

LEGISLATIVE ASSEMBLY DEBATES

TUESDAY, 31st JULY, 1934.

Vol. VI—No. 10

OFFICIAL REPORT



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LEGISLATIVE ASSEMBLY.

Tuesday, 31st July, 1934.

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

MEMBER SWORN.

The Honourable Sir Henry Duffield Craik, Bart., K.C.S.I. (Home Member).

QUESTIONS AND ANSWERS.

ABOLITION OF OCTROI LEVIED IN SOME PLACES UNDER THE GOVERNMENT OF INDIA.

309. *Pandit Satyendra Nath Sen : (a) Is it a fact that octroi is levied in some places under the Central Government ?

(b) Are Government aware that octroi is regarded by the people as a very vexatious item ?

(c) Are Government aware that octroi has been abolished in many countries on the continent ?

(d) Do Government propose to abolish it in the near future ?

The Honourable Sir James Grigg : (a) Yes.

(b) No. Such evidence as is available indicates that octroi is less unpopular than any form of direct taxation which can be imposed by local bodies.

(c) Government have no information.

(d) No. It is open to municipal committees, if they see fit, to initiate proposals for the revision of their schemes of municipal taxation.

PROSECUTIONS UNDER THE CHILD MARRIAGE RESTRAINT ACT.

310. *Pandit Satyendra Nath Sen : (a) How many prosecutions have been made under the Sarda Act since the passing of the said Act ?

(b) How many of them have ended in conviction ? What has been the maximum punishment and in which case ?

(c) What is the total amount of fine realised under the said Act ?

The Honourable Sir Henry Craik : I would refer the Honourable Member to the statement laid on the table on the 8th February, 1933, in answer to question No. 356 asked by him on the 16th September,

(781)

1932, showing the number of prosecutions, the number of cases in which imprisonment was awarded, the number in which fines were imposed and giving certain other information in regard to cases under the Child Marriage Restraint Act, 1929, in the various Provinces from the 1st April, 1930, to the 31st August, 1932. No more recent information is readily available.

COWS SHOT BY MR. WAUGH, HONORARY MAGISTRATE AND PRESIDENT OF THE SHAHDARA NOTIFIED AREA COMMITTEE.

311. ***Pandit Satyendra Nath Sen :** (a) Have Government received any representation relating to a case of cow-shooting by Mr. Waugh, Honorary Magistrate and President of the Notified Area Committee at Shahdara, Delhi ?

(b) If the reply to part (a) be in the affirmative, will Government please give details of the case ?

(c) What action, if any, has been, or is proposed to be taken in the matter ?

The Honourable Sir Henry Craik : (a) and (b). On hearing of this incident the Chief Commissioner, Delhi, made enquiry and learnt that the animals belonged to a herd of wild cattle which had been damaging the fields round Shahdara for a long time past. Mr. Waugh had made previous efforts to have the animals caught, but without success.

(c) Mr. Waugh, at the suggestion of the Chief Commissioner, has resigned the posts of Honorary Magistrate and President of the Shahdara Notified Area Committee and Government do not think that any further action is necessary.

RULES REGULATING DISCHARGE AND DISMISSAL ON THE EASTERN BENGAL RAILWAY.

312. ***Pandit Satyendra Nath Sen :** (a) Are Government aware that the rules regulating discharge and dismissal are sometime not adhered to by the Eastern Bengal Railway ?

(b) If the answer to part (a) be in the negative, will Government please state if the Eastern Bengal Railway followed those rules in discharging one Mr. J. J. Stalkey, Travelling Ticket Inspector, in May, 1932 ?

(c) What were the charges in his case ?

(d) Was there any formal enquiry in his case ? If not, why not ? If there was any enquiry, when and by whom ?

(e) Is it a fact that Mr. Stalkey gave evidence on behalf of Travelling Ticket Inspectors before the Court of Enquiry in connection with the Railwaymen's Federation in 1931 ?

(f) Is it a fact that in 1923 Mr. Stalkey was prosecuted at the instance of Mr. Van Saméron, the then District Traffic Superintendent, Eastern Bengal Railway ?

(g) Is it also a fact that Mr. Stalkey was honourably acquitted by the Sessions Judge and received costs and damages from the Eastern

Bengal Railway, and shortly after that Mr. Van Sameron had to go home on long leave ?

(h) Is it a fact that in 1932 the said Mr. Van Sameron became the Deputy Traffic Manager, Commercial, by whom the order of discharge of Mr. Stalkey was signed ?

(i) Is it a fact that the said Mr. Van Sameron has now become the Traffic Manager, to whom an appeal was preferred by Mr. Stalkey in May, 1932, but from whom no intimation has been received yet ?

(j) Are Government aware that Mr. Stalkey has been paid his gratuity ? If so, on what grounds ? Will Government kindly quote the rule which made him eligible for gratuity ?

Mr. P. B. Rau : (a) No.

(b) to (j). I have called for certain information and will lay a reply on the table in due course.

FACILITIES FOR THE CARRIAGE OF CHILKA FISH TO CALCUTTA MARKET.

313. *Mr. Sitakanta Mahapatra : (a) Is it a fact that refrigerating vans have been provided over the North Western Railway and the East Indian Railway for the carriage of fresh, perishable articles from Northern India to Calcutta and *vice versa* ?

(b) Is it a fact that no refrigerating vans are provided by the Bengal Nagpur Railway for the easy movement of Chilka fish to Calcutta ?

(c) Are Government aware that the trade in the export by railway of Chilka fish is one of the most important trades in Orissa ?

(d) Are Government aware that the absence of refrigerating vans on the Bengal Nagpur Railway is handicapping one of the flourishing trades of Orissa ?

(e) Is it a fact that for the easy movement of fresh fruits from Northern India to Calcutta, comparatively lower railway freight is charged by the North Western Railway and the East Indian Railway ? If so, will Government be pleased to state the reasons why for giving impetus to the Chilka fish trade of Orissa, they have not introduced the system of lower freight over the Bengal Nagpur Railway ?

(f) Do Government propose to introduce a lower railway freight for the carriage of Chilka fish to Calcutta market and other important places in Northern India ? If not, why not ?

Mr. P. B. Rau : (a) Cold storage vans, provided by the North Western Railway, are used principally for the carriage of fruit, some of which is booked to Calcutta. The East Indian Railway provide similar vans for the carriage to Delhi and certain intermediate stations *en route*, of perishables kept in cold storage at Calcutta.

(b), (c) and (d). I am asking the Agent, Bengal Nagpur Railway, for a report and will communicate the information to the House in due course.

(e) and (f). I understand that half parcels rates are generally charged for fresh fruit as well as fresh fish on most railways. Some railways have recently introduced special reduced rates for fresh fruit in wagon loads. I am communicating the Honourable Member's suggestion to the Agents, Bengal Nagpur and East Indian Railways, for consideration.

Mr. M. Maswood Ahmad : Will Government state whether these vans pass *via* the chord line or *via* the main line ?

Mr. P. R. Rau : I want notice.

Mr. Lalchand Navalrai : May I know if the vans are refrigerated for the convenience of the passengers also ?

Mr. P. R. Rau : I think the railways will make themselves liable to prosecution in a Criminal Court if they put passengers in cold storage. (Laughter.)

Mr. Lalchand Navalrai : What I meant was whether the carriages are being cooled just as the saloons are cooled.

Mr. P. R. Rau : I am not aware whether saloons are cooled in any particular manner separately from carriages.

EXPORT OF CHILKA FISH OF ORISSA.

314. ***Mr. Sitakanta Mahapatra :** Will Government be pleased to state the number of Income-tax assesses, whose sole business is the export of Chilka fish of Orissa ?

The Honourable Sir James Grigg : With your permission, Sir, I propose to answer questions Nos. 314, 315, 316, 318 and 319 together. The information is being obtained and will be laid on the table in due course.

ACCOMMODATION PROVIDED FOR THE ASSESSEES IN THE INCOME-TAX OFFICES AT CUTTACK, CHAIBASA AND PATNA.

†315. ***Mr. Sitakanta Mahapatra :** (a) Will Government be pleased to state the exact nature of the waiting accommodation provided for the assesses and their representatives in the Income-tax Offices at Cuttack, Chaibasa and Patna ?

(b) Are Government aware that the waiting accommodation that is provided can never be utilised by respectable people who are expected to pay income-tax ? If not, do they propose to enquire into the matter ? If not, why not ?

(c) Are Government aware that the practice of holding back of demand notices and appellate and revisional orders *sine die* or indefinitely for months and in cases even for years without even intimating the time it is expected, keeps the assesses concerned in terrible suspense and greatly hampers and affects adversely the regular and free conduct of their business ? Are Government also aware that it does not permit the business-men to go out of station, even if required to do so on their business ?

SERVING OF DEMAND NOTICES OF INCOME-TAX IN BIHAR AND ORISSA.

†316. ***Mr. Sitakanta Mahapatra :** (a) Will Government be pleased to lay on the table a statement showing the number of cases :

(i) in which the demand notices, the appellate and revisional orders were served on the date of hearing in each of the districts of the Province of Bihar and Orissa.

†For answer to this question, see answer to question No. 314.

- (ii) those in which they were served within one month from the date of hearing fixed, and
- (iii) those in which they were served more than a month after the date of hearing,

separately under each category in the year 1933-34, excluding lower grade cases in which incomes assessed are below Rs. 2,000 and cases assessed summarily under section 23, sub-section 4, in default ?

(b) Is it a fact that in several instances demand notices for cases heard even some six or eight months before, are served at the far end of the year, scarcely allowing the assessee two days' time to collect and deposit the money ?

(c) Are Government aware of the hardships and inconveniences such procedure entails on the assessee, and if so, do Government propose to redress the grievances aforesaid ?

(d) Will Government be pleased to lay on the table a statement showing the number of demand notices served in each of the districts after 1st March, 1934, in the province of Bihar and Orissa ?

(e) Are Government aware that in the matter of fixing the time and place for examination of accounts or hearing of appeals or reviews, the convenience and facility of the tax-payers or their representatives are the last considerations with Income-tax authorities in Bihar and Orissa, and such requests from assessees are ignored and rejected ? If not, do they propose to enquire into the matter and remove those grievances ? If not, why not ?

INSPECTION OF ASSESSMENT FILES BY THE INCOME-TAX ASSESSEES.

317. ***Mr. Sitakanta Mahapatra :** (a) Will Government be pleased to state the definite provision in the Income-tax Act XI of 1932, which denies the assessee, as in every other judicial proceedings, to inspect his assessment file either personally or through his representative ?

(b) Is not the assessee, as a matter of right in every judicial proceeding, entitled to be apprised of all informations and materials collected against him, and allowed an opportunity to meet the same before the final orders of assessment are passed in his case ?

(c) Is the assessee denied the right to inspect his assessment file, even when such files are sent to High Court in connection with references under section 66 of the Income-tax Act ?

(d) When is this discretion to permit assessee or their representatives to inspect their assessment file to be exercised by the Income-tax authorities, and what are the principles which regulate it ?

(e) Do Government propose to consider the advisability of permitting the assessee, or their authorised representatives, to inspect their own assessment files in the presence of an Income-tax official after such indenting as might be deemed necessary and payment of such costs as might be laid down, on the lines of the procedure followed in civil courts ?

The Honourable Sir James Grigg : (a) The Income-tax Act does not confer any right upon an assessee to inspect his assessment files.

(b) Yes.

(c) Does not arise as assessment files are not sent to High Courts in connection with references under section 66 of the Income-tax Act.

(d) and (e). As stated in answer to part (a), the Income-tax Act is silent on this question. The Income-tax authorities, however, in their discretion, do in fact permit an inspection whenever that course appears to them to be advisable for the proper administration of justice to an assessee.

Mr. Lalchand Navalrai : May I know if these are not public documents which shall be open to inspection ?

The Honourable Sir James Grigg : Certainly not. They relate to individual assessments and they are certainly not public documents. The Income-tax authorities are debarred from disclosing these documents to the public under the secrecy provisions of the Act.

Mr. Lalchand Navalrai : The documents pertain to the public and they would come under the Evidence Act and so they can be inspected by the public. Does the Honourable Member know that ?

The Honourable Sir James Grigg : There is a secrecy section in the Income-tax Act.

Mr. Lalchand Navalrai : But is the Honourable Member going to issue an order or notification that they should be done according to the Evidence Act which applies everywhere ?

The Honourable Sir James Grigg : No, Sir.

Mr. Lalchand Navalrai : Why not ? That would be in the interest of the public.

