of untested steel. I think when I have covered these three points, I will have covered the main criticisms which have appeared in the Press, outside this House, and within this House also.

Now, take the first point, namely, the point about insufficiency of protection. The Tariff Board has proceeded in the old, accepted way by first of all arriving at a "fair selling price". It has then proceeded to ascertain the price of the competitive foreign and British articles in this country. In assessing the actual amount of the protection that is necessary in any case, the Tariff Board is faced with two duties. First of all, it has to arrive at a fair selling price and, secondly, it has to arrive at the price of competing articles from outside. In arriving at the first, the Tariff Board has had recourse to no subterranean calculations : it has indulged in no secret juggling of figures. And, as regards the second, it has merely had recourse to recorded figures which are open to anybody to verify. The critic, therefore, who says that the recommendations of the Tariff Board in regard to protection are insufficient, has to point out either that the calculated selling price is inaccurate or that the assumed prices of competitive articles are wrong. Now, Sir, when I made my last speech, I

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I think I made it clear that if it could be proved that any of the figures which the Tariff Board had recorded were wrong, if it could be shown that they had been reached by any processes which were faulty, or that the facts upon which they had based their conclusions were erroneous, then we were quite prepared to examine contentions of that nature and see whether the Tariff Board's recommendations needed modification in any particular. No such complaints have reached us, and I would now say this that if critics are unable to point out any mistake in the calculation of the fair selling price and if they are unable to show that the Board is wrong in having assumed certain prices for competitive articles, British and foreign, then they have no right to indulge in wild generalizations to the effect that this Bill gives protection to the British industry and not to the Indian industry. That brings me, Sir, to the second point, namely, the allegation that the import duties on British goods are at too low a level. Here also on the last occasion I said that if the complaint was that the duty proposed on British goods was insufficient to give effective protection to the Indian article, then it was quite another matter and we were quite prepared to hear any evidence in support of such a charge and go into the figures. Here, again, Sir, with one exception, no one has attempted to challenge the correctness of the figures assumed by the Tariff Board in regard to the selling price of British goods. That one exception was my Honourable friend, Diwan Bahadur Ramaswami Mudaliar. He took exception to the selling price assumed by the Board in regard to British galvanized sheets. He suggested that it was possible for British galvanized sheets to sell in this country at the same price as continental. I controverted that proposition and I based my objection on the findings of the Ottawa Delegation who had definitely gone into this matter when they were abroad—findings which were verified by subsequent advices and by subsequent enquiries which we instituted. My Honourable friend, the Diwan Bahadur, did me the honour subsequently to discuss this point with me personally. I laid before him the evidence upon which I supported my contention and I asked him whether he would wish me to make any reference to any quarter in order to substantiate still further my contentions in this matter. He suggested that I should send a telegram to Colombo and ascertain the price of British galvanized sheets quoted there. I did so and I got a reply from the Collector of Customs, Colombo, an officer who is not under the control of the Government of India, which showed that my contentions were absolutely justified. Now, Sir, I have made reference to this matter for two reasons. Firstly, to acknowledge the courtesy and fairness of my Honourable friend and, in the second place, to substantiate the correctness of my own allegations. So much, Sir, for the point in regard to the price of British galvanized sheets. I think we have established beyond doubt that the price cannot be below Rs. 160 c. f. Now, my Honourable friend, Mr. Reddi, suggested that British galvanized sheets should be subjected to the same duty as continental sheets. We will deal with that when the amendment which bears on that subject comes up for consideration, but I would only point out here and now that if that suggestion were accepted, it would impose an intolerable burden upon the consumer, far more, I think, than my Honourable friend has any conception of at the moment. Sir, I frankly admit the necessity for seeing that the continental importer is not unduly or improperly penalised. I am at one with those who point out the danger inherent in an unfair handicap

on continental products. But I would draw attention to the pregnant observations of the Tariff Board on the question of continental competition. This is what they say :

“ Continental prices have shown an extraordinary degree of fluctuation during the past few years and often appear to bear no definite relation to the costs of manufacture. The sale of Continental steel is effected through an international organisation which apparently regulates prices for export markets according to the local condition of each market and not necessarily to the expenses of production. It is against this class of competition based on indeterminate and often uneconomic prices that the Indian industry now requires protection. To this extent therefore it is reasonable to suggest that the protection which we now propose for the Indian steel industry may be regarded as in the nature of an anti-dumping provision rather than as a measure of substantive protection.”

I would like to say that when continental prices become stable and economic, there is nothing to prevent us from utilising our powers under clause 2 to bring the duties into line with such modifications of prices. That takes me to the third point, namely, the question of the differentiation between tested and untested steel. Here, also, I venture to think that many Honourable Members who have raised this point have not gone into the matter, at any rate, into the details of it, with any degree of care. I need only point out, in the first instance, that if the industry at any stage finds that the measure of protection which it was led to expect is not actually, in effect, being secured, it has a right to come up to the Government of India and ask that its case be referred to the Tariff Board for reconsideration. I have no doubt that if the industry makes out a *prima facie* case, such a reference will be made. Then, Sir, to those who have tried to make, not merely in this House but outside as well, some amount of capital out of this question and the prices of tested and untested steel arrived at in the Tariff Board's report, I would only say this, —firstly, that the prices which prevail today of tested steel will, I am sure, largely influence the industry itself in deprecating that the question should be raised at the moment, and, secondly, there can be no question of future dumping of British steel at prices which will make it impossible for Tatas to obtain a fair selling price for their untested steel, because in that case the powers under clause 2 could and would be brought into play in order to set right the position.

Sir Cowasji Jehangir (Bombay City : Non-Muhammadan Urban) : Without a reference to the Tariff Board ?

The Honourable Sir Joseph Bore : Yes, Sir. Of course, clause 2
5 P.M. does provide that the Government may make such enquiry as it deems fit and that power must always remain.

Sir Cowasji Jehangir : I admit that. It may not be on a reference to the Tariff Board.

The Honourable Sir Joseph Bore : It may not be a full-dress reference to the Tariff Board. But I am not prepared to tie my hands at the present moment as to the nature of the enquiry, if any, which will precede the taking of action under clause 2. My Honourable friend cannot expect me to do that at the moment.

I think that I have, as far as I can, dealt with most of the general points of criticism. Other points will be raised and dealt with when the

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various amendments are moved. I again repeat what I have said before, that honestly and, I think, the debate today proves it, the scheme of protection embodied in this Bill is a fair compromise holding the balance reasonably between the interests of the industry and the interests of the consumer, and, I trust, Sir, that in its present form, the Bill will receive the full and undivided acceptance of this House. (Applause.)

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

“That the Bill to provide for the modification and continuance of the protection afforded to the iron and steel industry in British India, and to impose an excise duty for revenue purposes upon certain steel, as reported by the Select Committee, be taken into consideration.”

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 22nd August, 1934.