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

AVOIDANCE OF ASSESSMENT OF INCOME-TAX BY THE TRANSFER OF PRINCIPAL PLACE OF BUSINESS FROM BIHAR AND ORISSA.

†318. ***Mr. Sitakanta Mahapatra :** Are Government aware of the fact that transfer of principal place of business from Bihar and Orissa to other Provinces is invariably sought for to avoid the heavy arbitrary assessments in Bihar and Orissa, and if so, what steps do Government propose to take to stop this increasing tendency ?

AVOIDANCE OF ASSESSMENT OF INCOME-TAX BY THE TRANSFER OF PRINCIPAL PLACE OF BUSINESS FROM BIHAR AND ORISSA.

†319. ***Mr. Sitakanta Mahapatra :** (a) Will Government please lay on the table a statement showing (i) the total number of applications filed for transfer of principal place of business out of Bihar and Orissa, district by district, during the period of the last five years and how many of them were successful and (ii) the total number of cases transferred into Bihar and Orissa from other provinces, within the same period excluding the cases of salary holders and house property and Government security owners ?

†For answer to this question, see answer to question No. 814.

(b) Is it a fact that in almost all such cases as have succeeded in getting their principal place of business transferred out of Bihar and Orissa, there has invariably been considerable reduction in the average of tax charged in such other provinces, subsequent to the transfer from that charged in Bihar and Orissa prior to such transfer? If so, will Government please state the measures adopted to stop transfers from the Provinces?

ABOLITION OF SURCHARGE ON RAILWAY FREIGHT ON COAL.

320. *Mr. G. Morgan : (a) Will Government be pleased to state whether the arrangements (foreshadowed in the speech by the Chief Commissioner of Railways in presenting the Railway Budget for 1934-35 in the Council of State) to collect further and more detailed statistics to enable Government to make a more comprehensive review of the position in regard to the 15 per cent. surcharge on railway freight on coal, were actually made?

(b) If the reply to part (a) be in the affirmative, what was the result of this further and more detailed examination of this question?

(c) If the reply to part (a) be in the negative, what steps do Government propose to take to obtain the further information required?

(d) Do Government propose to abolish the whole, or any part, of the 15 per cent. surcharge on railway freight on coal in the immediate or near future?

Mr. P. E. Rau : As mentioned by the Chief Commissioner of Railways in his speech presenting the Railway Budget, the Railway Board made arrangements to collect detailed statistics to enable them to ascertain whether the surcharge had a serious effect on long distance traffic. Railways were instructed to collect figures of tonnage and earnings in respect of public coal by zones. These statistics have been received only recently and are at present under examination by the Railway Board.

PROCEEDINGS OF THE ECONOMIC CONFERENCE.

321. *Dr. Ziauddin Ahmad : Will Government be pleased to circulate among Members of this House the proceedings of the Economic Conference held in April, 1934?

The Honourable Sir James Grigg : I regret that it is not possible to circulate the proceedings of the Economic Conference. The discussions were of an informal character, and were conducted on the understanding that the views expressed by individual members of the conference would not be published.

Dr. Ziauddin Ahmad : Will it be possible to circulate their recommendations if not the speeches delivered by individual members?

The Honourable Sir James Grigg : I was under the impression that the recommendations had been published in the form of a Government of India Resolution.

PROTEST AGAINST THE TRANSFER OF THE RESEARCH INSTITUTE FROM PUSA TO DELHI.

322. ***Mr. Gaya Prasad Singh** : Has the attention of Government been drawn to the following telegram received by me today from the Chhateerane Gramrakshnie Sabha, Delhi (which I have forwarded in original to Mr. Bajpai) ?

“ Jats of Delhi and Rohtak Districts who sacrificed their money men in Great War deadly against transfer proposal of Pusa Institute in Delhi villages hundred villages meeting next week sensation prevails.”

If so, what steps do they propose to take ?

Mr. G. S. Bajpai : Yes.

The attention of the Honourable Member is drawn to the answer I gave yesterday to part (c) of his question No. 305.

Mr. Gaya Prasad Singh : Are Government aware that protest meetings are being held in the vicinity in which the land is being acquired protesting against it, and that recently a meeting was held in which Chaudhuri Chhotu Ram, an *ex*-Minister of the Punjab, and other influential gentlemen attended ?

Mr. G. S. Bajpai : I have read about one such meeting, but my information is that these gatherings are due more to the inspiration of the Press than to any serious dissatisfaction among those concerned.

Mr. Gaya Prasad Singh : Are Government aware that these villagers have sent a formal petition to the Deputy Commissioner of Delhi in which they have set forth their views against the proposed acquisition of lands ?

Mr. G. S. Bajpai : My information is that a copy of the petition had appeared in the newspapers, but it has not yet reached the Deputy Commissioner of Delhi.

Mr. Gaya Prasad Singh : Are Government aware that I have received a petition in which the name of an Advocate appears, and it is stated therein that the petition was filed in the Court of the Deputy Commissioner of Delhi ?

Mr. President (The Honourable Sir Shanmukham Chetty) : The Honourable Member himself is in a better position to answer that question.

Mr. Gaya Prasad Singh : Are Government aware, as it appeared in the newspapers, that a long memorandum over the signature of about 200 persons belonging to the villages to be acquired for the location of the Research Institute, has been sent to the Secretary of State for India requesting him not to dispossess them of their lands in view of the services rendered by them during the Great War and in view of the present economic condition ?

Mr. G. S. Bajpai : I have read a statement to that effect in the Press, but I regret to say that the memorandum or a copy thereof has not yet reached the Government.

Mr. Gaya Prasad Singh : Will Government please lay on the table the note or report or any memorandum submitted by Sir T. Vijayaraghavachariar in connection with this question ?

Mr. G. S. Bajpai : I submit that that does not arise on this particular question. But I may inform the House that I am not in possession of any note submitted by Sir T. Vijayaraghavachariar.

Mr. M. Maswood Ahmad : Will Government please state whether these lands, which are to be acquired, are part of the Punjab or the Delhi Province ?

Mr. G. S. Bajpai : They are a part of the Delhi Province.

Dr. Ziauddin Ahmad : Will Government give up any project of railways or any other project if objection is taken by the land owners in case the Government are thinking of acquiring them ?

Mr. G. S. Bajpai : Not necessarily, Sir. The question will depend upon the balance of advantage to the public.

RETIREMENT OF THE DIRECTOR GENERAL OF ARCHÆOLOGY.

323. ***Mr. Muhammad Muazzam Sahib Bahadur :** (a) Is it a fact that the present incumbent of the post of Director General of Archæology is to retire on attaining the age of 55 years in December next ?

(b) Do Government intend to put him on special duty after his retirement for writing archæological books ?

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

(b) The question of re-employing him after retirement is under consideration.

ANNUAL REPORT OF THE ARCHÆOLOGICAL DEPARTMENT.

324. ***Mr. Muhammad Muazzam Sahib Bahadur :** (a) Will Government please state if the publication of the Annual Report of the Archæological Department has been abolished ?

(b) If the answer to part (a) be in the negative, will Government kindly state how many reports were published during the present Director General of Archæology's tenure of office ?

Mr. G. S. Bajpai : (a) No.

(b) One, namely the report for 1928-29. The report for 1929-30 is expected to issue before the end of the year.

RECRUITMENT OF ASSISTANT ENGINEERS IN DELHI.

325. ***Bhai Parma Nand :** (a) Is it a fact that the Delhi Administration and the Central Public Works Department propose to recruit some Assistant Engineers very shortly ?

(b) Is it a fact that recruitment of Assistant Engineers in other Provinces is confined to the persons domiciled in those Provinces ?

(c) Is it a fact that the said recruitment is to be made through the Public Service Commission ?

(d) Do the Delhi Administration propose to confine the recruitment to the persons domiciled in Delhi and Ajmer-Merwara ?

(e) Are Government aware that properly qualified Engineers from Delhi Province are not even allowed to take up apprenticeship in other Provinces ?

(f) Are Government aware that such duly qualified persons are not held eligible for any job in the Provincial service of other Provinces ?

(g) Do Government therefore propose to restrict the choice to the properly qualified persons domiciled in Delhi ?

(h) Do the Delhi Administration propose to give preference to their nominees at the Thomason Civil Engineering College, Roorki ?

The Honourable Sir Frank Noyce : (a) No. The Government of India, and not the Delhi Administration, propose to recruit three Assistant Executive Engineers for the Central Public Works Department.

(c) Yes.

(b), (d), (f) and (g). The attention of the Honourable Member is invited to the reply given by me to parts (c), (d) and (e) of starred question No. 123 asked by Diwan Bahadur Harbilas Sarda on the 13th February, 1934.

(e) Government have no information.

(h) No.

PROMOTIONS IN THE ENGINEER-IN-CHIEF'S BRANCH, ARMY HEADQUARTERS.

326 ***Maulvi Muhammad Shafee Daoodi :** (a) Will Government please state how many vacancies occurred in the first and second divisions of the clerical establishment of the Engineer-in-Chief's Branch at Army Headquarters since the 1st April, 1930, and how they were filled, i.e., either by departmental promotion or by external recruitment ?

(b) Will Government please state whether in making the promotions and appointments, the rules (promulgated by the Home Department and the Public Service Commission) on the subject were duly given effect to ?

(c) Is it a fact that recently certain departmental promotions have been made in the Engineer-in-Chief's Office, which included the promotion of a second division clerk (Bhagat Ram) to the first division ? Is it a fact that this clerk is the cashier of that office ?

(d) Is it a fact that in making the above promotions the rules on the subject, issued by the Home Department and the Public Service Commission, were not observed ? If so, was the concurrence of the Home Department and the Public Service Commission obtained to a departure from those rules ?

(e) Is it a fact that the cashier of the Engineer-in-Chief's Office has failed to qualify for the first division at examinations held by the Staff Selection Board and the Public Service Commission on two occasions ?

(f) What is the reason for promoting him now ? How many clerks are senior to him, and how many have duly qualified for promotion to a high grade ?

Lieut.-Colonel A. F. R. Lumby : Enquiries are being made in the matter, and the result will be communicated to the House in due course.

DETENTION OF ONE GURUMUKH SINGH IN THE KABUL JAIL.

327. **Mr. Gaya Prasad Singh** : (a) Are Government aware that Gurumukh Singh, a British Indian subject, has been detained in the Kabul Jail for over a year without trial ?

(b) Has any representation been made by Government in this connection ?

(c) What are the facts of the case, and has the charge of ill-treatment in jail been enquired into ?

Mr. G. S. Bajpai : (a) and (b). Government are aware that Gurumukh Singh was detained in jail in Kabul. It is understood however that he has recently been released. No representation was made by Government in the matter.

(c) Government have no precise information. The matter is one which concerns the internal administration of a foreign State.

Mr. Gaya Prasad Singh : Are not the Government of India in a position to give protection to British Indian subjects if they are in a foreign territory ?

Mr. G. S. Bajpai : It depends upon (a) whether the individual concerned makes any representation to Government on the matter, and (b) the character of the offence for which the individual is detained by the foreign Government.

Mr. Gaya Prasad Singh : Do I understand that, without any representation from a resident of British India in a foreign territory, the Government of India are unwilling to take any suitable steps in such matters ?

Mr. G. S. Bajpai : The question is not susceptible of what might be called a general answer, but I should say that if a person offends against the laws of a foreign State and is detained there, Government would not, of their own initiative, inquire unless there were very good reasons for doing so.

Mr. Gaya Prasad Singh : As the Honourable Member assumes that he has violated the laws of the State, it seems he knows the facts of the case. In view of that, is he now in a position to answer part (c) of the question ?

Mr. G. S. Bajpai : I have already given the answer that Government have no precise information as to the nature of the offence that he committed, but they have general information of the fact that he entered the country after having been deported and that that is looked upon as a grave offence by the Government of Afghanistan.

Mr. Lalchand Navalrai : Does not the criminal law require that, if a British subject is detained outside in a foreign territory, the approval of the Government of India or the British Consul or Resident there has to be obtained ?

Mr. G. S. Bajpai : So far as the criminal law of India is concerned, my Honourable friend is a greater authority than I am.

PUNISHMENT FOR ENTERING AFGHANISTAN WITHOUT A PASSPORT.

328. ***Mr. Bhuput Sing** : What is the maximum punishment for entering Afghanistan without a passport ?

Mr. G. S. Bajpai : Government have no information. The matter is one pertaining to the law in Afghanistan.

UNSTARRED QUESTIONS AND ANSWERS.

TENDERS IN THE REMOUNT DEPARTMENT.

22. **Bhagat Chandī Mal Gola** : (a) Will Government please state why this year the tenders in the Remount Department were called by the Officers Commanding of Depôts and kept secret at the opening time, and why they were not opened before the contractors as usual ?

(b) Has the Director of Remounts accepted the highest tender of Rs. 3,000 this year in Sargodha Remount Depôt when there were three more lower tenders of old and approved contractors of the Department, who are working in the Department most satisfactorily since a long time ? If so, why ?

(c) Do Government propose to take action to cancel such orders, if any, and to give instructions to those concerned to open the tenders in the presence of the contractors so as to give a clear chance to each approved contractor to appeal for his rights to the higher sanctioning authorities against the injustice, if any, that might have been done to him by the Officer Commanding ?

(d) Do Government propose to try to do justice and give a clear chance to each lowest possible tenderer of the approved contractors by accepting his tender, if his rates are favourable and he gives enough security to Government ?

Lieut.-Colonel A. F. R. Lumby : (a) In order to conform to the normal practice in the Army, tenders this year were not opened in the presence of tenderers. The regulations on the subject do not require this.

(b) Neither the highest nor the lowest tender was accepted. The one accepted by the Director of Remounts was deemed to be the most advantageous to Government.

(c) No. All contracts made on behalf of the Army Remount Department are sanctioned, not by Officers Commanding, Army Remount Depôts, but by the Director of Remounts at Army Headquarters. That officer safeguards the interests of Government and of the tenderers. The latter have in addition a right of appeal.

(d) There is no question of injustice. The lowest tender is accepted, provided it is considered the most advantageous to Government in every respect.

TRANSFER OF THE HEAD CLERKS OF THE REMOUNT DEPÔTS.

23. **Bhagat Chandī Mal Gola** : (a) Do Government propose to transfer the Head Clerks of Remount Depôts from one Depôt to another

after such time as the Officers are generally transferred, *i.e.*, within a reasonable period of five years ?

(b) Is it not a fact that many Head Clerks in the Remount Department are working at one place for a very long time ?

Lieut. Colonel A. F. B. Lumby : (a) No. Transfers of Head Clerks, from one remount formation to another, are made in the interests of the service ; no period can be laid down for their stay in any one place.

(b) No. Out of 13 Head Clerks only one has remained in the same formation as Head Clerk for more than five years.

BALANCE STOCKS OF COAL AND COLLIERIES CLOSED.

24. **Mr. K. O. Neogy :** Will Government be pleased to lay on the table of this House a statement showing :

- (a) the Balance Stocks of coal on the 31st December, 1933, at collieries working within British India ;
- (b) the Balance Stocks of coal on the 31st May, 1934, at collieries working within British India ;
- (c) the number of collieries closed during the year 1933 ;
- (d) the number of collieries closed from January 1934, to June 1934 ;
- (e) the number of collieries closed each year, which were under the management of (i) European Firms, and (ii) Indian Firms, since 1930 ; and
- (f) the total quantity of soft coke despatched from collieries in 1933, as per Chief Inspector of Mines' Report ?

The Honourable Sir Frank Noyce : (a) 1,143,891 tons.

(b) to (e). Information has been called for and a reply will be placed on the table of the House in due course.

(f) 823,073 tons.

CESS ON SOFT COKE.

25. **Mr. K. O. Neogy :** (a) Is it a fact that the Soft Coke Cess Committee got cess on more quantities than reported by the Chief Inspector of Mines ?

(b) Are Government aware that this is due to the fact that large quantities of second class hard coke are being despatched as soft coke to avoid paying surcharge ?

(c) Are Government aware that this is being done by some of the coke plants located in the coal fields ? If so, what are the names of those firms and their managing agents ?

(d) If the reply to part (c) be in the affirmative, were steps taken against any party for doing this, under the Railway Act ?

The Honourable Sir Joseph Bhoré : Inquiries are being made in the matter and the result will be communicated to the House in due course.

STEAM COAL AND SLACK COAL DESPATCHED FROM CERTAIN COLLIERIES.

26. **Mr. K. G. Neogy** : What were the quantities of steam coal and slack coal, respectively, despatched during the year 1933, from the collieries under the management of (i) Messrs. Bird and Company, (ii) Messrs. Heilgers and Company, (iii) Messrs. Macneill and Company, Limited, and (iv) Messrs. Andrew Yule and Company, Limited ?

The Honourable Sir Frank Noyce : The annual production of each coal mine is given every year in ' Indian Coal Statistics '. The Government of India have consistently refused to anticipate and elaborate this publication by giving earlier and more detailed public information of the raisings and despatches of individual collieries, because they consider that such action would be regarded by the industry as prejudicial to its interests.

GAZETTED AND NON-GAZETTED STAFF IN THE GOVERNMENT OF INDIA OFFICES.

27. **Sir Muhammad Yakub** : Do Government propose to prepare and put on the table of this House a statement showing the present strength of permanent members of different communities among the gazetted and non-gazetted staff in each grade of every Department of the Government of India and its subordinate offices ?

The Honourable Sir Henry Craik : Statements are placed in the Library of the House, every year, showing the communal composition of the All-India Services and Central Services, Class I, and of the clerical staff employed in the Departments of the Government of India and their Attached and Subordinate Offices. The statements relating to the year 1933 are in preparation and will be made available to the House in due course. Government are considering what statements will be required in order to watch the observance of the rules laid down in the recent Home Department Resolution about recruitment to the services.

INCOME FROM ONE-ANNA ENVELOPES, ETC.

28. **Mr. Bhuput Sing** : Will Government be pleased to lay on the table of this House a statement showing :

- (a) the total amount of income from April till June, 1934, derived from one-anna envelopes, and the comparative figures of five-pice envelopes for the same period last year ; and
- (b) the total number of one-anna envelopes from April till June, 1934, which exceeded the weight limit and became due as compared with the total number of five-pice envelopes which became due in the same period last year ?

The Honourable Sir Frank Noyce : (a) I presume that by envelopes, the Honourable Member means stamps. No separate account of the monthly sale proceeds of one anna or one and a quarter anna stamps is maintained. The information required by the Honourable Member is, therefore, not available.

(b) No separate statistics of letters bearing one anna or one and a quarter anna stamps which exceed the weight limit are kept in the post offices and it is not, therefore, possible to furnish the information required by the Honourable Member.

STATEMENTS LAID ON THE TABLE.

Information promised in reply to starred question No. 108 asked by Bhai Parma Nand on the 13th February, 1934.

RATES OF INTEREST CHARGED BY AFGHAN MONEY-LENDERS IN INDIA.

Province.	Rates.	Remarks.
Madras Presidency ..	75% to 300% per annum	Interest invariably deducted at outset from principal amount lent. The number of Afghan money-lenders is however very small.
Bombay Presidency ..	75% to 300% per annum	In some cases interest is deducted from the amount before it is paid.
Bengal Presidency ..	37½% to 150% per annum.	
United Provinces ..	23-1/3% to 450% per annum	Average rate is between 100% and 150% per annum.
Punjab ..	75 % per annum ..	This is the lowest rate and the actual rate may be twice as much.
Burma ..	24% to 240% per annum.	
Bihar and Orissa ..	25% to 300% per annum and even higher.	
Central Provinces ..	37½% to 325% per annum	Generally the rate of interest on small loans is between 150 and 300% per annum.
Assam ..	37½% to 225% per annum.	
N. W. F. Province ..	75% to 225% per annum	The usual rate is about 150% per annum.
Baluchistan ..	No money lending business is carried on by Afghan subjects in Baluchistan.	
Ajmer-Merwara ..	75% to 225% per annum.	
Coorg ..	There are no Afghan money lenders in Coorg.	
Delhi ..	75% to 300% per annum	The usual rate is 75% and 150% per annum.

Information promised in reply to unstarred question No. 62 asked by Mr. N. M. Joshi on the 16th February, 1934.

RAILWAY LINES OUTSIDE THE OPERATION OF THE INDIAN RAILWAYS ACT.

According to the information available with Government, the following is a list of the Railways which do not come within the operation of the Indian Railways Act, 1890 ; as jurisdiction over them has not been ceded to the British Government :

- (a) Sirhind Rupar Railway (portion lying in Patiala State Territory).
- (b) Khaupur-Chachran Railway.
- (c) Bahawainagar-Fort Abbas-Kut-ul-Amara Railway.
- (d) Karepalli-Kothagudiam Railway.
- (e) Purbhani-Parli Railway.
- (f) Vikarabad-Bidar Railway and extension.
- (g) Mysore-Araikere Railway.
- (h) Bangalore-Mysore-Nanjangud Section.
- (i) Birur-Shimoga Section.
- (j) Shimoga-Arasalu Anandapuram Railway.
- (k) Kolar District and Bangalore-Chickballapur Light Railway.
- (l) Chickinjur-Chitaldrug Railway.
- (m) Kolar Gold Fields Railway.

Information promised in reply to starred question No. 26 asked by Mr. M. Maswood Ahmad on the 16th July, 1934.

STRIKES OF THE TEXTILE WORKERS OF BOMBAY.

(a) The textile mill strike in Bombay, which had been advocated by the All-India Textile Workers' Conference in January last, and in favour of which propaganda had since been carried on by the Joint General Strike Committee and other bodies, began on the 23rd April, 1934. On the first day four mills were affected ; on the second day fifteen and on the third day thirty-one. The peak was reached on the 17th May when 49 textile mills in the City and Island of Bombay were affected and the total number of work people involved amounted to about 90,700.

Peace was disturbed on several occasions and cases of assault and intimidation were of frequent occurrence. The Government of Bombay, in accordance with their general policy of allowing the utmost possible freedom to labour movements, consistently with the requirements of the public safety and peace, placed no obstacles in the way of the proposed strike and used its opening stages to test the *bona fides* of the organisers and the wishes of the workers. After watching the course of events for about a week, the Government of Bombay considered that, owing to the manner in which the strike was being conducted, an emergency involving grave likelihood of disorder had arisen and that it was necessary to use the powers conferred by the Bombay Special (Emergency) Powers Act to remove the ringleaders mainly responsible for the situation. Fourteen prominent strike leaders were therefore arrested on the 30th April, 1934. The persons arrested were all professed Communists and had been conducting the strike not with a view to settlement but with the apparent object of spreading and intensifying the disturbed conditions. On the 25th May, the Government of Bombay again found it necessary in the interest of public safety and peace to arrest and detain under section 3 of the Bombay Special (Emergency) Powers Act, fourteen persons who were professed Communists connected with the leadership of the strike. It had for several days been evident that these persons and others acting under their direction had been abusing the liberty of speech allowed to them by delivering to the millhands speeches of an inflammatory nature which had small reference to any dispute in the textile industry and the main object of which was to incite the strikers, to attack the police and to defy all lawful authorities. It is significant that in an

anonymous letter issued in the name of the Communist Party of India, workers of all industries were urged to join the strike, collect arms and ammunition and fight the police and the military.

There was no attempt at negotiation made by either party in the earlier stages of the dispute. On the 9th May, the Joint Strike Committee forwarded a list of 20 demands to the Millowners' Association and sent a copy to Government.

Towards the end of May, 1934, the Indian Merchants' Chamber, Bombay, endeavoured to bring about a settlement but to no purpose. The strike continued with unabated vigour for some time in spite of the counter-propaganda carried on by the millowners. Towards the end of May, however, the situation began to show signs of improvement and the workers began gradually to return to work. The strike practically terminated on the 20th June.

(b) (i) Yes.

(b) (ii) The strike was called ostensibly as a protest against wage-cuts and the introduction of rationalized methods of work. The demands put forward by the strikers [see under (b) (iv) below] were, however, concerned with other matters also. In all, 49 textile mills employing about 90,700 workers were involved in the strike which lasted for nearly eight weeks.

(b) (iii) Having regard to the fact that reductions in wages had either been effected or were in contemplation in several centres of the cotton mill industry in the Presidency, the Government of Bombay thought it desirable that the fullest possible information should be obtained and made available to the public on the subject. They therefore instructed the Labour Office to make a special investigation into this question in order to ascertain the facts. The enquiry was announced in the Bombay Legislative Council on the 26th February, 1934, and began immediately, that is, before the strike took place on the 23rd April. The report of the enquiry was published on the 21st June, 1934, and the Local Government are now considering in the light of this enquiry what further action should be taken by them. The matter was primarily the concern of the Local Government, and no occasion for intervention by the Government of India arose.

(b) (iv) The following were the demands of the workers as put forward by the Strike Committee :

- (1) No wage-cut and restoration of all cuts effected since January, 1933 ;
- (2) No rationalization ;
- (3) Unemployment benefit and maternity insurance at the expense of Government and owners ;
- (4) No retrenchment ;
- (5) Eight hours' duty for day-shift and seven hours for night-shift ;
- (6) Equal wages for equal work ;
- (7) One month's leave with full pay every year ;
- (8) Minimum living wage of Rs. 45 per month ;
- (9) Recruitment of labour through Workers' Committees to be set up in each Mill.
- (10) Full liberty for union work within the mills and right of mill committees to supervise the condition of work in the mills ;
- (11) No victimization of active trade union workers and reinstatement of all victimized workers ;
- (12) 50 per cent. reduction in house-rent ;
- (13) Well-defined regulations and fair treatment with regard to leave, abolition of fines, etc. ;
- (14) No recruitment of boys up to the age of ten ;
- (15) Recognition of the unions ;
- (16) Consolidated wages ;
- (17) Right of organization, speech, assembly, etc. ;
- (18) Right of strike and picketing ;

- (19) Trade union legislation and right of trade union organization within Native States ;
- (20) Withdrawal of all repressive laws and anti-working class legislation and release of all political prisoners.

(b) (v) Seven.

(b) (vi) While the Labour Office enquiry was in progress, the Millowners' Association, Bombay, gave an assurance to the Government of Bombay that the mill-owners had no intention of making any further alterations in wages and conditions of labour until the report of the departmental enquiry was published and considered. Since the publication of that report, the Association have evolved a scheme for standardization of wages with a view to removing the disparities in wages between mill and mill.

(b) (vii) The Bombay Millowners' Association have granted general recognition to registered trade unions of textile workers in Bombay, but the recognition of the Bombay Girni Kamgar Union was withdrawn in 1929 after the publication of the Report of the Pearson Court of Enquiry.

Information promised in reply to starred question No. 149, asked by Mr. Gaya Prasad Singh on the 19th July, 1934.

FORCIBLE ABDUCTION OF ONE SRIMATI GORI FROM DHAN JOLENGRA IN MALKAND AGENCY.

Musammat Gori, aged 17, wife of Dina Nath of Mardan, was abducted while on a visit to her parents' house at Dheri in the Malkand Agency on the 21st May, 1934, by one Said Khan, and taken to Agra, in Shamoza territory. As a result of strong political pressure on the tribe, she was handed over on the 30th June, and restored to her relations in Mardan on the 1st July. The efforts of the political authorities were greatly handicapped by exaggerated propaganda in the Press and elsewhere, which exacerbated local feeling and engendered resistance to the demand for surrender of the girl.

As long as human nature remains unaltered no guarantees against a recurrence of such an incident can be given ; but the local authorities may as in this case be entrusted to do all that is possible in the matter.

THE HINDU TEMPLE ENTRY DISABILITIES REMOVAL BILL.

PRESENTATION OF THE REPORT OF THE COMMITTEE ON PETITIONS.

Mr. Deputy President (Mr. Abdul Matin Chaudhury) : Sir, I beg to present the Report of the Committee on Petitions on the Bill to remove the disabilities of the so-called Depressed Classes in regard to entry into Hindu temples.

THE UNTOUCHABILITY ABOLITION BILL.

PRESENTATION OF THE REPORT OF THE COMMITTEE ON PETITIONS.

Mr. Deputy President (Mr. Abdul Matin Chaudhury) : Sir, I beg to present the Report of the Committee on Petitions on the Bill to provide for the abolition of untouchability among the Hindus.

THE INDIAN IRON AND STEEL DUTIES BILL.

The Honourable Sir Joseph Shore (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 be referred to a Select Committee consisting of Sir Abdur Rahim, Mr. H. P. Mody, Diwan Bahadur A. Ramaswami Mudaliar, Mr. B. Das, Mr. S. C. Sen, Lala Rameshwar Prasad Bagla, Mr. R. S. Sarma, Sir Hari Singh Gour, Mr. Sitakanta Mahapatra, Sir Leslie Hudson, Mr. Muhammad Yamin Khan, Mr. Muhammad Muazzam Sahib Bahadur, the Honourable Sir James Grigg, the Honourable Sir Frank Noyce, and the Mover, with instructions to report on or before Monday, the 13th August, 1934, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

Once again, Sir, it has fallen to my lot to place before this Assembly a protective measure of major importance designed to extend the period of shelter given to one of the key industries of this country. The consideration of the case of the Indian iron and steel industry presents a somewhat simpler task than did, for instance, that of the cotton textile industry.

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran : Non-Muhammadian) : Mr. Mody is interested in both.

Mr. H. P. Mody (Bombay Millowners' Association : Indian Commerce) : I hope so.

The Honourable Sir Joseph Bhore : Iron and steel production is more localised ; it is for the most part concentrated in a few centres ; its products do not vary very greatly in character and quality, and comparisons of price are generally more easily and more reliably made. I will endeavour, Sir, to the best of my ability, to present the problem which we have to examine as simply and as free of technicalities as I possibly can. Here, as in the case of the cotton textile industry, we are faced with four principal questions, and when we have answered those questions, we will have covered the entire ground necessary to enable us to come to conclusions in regard to the problem before us. The first of these questions is, has the industry utilised the period of protection during the past seven years to improve its efficiency ? If that question is answered in the affirmative, the second question is, has that improvement been purchased at an unduly or disproportionately high cost to the consumer ? Thirdly, if the price paid has not been excessive, should protection be continued ? And, lastly, if protection is to continue, what should be the extent of that protection ?

Now, Sir, I will attempt to answer the first of these questions,—has the industry under the shelter of protection done what lay in its power to improve its organisation and its methods of production ? Has the improvement, secured during the past seven years, been such as to justify the anticipation that it will, in a reasonable measure of time, be able to hold its own without protection against outside competitors ? In the first place, Sir, it must be remembered that the wave of depression which passed over this, as over other industries, has imposed a severe handicap. The demand has fallen, and output has had to be curtailed with a consequential increase in costs of production. But apart from this uncontrollable factor, the Board has pointed out in an interesting Chapter, Chapter VII, entitled "Technical Equipment and Efficiency", certain directions in which the abandonment of obsolete plant and the adoption of revised methods would lead to enhanced efficiency and to a reduction in costs. Nevertheless, the Board has found that no general charge of inefficiency can be brought against Tatas despite the fact that improvement is possible along certain lines suggested by itself. Its final conclusions are summarised in the following terms at page 81—paragraph 139 :

"Although mention has been made of several cases in which the equipment of the Tata Company's works falls short of the best attainable efficiency, it should not

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be thought that the works are inefficient as compared with other works abroad of similar age. Doubtless a few works on the continent and in America which have been entirely planned and built since the war are better equipped, but it would probably be difficult to find a works dating back to the pre-war period with which the Tata Company's works does not compare favourably. The steel smelting section is its weakest point, but with this put right and with the proposed improvements in other departments there should be very little which could be criticised seven years hence.

No complaints have reached us as regards the quality of the steel supplied by the Tata Company, whether made by the duplex or open hearth process. All the information we have obtained indicates that the railways, the engineering works and others using the company's products find them satisfactory and fully up to the standard they require."

But the proof of the pudding is after all in the eating, and we must turn to the actual results if we want to apply the real test. Those results strongly endorse the finding that a high standard of efficiency has been pursued and has been achieved. If you ask what those results are, I would point to the striking reduction in works costs in all the products of the Tata Iron and Steel Company. I would like to give the House just four typical instances. In the case of rails, the works costs in May, 1927, was Rs. 82.41 a ton. The Tariff Board of 1926 estimated that this would fall to Rs. 61.6 in 1933-34. In May, 1934, the actual cost was Rs. 58.03. In the case of plates, the figures are Rs. 103.45 a ton, Rs. 80.3, and in May, 1934, Rs. 66.23 a ton. The figures for bars are Rs. 87.51, Rs. 77, and Rs. 56.33. The figures for galvanised sheets are Rs. 254.95, Rs. 200, and Rs. 119.01. These, I am sure, the House will agree, are very satisfactory results, and their achievement is an indication of the success which has attended our policy of discriminating protection. It must, I think, so far as the first question is concerned, be definitely found that material improvement has taken place in the efficiency of the industry.

That brings me to the second question. Has this improvement been secured at an unduly high cost to the consumer? Obviously the reply to that question must be largely coloured by the predilections, the prepossessions, and the interests of the person answering that question. The confirmed free-trader or the outside competitor, who sees in the development of Indian industry a contraction of his market or a challenge to his own production, would certainly not pronounce the same verdict as the rabid protectionist. I have no doubt that some sort of a case could be made by the exponents of both these extreme views. Our standpoint must be that of the discriminating protectionist who realises that protection involves the payment of a price and who judges the worthwhileness of the price by considering the nature of the industry in question, the facilities for its establishment, its value to the country and the part it is likely to play in the economy of the nation. As far as I am aware, I do not know of any other major industry which can compare with the Indian iron and steel industry in the abundance and quality of the raw materials necessary for its products which are available in India. To my mind, however, the consideration of crucial importance is the value of the establishment, on sound foundations of an Indian iron and steel industry to the country at large. It must, I think, be admitted that it is a key industry of national importance. Memories are proverbially short, but I think it must be within the recollection of many of us here what part the then comparatively young Indian iron and steel industry played during theateful years of the Great War. The value and the importance of this

industry to the country must be prominently borne in mind when we consider the cost to the country of its establishment. What that cost has been it is almost impossible to calculate with any degree of accuracy. The reasons for that have been stated by the Board, namely, the existence of many factors in regard to which it is impossible to do anything except indulge in the wildest possible guesses. When it comes to a question of trying to make up some sort of balance sheet of gains and losses, of trying to estimate what the net advantage or disadvantage is to the country, then we are faced with a problem which, I think, is almost impossible of accurate solution. The utilisation of vast natural resources, which would otherwise have been wasted, the employment of a large labour population, the stimulation of subsidiary industries are all benefits which must be taken into account, but on which it is almost impossible accurately to place a money value. For these reasons, I for my part think that it would be a barren pursuit to attempt to frame any sort of balance sheet.

The answer to the question which I have put can only be satisfactorily given on other and much wider lines. If we are satisfied that it is a matter of vital importance to the country, that the iron and steel industry of this country should be established on sound foundations, if we are satisfied that the industry has used the protection given in the past to achieve substantial improvements, both in efficiency and in organisation if we are satisfied that within a definitely measurable distance of time it will be possible for that industry unaided to withstand the competitive challenge of its outside rivals, then I say that we are justified in finding that the decision to give protection in the past has been fully justified and that it has been in the public interest. That, Sir, is the conclusion to which we have been led, and that is the conclusion which I would ask the House to accept.

I now come, Sir, to consider the two remaining questions : should the period of protection be extended, and, if so, what that protection should be. In regard to the first of these questions, I do not think the answer can possibly be in doubt. Obviously, Sir, if we have come so far along the road to our objective, if we have already made substantial sacrifices in order to secure the advances made until now, if the end which we have in view has been definitely brought nearer to complete attainment, then, Sir, it would obviously be a wholly false economy if we now throw away the sacrifices that we have made in the past, abandon protection, and allow our objective to slip away from us when it is almost within sight. But, Sir, we have the right to ask for incontrovertible proof that such improvement and progress has taken place in the industry during the past seven years as to justify the extension of protection for a further period of a similar duration. I gave to the House, Sir, typical instances of reductions in works costs during the period of protection. I think I am right in saying that that reduction has taken place over the whole range of production. It ranges from something like 27½ per cent. in the case of rails to something like 55½ per cent. in the case of galvanized sheets, and this, Sir, notwithstanding the fact that increased wages have been paid. That is a point, Sir, I think of more than passing interest, and I hope the House will bear with me if I read the relevant passage from the Report itself. It is from paragraph 59 :

"The Board's opinion in 1926 was that the total cost of labour for producing 600,000 tons of steel in 1933-34 should not exceed Rs. 148.4 lakhs which would give

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a cost of Rs. 24.7 per ton. The total cost of labour over the first six months of 1933 gives a figure of Rs. 27.2 per ton. It will be seen that while the output per employee is greater than was anticipated (due to a substantial reduction in numbers) and therefore a lower labour cost per ton should be expected, this cost has actually increased by Rs. 2.5 per ton which shows that higher rates of wages are being paid than were anticipated."

That, Sir, is, I think, not a negligible achievement. It is a result which, I venture to think, justifies the protection given in the past and its extension for a period in the future. If the further reduction in works costs anticipated by the Board eventuated by the year 1940-41, provided always that our competitors sell at economic prices, we may then, Sir, look forward to the prospect of protection coming to an end. We may reasonably hope, Sir, that these anticipations will be fulfilled, for, as I have pointed out, the anticipations in regard to reductions made in 1926 by the Board, as likely to be achieved in the year 1933-34, have in every case been exceeded. In other words, the industry has done much better than it was thought that it could or would be able to do.

I come, Sir, finally to the last question, namely, the extent of protection required. In arriving at the actual figures of the import duties which are necessary in each case to secure the degree of protection which is required, we must, I submit, be very largely guided by the Tariff Board whose recommendations are based on the most careful and detailed calculations made with the assistance of highly skilled technical advice. Nevertheless, there are certain general considerations which must influence our attitude towards those individual recommendations. One of the most important of these is the question, how does the level of duties now recommended by the Board, compare with the duties recommended by the Board in 1926 and with the actually existing duties. The reply to that is very instructive indeed. It is given in Table XXIV at page 54 of the Tariff Board's Report. In the case of no less than five articles of rolled steel, many of them are of considerable importance, namely, Rails, Fishplates, Structural, Tested plates and Sleepers, the Board finds that the Indian product needs no protection whatsoever, and this, Sir, as against the existing specific duties of Rs. 16½, Rs. 7½, Rs. 23½, Rs. 25 and Rs. 12½ a ton respectively. In the case of seven other articles, the proposals show very large reductions below the rates now prevailing. The most noteworthy reductions are in the case of the following :

Tested Bars from	Rs. 32½ to Rs. 10 a ton.
Untested plates from	Rs. 45 to Rs. 25 a ton.
Tested Black sheets from	Rs. 43½ to Rs. 11 a ton,
Untested Black sheets from	Rs. 73½ to Rs. 32 a ton.
United Kingdom Galvanised sheets	Rs. 53 to Rs. 10 a ton.
Continental sheets from	Rs. 83 to Rs. 40 a ton.

Only in one solitary case is a slight increase recommended, namely, in the case of untested structurals from Rs. 37½ to Rs. 48 a ton, and, in this case, the Board is satisfied that sales are being effected in this country at wholly uneconomic rates. This, Sir, I venture to submit, is a very satisfactory result from the point of view of the consuming public.

Another important consideration is how the 'fair selling prices for the various Indian products now proposed by the Tariff Board compare with the duty-paid prices on similar articles imported from outside. That information is given in Table XXV at page 55 of the Report, and is again of very great interest,—such great interest indeed, Sir, that it will bear re-statement. The actual duty-paid prices noted by the Board, I may say, are averaged for the period January to June, 1933. In only one case, again, that of untested structurals, is the fair selling price now proposed a little higher than the duty-paid price, namely, Rs. 107 as against Rs. 98.6. In every one of the remaining 12 cases, the fair selling price now proposed is lower, and in some a very great deal lower, than the duty-paid price. A few striking instances will bear this out. In the case of rails, the duty-paid price given by the Board is Rs. 110 as against a fair selling price for the future of Rs. 95 ; in the case of tested structurals, it is Rs. 135.7 as against Rs. 111 ; in the case of tested plates, Rs. 138.6 as against Rs. 110 ; semi-finished steel Rs. 83 as against Rs. 53, untested black sheets Rs. 168.9 as against Rs. 129 ; galvanised sheets Rs. 219.6 as against only Rs. 170. The figures, to which I have ventured to draw attention, serve to show that the scheme of protection as proposed for the future will result in a very considerable lightening of the burden on the consumer, and, at the same time, holds forth, as I have said, the prospect of the industry being able to stand on its own feet within a definitely measurable distance of time.

Sir, we consider that the Board's recommendation should be accepted as a whole. I would point out that its acceptance involves, among other things, the acceptance of the proposal that tested structurals and tested plates should come in free and that the duty on United Kingdom galvanised sheets should be Rs. 10 a ton or the revenue duty, whichever is higher. The recommendation of the Tariff Board in respect of tested structurals and tested plates is founded on its finding, firstly, that the Indian article does not need any protection against its outside competitors, and, secondly, on its finding that, in the interests of those Indian industries and public utility works which use these materials, it is essential that the price should be kept down as low as possible. The Board's recommendation in regard to United Kingdom galvanised sheets depends upon its finding that Rs. 10 is a sufficient margin of shelter for the Indian product. I may say, Sir, that this latter duty is partly of a preferential character. We asked His Majesty's Government in return for accepting these proposals to allow Indian pig iron to enter the United Kingdom free of duty and to give us certain preferential treatment in regard to our manganese. I am glad to be able to say that His Majesty's Government have agreed to allow our pig iron to enter the United Kingdom free of duty. (Applause.) I understand that the duty on foreign pig iron is 33 1/3 per cent. *ad valorem*.....

Diwan Bahadur A. Ramaswami Mudaliar (Madras City : Non-Muhammadian Urban) : Is there any rebate given to any foreign country by England ?

The Honourable Sir Joseph Bore : I am not aware that any such rebate is given.

Diwan Bahadur A. Ramaswami Mudaliar : Argentine in particular.

The Honourable Sir Joseph Bhoré : In regard to pig iron ?

Diwan Bahadur A. Ramaswami Mudaliar : Not Argentine, but foreign countries.

The Honourable Sir Joseph Bhoré : Not that I am aware of. His Majesty's Government have also agreed to consider our other request in respect of manganese very carefully and sympathetically. I may here say that the admission of tested structurals and tested plates free of any revenue duty, and the levy of an excise duty are matters which fall within the purview of the Finance Department and will be dealt with by my Honourable colleague, the Finance Member, at a later stage if it is found to be necessary.

I would commend the scheme of protection as a whole for the acceptance of the House. It involves a further term of protection for seven years beyond the past term. In regard to the term of further protection, I have nothing to add to the reasons which have been given by the Tariff Board for its recommendation. I would only say that we are now proposing a substantial all round reduction of duties and that it would serve no useful purpose if we reduced the period of protection below what the Tariff Board considered essential, to enable the industry to dispense entirely with protection.

There remain a few matters to which I should make a reference, though perhaps it is unnecessary that I should comment on them at any length at this stage. The House will have noticed that we propose to take powers to impose offsetting duties to prevent our intentions in regard to protection being defeated by unforeseen contingencies. This is in accordance with the recommendations of the Tariff Board. We have also taken power to lower the duties if unforeseen contingencies make the present level of duties unnecessarily high. Such a contingency would arise in respect of the suggestion made by the Tariff Board in paragraph 166 of their report in connection with fabricated steel, the produce of the United Kingdom. I do not think that it is necessary for me to deal specifically with the cases of fabricated steel, wire and wire nails and iron products. But I cannot omit reference to two matters which form the subject of special comment by the Tariff Board, namely, the supply of billets to the re-rolling industry and the supply of tin bar to the Tinsplate Company. The importance of the re-rolling industry to the country has been stressed by the Tariff Board and the Tariff Board has found that some, at any rate, of the complaints of the monopolistic attitude of Tatas towards small subsidiary companies are not without foundation. We propose to levy a revenue duty on billets for re-rolling with, however, a proviso. The Board has found that normally the fair price for imported billets is Rs. 64 a ton at port without duty. If Tatas are able to sell their billets at this price, they would be making a very good profit indeed. If, therefore, the Government are satisfied that Tatas are refusing without good reason to sell billets to the re-rolling industry, or if they are demanding a price which is higher than the price which I have mentioned, namely, Rs. 64 plus, of course, the excise duty, or if they are unable to meet the demand, then the Government will reduce the revenue duty to the extent that may be necessary to enable the re-rolling mills to obtain their billets at the price which I have mentioned, namely, Rs. 64 plus the excise duty. There remains the question of the tin plate industry. The Tariff Board found that the

fair selling price of Tatas' tin-bar is the same as the price of ~~some~~ at port, namely, Rs. 64, without duty. Under the agreement, however, which subsists between the Tata Iron and Steel Company and the Tinsplate Company, the latter have to pay a price of Rs. 83 a ton for their tin-bar until the end of 1936, and, after that, it will drop to a figure somewhere in the neighbourhood of Rs. 70, giving an average of Rs. 74 a ton over the whole period of protection. This is excessive having regard to the estimated fair selling price of Tatas tin-bar and entails an unnecessarily high protection for tinsplate. If the average price of tin-bar to the Tinsplate Company could be reduced to Rs. 64 a ton, it would be possible, the Board points out, to reduce the duty on tinsplate by something like Rs. 13.3 a ton. The Tariff Board, therefore, suggest that the agreement between the two companies should be revised so as to allow for the purchase of tin-bar at the fairer rate of Rs. 64 a ton. We, Sir, endorse that suggestion, though, of course, the excise duty would have to be added on to Rs. 64. I would point that if, by the end of March, 1935, Tatas have not been able to modify their arrangements with the Tinsplate Company more in accordance with the fair selling price of their tin-bar, Government will have to consider what steps they should take to prevent an excessive profit being made upon this item and the users of tinsplate being unnecessarily penalised. I must not be understood as indulging in threats or menaces. The Board's finding, however, is that in some cases the Tata Iron and Steel Company have not realised their obligation to the smaller subsidiary industries which look to them, and rightly so, for some measure of help and assistance. If the Tata Iron and Steel Company desire to be regarded as a great national industry and a great national asset, if they desire this country to make substantial sacrifices over a substantial period of time to set them securely on their feet, then I say that it is up to them to realise and to implement their obligations to the smaller ancillary industries of the country. I, Sir, for one, am quite prepared to believe that what is necessary to induce them to do so is not threat or coercion, but an appeal to the lofty aims and ideals of their own founder, that truly great Indian, Jamshedji Nusserwanji Tata. (Applause.)

Sir, I must now refer very briefly on the excise duty which, as I have said, will, no doubt, at a later stage, be dealt with by my Honourable colleague, the Finance Member. In this case, as in other similar cases, we have to face the ultimate consequences of a policy of protection upon our customs revenue. I would commend, for the careful consideration of this House, paragraphs 119 and 120 of the Tariff Board's Report. I am not now raising any question of general policy or principle. We are faced with certain inexorable facts, namely, heavy losses to our customs revenue and we have to make good those losses. The Board estimates a loss of revenue of roughly 60 lakhs of rupees as the result of the lowering of the duties now proposed. Estimates of losses must inevitably be uncertain, but even if we regard this as an over-estimate, it is absolutely certain that we shall have to face serious diminution in our customs revenue. In these circumstances, we have no option whatsoever but to accept the suggestion of the Tariff Board in paragraph 120 of its report and to levy an excise duty with a countervailing addition to the import duty so as not to impair the protection in any particular case. We have allowed for an increased import of galvanised sheet as the result of the substantial lowering of duty, and, after taking that into consi-

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deration, we estimate that the loss of revenue will not be less than Rs. 30 lakhs. We propose to make good that loss by the imposition of an excise duty of four rupees a ton on ingot steel manufactured in this country. Such steel is, I understand, manufactured commercially only by Tatas at the present moment, so that the collection of duty will be easy, and it will be spread over the whole range of steel products, thus preventing an unduly heavy incidence on any one class of production. The corresponding addition to the import duty has been calculated on the assumption that it takes four units of ingot steel to make three units of rolled steel and that the further loss on fabricated steel is approximately 10 per cent. more. I need only emphasize that there is no intention that this excise duty should form a permanent feature of our fiscal system. Its removal or reduction, however, must largely depend upon our general financial position. In conclusion, I need only say that the recommendations of the Board appear to me to balance very fairly the interests of the industry and the interests of the consumer. It cannot, I think, be possibly argued that they do not afford sufficient protection to the industry and the industry cannot complain if the interests of the consumer are allowed to prevail against any demand for excessive profits. Sir, I commend my motion for the consideration of the House. (Applause.)

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 be referred to a Select Committee consisting of Sir Abdur Rahim, Mr. H. P. Mody, Diwan Bahadur A. Ramaswami Mudaliar, Mr. B. Das, Mr. S. C. Sen, Lala Rameshwar Prasad Bagla, Mr. R. S. Sarma, Sir Hari Singh Gour, Mr. Sitakanta Mahapatra, Sir Leslie Hudson, Mr. Muhammad Yamin Khan, Mr. Muhammad Muazzam Sahib Bahadur, the Honourable Sir James Grigg, the Honourable Sir Frank Noyce and the Mover, with instructions to report on or before Monday, the 13th August, 1934, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five.”

Mr. Abdul Matin Chaudhury (Assam : Muhammadan) : Sir

12 Noon.

(Applause), at this stage, when the Bill is being referred to the Select Committee, the question that this House has got to consider is this,—whether the iron and steel industry deserves and requires protection for another period of seven years as recommended by the Tariff Board,—and, I think, Sir, that having regard to all the relevant considerations, there is one answer possible to that question and that answer is in emphatic affirmative.

Sir, the Tata Iron and Steel Company of Jamshedpur occupies such a predominant position in the iron and steel industry of this country that protection to this industry has come to be regarded as synonymous with protection to the Tatas, and, therefore, the question of this protection will have to be discussed mainly with reference to the protection to the Tata Iron and Steel Works at Jamshedpur. Now, the importance of the Tatas in the national economy of India hardly needs any emphasis. The iron and steel industry is a basic industry, and if India is to be economically independent, then the growth and development of this basic industry will have to be fostered and promoted, and every possible assistance must be given to the pioneers of this industry till they are in a position to withstand foreign competition. Now, the phenomenal rise of Japan as a great

industrial power, within the last fifty years, shows what State assistance can do in the matter of the development of a national industry. (Hear, hear.) Our economic helplessness was never revealed in a more depressing and in a more naked form than during the Great War. At that time, the foreign supply was practically cut off, and prices soared to unprecedented heights, to the delight of the profiteers and to the distress of the consumers. Now, under this policy of protection, the Tatas are able to produce 72 per cent. of the requirements of India. Our economic dependence has dwindled to a very great extent, so far as the iron and steel industry is concerned, and, with proper assistance, I think that the day is not far distant when the Tatas will be able enough not only to supply the entire requirements of India, but to compete on an increasing scale with foreign markets. Sir, the economic Swaraj which nationalist India is preaching today, the Tatas are actually achieving, and I think this House may take some credit for that achievement, having given the Tatas the protection that they have deserved.

There is another aspect of this question. Owing to the pressure of the population on the land, there is a steady migration of the unemployed agricultural population towards the industrial areas. It is, Sir, in the industrialization of the country that lies the solution of this menacing unemployment in this country. Every factory and every mill started means the absorption of a large number of the unemployed in those workshops, and to the unemployed it means food for their family, education for their children and sustenance for their lives : and in this industrialization of the country the Tatas occupy a very pre-eminent position. I consider, Sir, that Mr. Jamshedji Nusserwanji Tata was one of the greatest benefactors of India. (Hear, hear.) The Tata Iron Works at Jamshedpur I do not consider merely as an industrial undertaking : I consider they are a great national institution in whose success every patriotic Indian takes a legitimate pride and whose interest is dear to his heart ; and, I am sure, Sir, that any proposal for protection to the Tatas will receive sympathetic consideration from the Members of this House.

Now, in the general remarks I have been making, probably Honourable Members will think that I have been emphasizing the obvious. But there are occasions when it is necessary to emphasize the obvious also. Honourable Members may ask me.—“We gave protection to the Tatas seven years ago in the expectation that at the end of the period they will be able to dispense with it. Why has not that expectation been realized ?” They may also ask,—“Are we going to give protection to the Tatas for an interminable number of years, at the heavy cost of the consumers that it involves ?” These, Sir, are very pertinent questions, but not very difficult to answer. Honourable Members, who have glanced through the Report of the Tariff Board and the memoranda supplied by the Tata Company, will find that the breakdown of the scheme of protection in 1926 was due to causes which were beyond the control of the company. My Honourable friend, Sir Joseph Bore, has referred to the great trade depression, the severest on record, which was responsible for the failure to achieve the results which were anticipated by the Tariff Board. The fall of prices was tremendous and the demand for the Tata products in their customary markets shrank to such an extent that they had to seek for fresh fields, for new areas, in parts of India distant from their workshops. That meant heavy expenditure on the part of their Sales Department and additional railway freight. The most important of those factors responsible for this

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failure to achieve the result anticipated was that, owing to the curtailment of the railway construction programme, the demand for the Tata products from the railways fell considerably. To give one instance, the Tariff Board calculated that during the last four years' protection it has received, the Tatas received orders for rails to the extent of 253,000 tons while the Tariff Board had calculated that they would receive orders to the extent of 780,000 tons. This difference meant that the demand for Tata products from the railways fell by two crores of rupees, and added to this, there was the disastrous strike of 1928 which crippled the productive capacity of the company to a very considerable extent. And yet, Sir, in spite of all those handicaps, the Tatas attained such a degree of efficiency in their management that they were actually able to reduce their costs and at the same time to maintain their output. My friend, the Honourable Sir Joseph Bore, has read out to the House a passage from the Report of the Tariff Board where they say that from the point of view of efficiency the Tatas can compare favourably with any pre-war iron works either in Europe or America.

Now, there is one criticism that is generally urged against the policy of protection. It is said that the policy of protection towards an industry is at the expense of the consumer. This element of heavy cost to the consumer is, I think, inherent in any scheme of protection whether it is given to the iron and steel industry or to any other industry. When India adopted the policy of discriminating protection, they counted the cost that will have to be paid, and the sacrifice that will have to be made, to make India industrially self-sufficient. I think this argument of heavy cost to the consumer applies with less force and validity in the case of the Tata Iron Works than in the case of any other works. Let me examine how much extra amount the consumer pays to the Tatas and what he gets back from the Tatas in return? The Tariff Board calculated that during the period of protection the Tatas got Rs. 4,46,00,000 as a benefit of protection and Rs. 2,08,00,000 as a benefit from bounty, total Rs. 6,54,00,000. I may remind the House that during the period of the war the Tatas surrendered profit to the Government to the extent of over 6 crores of rupees. I shall explain how. During the period of the war, the Tatas supplied three hundred thousand tons of steel material to the Government at the average rate of Rs. 150 per ton and the prevailing market price was Rs. 350 per ton. Had the goods been supplied at the prevailing market rate, Government would have to pay six crores of rupees more to the Tatas than they actually did pay, and by this self-denying action of the Tatas the Indian Exchequer benefited to the extent of over six crores of rupees. That is from the point of view of the tax-payer. From the point of view of the consumer you may consider.....

Dr. Ziauddin Ahmad (United Provinces Southern Divisions : Muhammadan Rural) : Give us recent figures, the figures after the year 1926.

Mr. President (The Honourable Sir Shanmukham Chetty) : The Honourable Member can give those figures when he gets up to speak.

Mr. Abdul Matin Chaudhury : Speaking from the point of view of the consumers, I think that if there had not been in existence a company like the Tata Iron and Steel Company at Jamshedpur, foreign competitors would have monopolised the market. They would have dictated their

prices and the consumers would have to pay far more exorbitantly than they are doing at present. The income from our railways would have been less by a crore of rupees if there were not in existence a company like the Tata Iron and Steel Works at Jamshedpur. The Tatas pay about a crore and a half as wages to their labourers and if a balance-sheet were made of what the Tatas contribute to the well-being of the country and what they get in return, I think the balance will be in favour of the Tatas.

Now, Sir, what turned me into an admirer of the Tatas is the keen solicitude that is shown by the Tatas for the welfare of the labour in their workshops. The Tatas are a very good pay master. (Ironical Cheers.) Perhaps the House has not appreciated that sentiment, and I will, therefore, repeat again that the Tatas are a very good pay master.

Mr. B. R. Puri (West Punjab : Non-Muhammadan) : In what direction please ?

Mr. Abdul Matin Chaudhury : I am going to tell you that. In the Tatas workshops, there are, from my own district of Sylhet, 2,000 workmen working in Jamshedpur. They get far better wages there than they could get anywhere else in India. The daily rate of wages for these illiterate workers varies from 12 annas to three rupees a day, and, even during this period of depression, the Tatas have not thought it fit to reduce the wages. The pet theory of my friend, Mr. B. Das, that, with the fall of prices, there should be a fall in the wages of labourers, also has not found favour with the Tatas management. I think it is correct to say that they believe that, in the contentment of the labour, lies the prosperity of the Company and contented labour is the Company's greatest asset. With regard to the housing accommodation, everyone knows that, before the Tatas started their works at Jamshedpur, it was a mere wilderness. There now has sprung up the nice little modern town of Jamshedpur and the Tatas have spent over a crore of rupees over house accommodation of their employees. As regards medical assistance, the Tatas give free medical attendance to their workmen and they have spent over four lakhs of rupees on hospital and building equipment alone. They have adopted the scheme of maternity benefit in their workshop though the Government of India have not yet thought fit to introduce an All-India legislation for maternity benefit in this country. They provide rest houses for their women workers where they can change their dress and have their meals.

Mr. B. R. Puri : Are they doing it out of charity ?

Mr. Abdul Matin Chaudhury : They are doing it for the welfare of the workers. They did it even in anticipation of the report of the Royal Commission on Labour. Then, Sir, the Workmen's Compensation Act is administered more liberally in Jamshedpur than anywhere else. When the Workmen's Compensation Act was under discussion, we reduced the waiting period for a temporary disablement from ten days to seven days and our amendment which sought to reduce it to three days was rejected by this House. Now, the Tatas have abolished the waiting period altogether and they pay compensation to their workmen from the very day on which they receive the injury. Evidently, they do not believe with my Honourable friend, Mr. Mody, that malingering is a standing vice of the Indian workmen, and, now that Mr. Mody has gone to Tatas, I hope, he will not infect the company with his pernicious theories. As regards the compensation paid to the workmen for injuries received, the Tatas pay at a much

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more liberal scale than what is provided even in the Workmen's Compensation Act. During the year ending 1933, the Tatas paid Rs. 50,000 as compensation to workmen who received injuries, though according to the standard laid down by the Workmen's Compensation Act, they were entitled to Rs. 30,000 only. Then, Sir, besides the wages, the Tatas pay bonus to their workers. They have provided amenities in the form of free supply of ice and soda water to their workmen who work in the scalding heat of the blast furnace. The Company pays also liberally towards the Provident Fund. Sir, this is a record of welfare work for which the institution will deserve a credit.

Now, Sir, I have said that the Tatas because of their importance in the national economy of India, because of their efficient management, because of their contribution to the well-being of the country and because of their sympathetic attitude towards labour, have earned the right to protection for another period. Now, Sir, the question is, whether the protection is adequate. The Tatas are now producing 72 per cent. of the requirement of India. The question is, does the protection ensure that they should be able to produce 100 per cent. of the requirements of India. My own impression is that this Bill instead of promoting the growth of iron and steel industry will hamper and deter the growth and expansion of the Tatas. This Bill gives effect to the recommendation mainly of the Tariff Board. Now, this particular Tariff Board has devised a very peculiar scheme of Imperial Preference of the most objectionable kind. (Hear, hear.)

Mr. B. Das (Orissa Division : Non-Muhammadan) : Do you expect anything better ?

Mr. Abdul Matin Chaudhury : Not many years ago, this House was very strongly opposed to the policy of Imperial Preference on general and on political grounds.

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran : Non-Muhammadan) : Also on economic grounds.

Mr. Abdul Matin Chaudhury : The second stage was reached when we accepted the principle of Imperial Preference when it was in the mutual interest of India and England. That was the Ottawa spirit, the spirit of Mody-Lees pact. (Hear, hear.)

Now, Sir, we are asked to go a step further and to accept Imperial Preference even when it is detrimental to the interest of India. During the last four years, we have swallowed many an ancient prejudice, we have swallowed many a bitter pill, but the Honourable Sir Joseph Bhoré will find it difficult to make us gulp this particular pill down our throat. (Hear, hear.) We welcome Indo-British co-operation in trade, but never at the expense of India.

This Tariff Board has recommended the abolition of revenue duty on rails, fishplates, United Kingdom structurals and tested plates. As regards structurals, the landed price without duty of United Kingdom structurals is Rs. 113 per ton and the fair selling Tata price of the same is Rs. 111, *f.o.r.* port. The margin is so small that, with a slight manipulation of prices, the British manufacturer will be able to undersell the Tatas even in the Indian market. The same is also true of the case of British tested plates. The import price is Rs. 114 per ton and the price of Tatas

is Rs. 110. Still, the Government refuses to give the Tatas the usual advantages that are afforded by the revenue duty on the British imported structurals and plates.

I should like to address my remarks to the Honourable the Finance Member. I do not think the Government of India have got a superfluity of funds in their treasury. Government have not been able to restore the five per cent. cut in the salary of their employees. The Government have also imposed a duty on matches to replenish their depleted exchequer, and yet the Government go out of their way to make a gift of the revenue duty to the British manufacturers. That, Sir, is a direct encouragement and an open invitation to the British manufacturers to come to India and capture the Indian market. I hope, Sir, the Government will still reconsider this position, and, when the Bill comes out of the Select Committee, impose the revenue duty and abolish this excise which is unnecessary. (Applause.)

Mr. Vidya Sagar Pandya (Madras : Indian Commerce) : Sir, we are here to consider a very important question of giving further protection to the Tata Iron and Steel Company. There is no separate steel industry, and practically the whole of the iron and steel industry in this country is in their hands. If there are any other concerns, they are practically closely connected with them and a sort of combination exists with the result that, whatever concession is given, it practically reaches only the Tata concerns. I am not opposed to giving protection to the steel industry, but the main question is in what form and to what extent it should be given and we must closely examine the Tariff Board report and at the same time carefully consider what are the principles laid down in the Fiscal Commission report and to what extent the Tariff Board has taken into consideration those principles laid down in that connection and to what extent they have deviated. But before I proceed to do so, let me express my thanks to the Tariff Board for their very valuable report and for the trouble and care they have taken in presenting the case in favour of the steel industry or rather the Tatas. Though I do not agree with the methods and the conclusions of the Tariff Board, I do not wish to keep back my appreciation of the trouble they have taken in preparing the report and for my present purpose I need not enter into all the details of omission and commission as displayed in their voluminous report. Next, Sir, let me thank also the Tatas for their nicely got-up volume. But before I proceed with that, I may mention about this Tariff Board report. It is dated the 19th April but it was released on the 12th July. While I realise that it requires careful consideration by the Government, before it could be released, the Government has as usual taken too long a time to consider the matter, forgetting that Members of the Assembly also required time to study this voluminous literature put before them. Anyhow the report could have been released much earlier than the Government order on it. The Government took three months while they have given barely two weeks for us to consider the same.

Now, I come to that well got-up volume of the Tatas, which is a representation of the Company, to the Tariff Board. Along with that there is a very beautifully illustrated pamphlet of the welfare report which speaks of the housing, medical relief, education, technical training, welfare, activities and Indianisation of staff and speaks of various amenities which are provided including a baby show or rather a

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mother's show. It is well known, as has been represented by a theatrical performance at Simla recently, that advertising pays. I need not speak of their activities in that behalf as the Honourable the Deputy President has already dealt with that point. It is well known that advertising pays. We should not be misled by this advertising propaganda of the company but must look to the facts justifying the protection which they ask for and the Tariff Board recommends. Though we have got this representation of the Tata Company the 66 other representations received by the Tariff Board have not seen the light of day. Nor has the evidence of about 30 bodies which gave oral evidence before the Board been made available to the Members of the Central Legislature. Will Government at least now place that evidence in the hands of the Members before they call upon the Assembly to renew the protection ?

The Honourable Sir Joseph Bhoré : I may inform my Honourable friend that copies are available to the House and, I believe, I saw my Honourable friend, Mr. Das, with those copies in his hand.

Mr. B. Das : A copy has been placed in the Library and I borrowed it. But it contains just a portion, and not the whole. I do not find the evidence of the British steel section.

The Honourable Sir Joseph Bhoré : We ourselves are not in possession of the whole evidence.

Mr. Vidya Sagar Pandya : Next, Sir, I will add a supplementary question to that. Why has not the balance-sheet of the Tata Company for 31st March, 1934, been made available to the public ? It is rumoured that there are certain secret agreements between the Tata Company and other iron and steel firms. I should like to know whether those agreements will also be available to the Members of the House for their perusal. I wait for a reply. (After a pause.) Sir, my question remains unanswered. Now, I come to the third pamphlet which has been placed at our disposal and that is that, the Muslim missionary representing the Muslim interests has issued a pamphlet, not only championing the cause of the Muslims, but running down the Company for not giving Muslims 33 1/3rd per cent. employment in all departments, with or without any qualifications. (Laughter.) I hope, in coming to their conclusions, my Muslim brethren here will not be swayed by this thoughtless and suicidal propaganda as contained in this representation. This will not tend to the efficiency of the Company, nor will it result in any benefit to the country.

Now, Sir, coming to the report, the Tariff Board should have been guided by certain rules prescribed by the Fiscal Commission's report. I am sorry to observe, that in some of the most important respects, the Tariff Board has not followed the sound principles laid down by the Fiscal Commission. For instance, in paragraph 97 of the report of the Fiscal Commission, it has been laid down that in cases like this, very wide publicity should be given to invite criticism of any scheme of protection, but in the present case not only no adequate publicity has been given but even the Local Governments have not been consulted or called upon to collect information as to the effect of protection on the consumers or asked to give an opinion on the matter. The Government of the Punjab, if I am not

mistaken, are said to have gathered some useful information but it has not been submitted to the Government of India. Even the consuming departments of Government did not take any interest and were not invited to express their views although their vital interests were affected. The Indian States were equally interested but are conspicuous by their absence from among those who should be heard in the matter. I do not know why no opinion was collected from the Local Governments nor why the Indian States were not asked to say what they had to say in the matter, and, as such, the proper publicity which should have been given to the matter has not been given.

Not only the Tariff Board, but even Government have not strictly followed the principles laid down in the Fiscal Commission's report. For instance, in paragraph 86 of the Fiscal Commission's report, it was contemplated that in case of combinations or monopolistic production, tariff should be lowered or even withdrawn or special legislation introduced; but we all know that, during the continuation of the protection under the Act, no steps were taken to review the position, although the Tata Company and three other concerns manufacturing iron had combined themselves and fixed the prices. Healthy competition, which should have been expected to lower the prices, has not operated at all. Not only that, but also another Company, called the Kumardhobi Steel Rolling Mill, when it began to compete, was taken over into the combine, and the healthy rivalry stopped. I understand that, although this aspect was brought to the notice of the Board, it did not receive their consideration.

Cheapness of the steel is necessary to foster and create subsidiary and other industries, and it is, therefore, necessary that the protection which necessarily inflates the prices should not be used to the detriment of other industries. It is, therefore, necessary that the selling price of iron and steel by the Tata Company must be regulated and fixed by Government and should not vary with the rate of foreign importing prices including the duty. It has been found in the past that when the prices have gone up, and the price of the imported article including the duty has become higher, Tatas have also raised their prices instead of keeping at the proper level of their own manufacture. As such, when we are giving the protection in the interests of the country, it is necessary that Government should fix the prices for the sale of their goods, so that they do not make any inordinate profits on account of the rise in foreign prices.

Sir Hari Singh Gour (Central Provinces Hindi Divisions : Non-Muhammadan) : What about their losses ?

Mr. Vidya Sagar Pandya : They have to thank themselves for it.

Though, under clause 2, Government have now proposed to take power to increase or decrease the amount of protection, they have not yet taken powers to regulate the selling price of the produce of the Tata Company. No doubt it should be a fair selling price, having regard to the cost of production. In paragraph 104 of the Fiscal Commission's report, the Tariff Board was not only expected to examine carefully the cost of manufacture of any article under examination in India, but also in foreign countries as well. The cost of manufacture to be taken into account and consideration should be the reasonable cost at which an article can and should be manu-

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factured, and not the cost at which a certain concern pleases to manufacture it. A competent association, which knows what it says, has said as under :

“ The cost of manufacture has not been critically examined at all and not compared with the works in India, even nor any attempt made to examine costs in other countries. Many large works of foreign countries and foreign trade commissioners and import houses stationed in India would have been glad to supply the cost figures in their own interests. Re-rolling costs of sections in Kumardhubi Mills, cost of rolling black sheets and manufacturing galvanized sheets and their respective overhead charges in the Tin-Plate Company situated next door, production costs of bars of the Indian Steel and Wire Products Company were available in India. Persons who had claimed lower costs may have proved their assertion if an opportunity had been offered.

We are led to assert that no comparison or proper investigation in this behalf has been attempted.

It is admitted that raw material in India is cheap and rich in its contents, that labour is cheap and overhead charges have been considerably reduced, the technical equipment and efficiency has been discussed in details in Chapter VII by the Tariff Board, and yet the conclusions are that cost of manufacture is such that Tatas require heavy protection. Comparison with the overheads, etc., allow in the recommendations on the previous occasion (7 years ago) have not been made in details.

American and continental technical papers very often give details of manufacturing costs, but no attempt has been made to refer to any of these documents for purposes of comparison.

The technical adviser (Mr. C. G. Atha) has not mentioned anywhere that he is satisfied that costs in Tatas are as low as they can be and compare favourably with works abroad.

It would seem that the Tariff Board (para. 139), would want it to be believed that Tatas Works are of pre-war period, whereas a major portion of the works have been built and equipped since the war.

Under the circumstances, we again beg to repeat that costs want a more close examination and they should be accepted with due caution and reserve.

Considering that production is on a very large scale, the efficiency obtained should be the highest and Tatas should have established beyond doubt that their cost of production, administration, overhead charges and recovery from waste and by-products is the highest and their method and practice of purchase and sale was most efficient and above suspicion.”

They further say :

“ Comparison of cost of manufacture of Iron and Steel : The Tariff Board has discussed the works cost of manufacture of Iron and Steel, in Chapter III of their Report (paras. 38 to 64), and have contented themselves by concluding the chapter with the following remarks :

‘ As the Tata Company is the only producer of rolled steel from raw material (iron ore and coal) in India, our estimates are based entirely on what has been accomplished and what we believe can be accomplished by the company in future.’

Iron is manufactured in Kulti and Burnpur under very similar conditions and on an equally large scale. The Tariff Board have closed their eyes altogether probably. A comparison of cost of manufacture of Iron with the Bengal Iron Company and the Indian Iron and Steel Company would have revealed the cost of manufacture of Iron and the wastage and recovery from the most important by-products such as coal-tar, ammonia, etc., and also given an idea of comparative overhead charges under a different control.

Complaints levelled against Tatas, and referred to in paragraph 65, are definite that production cost is too high, wastage is excessive and sufficient credit is not obtained for waste and by-products, and that the Managing Agency charges and overheads are too excessive.

The raw materials, viz., ore, coal, dolomite, manganese, power, firebricks, rail freights and many preliminary charges mainly come into consideration up to the manufacture of iron. The conversion of iron into steel is simpler so far as checking of costs is concerned."

Under these circumstances, I would ask the Government to take power under the Bill itself to fix and control the fair selling price from time to time and not to allow the Company to vary its prices according to the import prices with the duty on foreign articles. Tatas must sell at a fair selling price to be fixed by Government after comparing the costs of manufacture of other concerns, both in India and outside. The Honourable the Commerce Member has referred to table No. 25 at page 55, and it will be clear that there is room for reducing the price of their products. I need not dilate in detail about certain other details, as I think they will be for consideration by the Select Committee.

In paragraph 83 of the Fiscal Commission's report are discussed the disadvantages of protection, and it was feared that protection might lead to political corruption and combines and monopolies and inefficiency. In that connection, I may again read the following :

" Incident of freight disadvantage : In para. 105 of their report, the Fiscal Commission writes :

' It would not be right to endeavour to secure for an industry such protection as will enable it to compete in every possible market in India if this involves giving protection appreciably higher than is required for the success of the industry in the greater part of the country .'"

That is a quotation from the report. In the face of this, the Tariff Board having allowed an incident of freight disadvantage is unfair and uncalled for, and it is but just and right that protection to this extent should be reduced,—paragraphs 86 to 88 of the Tariff Board Report. If this allowance for freight disadvantage is struck off, the economical possibility of another works in a suitable part of the country can be imagined with hopes of success and the position of the re-rolling mills also becomes secure. Now, Sir, I hope the Select Committee will go carefully into all these matters. I would here draw their attention to one or two other points, and that is, they must put a limit to the profits of the concern. We have not got the balance sheet, as I have mentioned, to show what are the profits made by this concern, but the value of the shares is jumping up slowly.....

Mr. N. N. Anklesaria (Bombay Northern Division : Non-Muham-madan Rural) : How could it be ?

Mr. Vidya Sagar Pandya : That is where they specialise in.

Then, Sir, the Committee should take into consideration the profits of the managing agents as well as of the shareholders. As I have said before, they are, of course, entitled to fair earnings, but when they seek protection for the industry, they should also see that their demands are not unduly high. Then, there is also a very great necessity to check inefficient, wasteful methods in working, and the heavy overhead charges also require attention and consideration. No doubt, as I have said twice before, the company should earn fair profits, but the excessive protection duty should not be a gift from the taxpayers with a view to checking and stunting the growth of other industries.

Then, Sir, the incident of surcharge of import duty has added undue profits in the past, and we must take that point into consideration now,

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because, when protection was granted, it was not thought that there would be a surcharge of 25 per cent. on these various items, and, therefore, the company has automatically made a profit in that direction. Therefore, it is very necessary that powers should be reserved in the Bill to cover it by excise duty by an executive order, and such excise duty should be utilised in giving rebates on the sale prices or in giving bounties to deserving smaller industries of steel in proportion to their consumption of steel, so that the prices of materials to them may be such as are available to manufacturers of similar articles in other countries and the burden of protection is minimised because this will go to encourage and foster local subsidiary industries. Sir, the protection has been given, not only against foreign competition, but also against internal competition with the smaller industries which have grown or are growing. As such, a surcharge must be returned as an excise duty which should be utilised to assist deserving consumers of steel. In this connection, Sir, I may also add that the case of other industries, which depend on steel products, must be taken into consideration in the matter of granting them rebates. For instance, some of the oil companies and other concerns, which use steel materials, are not able to compete on account of the high cost of the products.

Then, Sir, there is another matter that I should like to advert to, and that is the question of depreciation which is treated as an investment. The return on depreciation as investment (paragraph 74 of the report) does not come into the calculation of costs but gives an additional income to the Company and the assumption of the Tariff Board is decidedly wrong, and therefore I should like that point to be carefully considered by experts.

I do not wish to tire the patience of the House.....

Honourable Members : Go on, please.

Mr. Vidya Sagar Pandya : For the present I shall content myself with reading a telegram which I have received....

Several Honourable Members : Many of us have also received telegrams.

Mr. Vidya Sagar Pandya : Yes, others also may have received telegrams, but I have got the priority of reading the telegram that I have got, and so I shall proceed to read it.

“ Committee Bombay Shareholders' Association submit iron and steel duties Bill embodies three undesirable principles. Firstly it confuses question of Government revenue with the issue of protection to indigenous industry. Secondly it seeks to impose excise duty on Indian manufactured steel while certain classes of British steel are to be admitted free of revenue duty. Thirdly, it seeks to impose burden on consumers for Government revenue in the name of protection in the middle of the year and that too for a period of seven years in advance. Committee strongly opposes proposed excise ; it being tax on production. Committee would point out that Tariff Board's suggestion for excise for revenue purposes was outside the scope of their reference. Committee strongly opposes exemption of British structurals, plates and billets from revenue duties. Committee further submits countervailing duties are inoperative in case of certain articles such as British galvanized sheets where proposed revenue duty is more than protective and countervailing duties combined. Committee therefore urges levy of revenue duty on British structurals, plates and billets on all articles. Committee further submits that landed price of galvanized sheets calculated by Tariff Board at Rupees 160 in para. 96 of their Report is unduly high and reasons given therefore in para. 107 are unconvincing. Committee

strongly urges correction of landed price and consequent adjustment of duties. So-called preferential treatment to Indian pig iron shipped to United Kingdom is infinitesimal compared to substantial preference given to British galvanized sheets. Prices of both semis and continental structurals are given as Rupees 64 in para. 96 of the Report which appears to Committee to be an obvious error as price of the latter which is a finished product invariably commands higher market rate. Committee therefore urges that this price should be corrected and duty increased accordingly. Committee also urges that duties on imports of British untested steel should be higher than those on tested steel, otherwise fair selling prices might not be realised by the Indian industry and British producers might dump untested steel on Indian markets. In this connection Committee invites Government's attention to memoranda submitted by National Federation of Iron and Steel manufacturers to the Tariff Board. Committee further submits that the Act as amended on the lines suggested above should not be brought into force before 1st November as existing protection expires on thirty-first October and it is only fair that *status quo* should be preserved till then. Representation follows."

That is from Bombay, and here is another telegram from Madras.

1 P.M.

The Southern India Chamber of Commerce, through their President, have sent the following telegram :

"Southern India Chamber strongly protests against imposition of any excise duty on iron steel products as consumers already long overburdened with high prices following protective policy and as recovery of other trades industries will be further retarded. Chamber strongly opposes system of preference to British goods being extended to new items except by fresh reciprocal agreement. Chamber alarmed at prospect of new lower duties coming into force before 31st October as heavy stocks in market and due for delivery in interval are bound to cause immense losses all over country."

Mr. Lalchand Navalrai (Sind : Non-Muhammadan Rural) : What about Karachi ? Have they not sent a wire to you ?

Mr. Vidya Sagar Pandya : I do not think they had enough time to go through these matters. Now, Sir, there are other matters such as the Indianisation of this Tata Company. But I do not think I should monopolise all the points, and I shall leave it to other Members to press those points, and, with your permission, I will now sit down.

Mr. N. N. Anklesaria : The Centre Party has unanimously resolved to support this motion for referring the Bill to a Select Committee. I hold no brief, either for or against the Tatas, but I should on this occasion like to warn the House against the propaganda which is going on in some of the Indian newspapers. An Indian newspaper, whose impudence, in offering gratuitous advice to the Government and to Honourable Members of this House is surpassed only by its ignorance, has taken upon itself to champion the cause of the Tatas, I am quite sure, unwanted and unsolicited by the Tata firm themselves. That newspaper ought to be now by this time well-known to the Government. It has been carrying on in a covert and cowardly manner a seditious and anti-British propaganda and the sins of that newspaper should not be visited upon the Tatas, who, as the Honourable the Leader of the House has shown, have well deserved of the country.

The ten clauses of the Bill seek to provide that protection shall be continued to the Tatas, secondly, that the cost of protection should be provided against, and thirdly, that the policy of the Ottawa Agreement should be implemented so far as that implementing is consistent with the interests of our country. So far as I can see, if these three are the objects of the Bill, as I take them to be, no Honourable Member, no reasonable man, can possibly have any objection to the provisions of the

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Bill. (*Mr. B. Das* : "Question.") As regards the first object, I think every Honourable Member will agree that the Tatas have deserved the continuance of the protection granted to them under the Bill. I will not expatiate on the services which the Tatas have rendered to the country. They are very well-known, and do not need repetition from me. The Tatas have, at a tremendous sacrifice, carried on a key industry on which the safety of the nation depends, and it was, on the ground of protecting a key industry, that the first inroad on the free trade doctrine in England was made. And if India follows suit, I think there is nothing to cavil at India following England in this connection.

As regards the second object, namely, recouping the losses which the revenue is bound to suffer on account of protection being granted to the industry, it is a question which has been before the minds of this House and of this country for some time, and it was very gratifying that the *ex-Finance* Member at last listened to the justice of the demand of the free-traders in the interests of the nation at large. He pointed out in his last Budget speech the tremendous cost which this country was paying in carrying on the policy of protection. He pointed this out in the interests of the agricultural classes of this country (*Diwan Bahadur A. Ramaswami Mudaliar* : "Question"), and stated that the agricultural classes ought to have the paramount attention of the Government, and he pre-visited a policy which we are today by this Bill implementing in part. Opinions may, of course, differ as to the extent and amount of the protection to be granted. That is, however, a matter for the Select Committee.

As regards the method of recouping the losses, consequent upon this policy of protection, opinions may differ. The Tariff Board has stated that the obvious method by which these losses could be recouped would be to put an excise duty on the home product. Sir, the eligibility of this method has also been pointed out by the majority report of the Fiscal Commission. They point out that taxation by means of excise duty is a form of taxation which has got the least objectionable character about it, and they give an instance to illustrate their point. Suppose Government want one crore of revenue from taxing the product of a certain industry. If they put five per cent. duty on the imports of the commodity into this country and five per cent. countervailing duty on the home product, the Government would get one crore of rupees. On the contrary, if they impose a protective duty only, then they must make it ten per cent. for then alone they would get one crore of rupees as revenue of the 2 crores taken from the tax-payer, the other crore being shared by the home producer and the foreign producer, thus mulcting unnecessarily the tax-payer to the extent of one crore of rupees. Sir, the superiority of taxation by means of excise duty in the present connection is, therefore, clear from this illustration. No doubt, as I said, there is room for very honest difference as regards eligibility of excise as a form of taxation in the present connection, but both the Tariff Board as well as the Government, after due consideration, have advocated excise taxation as the best means for recouping the revenue losses. If Honourable Members criticise the proposal of the Government in this connection, they should be prepared to offer an alternative proposal by which the losses due to following the protective policy could be recouped.

Mr. President (The Honourable Sir Shanmukham Chetty) : The Honourable Member can resume his speech after Lunch.

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

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

Mr. N. N. Anklesaria : Sir, when the House rose for recess, I was telling the House that those who criticized this excise duty must be prepared to suggest a better alternative to the excise duty if their criticism is to be of any value. My Honourable friend, Mr. Das, interrupted me and he said, he was going to suggest a better alternative. Sir, during the recess I took the opportunity of talking to Mr. Das and asking him whether he was prepared to tell me what that better alternative was. My Honourable friend, however, simply refused and said he was not going to tell me what that better alternative was till his turn came, and then it would be for the Honourable the Finance Member to answer him.

Mr. Gaya Prasad Singh : Sir, can private conversations be referred to on the floor of the House ?

Mr. N. N. Anklesaria : Sir, I, therefore, take it that no such better alternative, as promised by Mr. Das, exists.

Mr. B. Das : What logic !

Mr. N. N. Anklesaria : Now, as regards the third object of this Bill, namely, that of implementing the policy of the Ottawa Agreement, I should like to offer a few remarks. Sir, the Ottawa Agreement was endorsed by this House by an overwhelming majority.

Mr. B. Das : Thanks to you !

Mr. N. N. Anklesaria : Thanks to you also ; you also voted in favour of it.

Mr. B. Das : I voted for it ? I was quite against it !

Mr. N. N. Anklesaria : Your Party or your Leader did.

Mr. B. Das : No, no. That is why the Democratic Party has been formed.

Mr. N. N. Anklesaria : Any way, it was a very wise course which this Assembly adopted in supporting the Government proposal for the Ottawa Agreement. I personally welcomed it as a substantial measure towards free trade. Sir, I am a convinced and a confirmed free trader, and I believe the economic salvation of the world lies not in tariff wars, but in tariff agreements. Of course the ideal of world free trade cannot be had, but the world is now realizing the folly of tariff wars. The other day, Sir, reading the report of the Geneva Economic Conference of 1927, I was surprised to find that the President, Mr. Theums, propounded the doctrine of free trade and advocated it in almost the very same words as the French statesman Condillac did somewhere about 1782. The other day, my Honourable friend, Diwan Bahadur Ramaswami Mudaliar said—in face of the world-wide enunciation of economic nationalism and in face of the emphatic remarks regarding the cost of protection which this country

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was paying made by the Honourable the Finance Member in this House—that free trade was as “dead as Queen Anne”. Now, Sir, as I said on a previous occasion, a greater man than my Honourable friend, Diwan Bahadur Mudaliar, stated (*An Honourable Member* : “Who is he?”)—he was Disraeli—he stated as far back as 1862 that protection was “dead and damned”. There is no doubt that free trade is coming by its own, and this measure is in some way implementing the doctrines of free trade and is a move towards free trade. I, therefore, welcome it. Sir, as I said, if we cannot have the ideal, we must aim at the practical. We cannot have free trade all over the world, because unfortunately of the weaknesses to which human nature is subject all throughout the world, but, as a *pis aller*—as something in place of the better thing—men have propounded the doctrine of inter-Imperial free trade so far as the British Empire is concerned, and I think the economic salvation of India as well as of Great Britain lies in acceding to that doctrine of inter-Imperial free trade. Sir, I take this occasion of telling the British Government and the British people, that agreements can be worked, not by one side only, but they must be worked by both sides. It is impossible that one party to the agreement should take everything and give nothing in return. We have given very substantial preferences to the British manufacturers and traders in several respects. The present Bill continues the existing preferences and gives the British manufacturers increased preferences and the Honourable the Leader of the House has stated that in return we do get preferences as regards pig iron and manganese and something else. How far that is a *quid pro quo*, I am not competent to pronounce. I am sure, my Honourable friend, Mr. Mody, who knows the technical side of the whole question, will be able to tell the House how far what the British Government have given us is compensatory for what we have given to them. Sir, the French have a saying :

“*L'Anglais est un mauvais coucheur. Il tire toute la couverture à lui-même*”,

meaning that the Englishman is a very bad bed-fellow, because he draws all the bed covering to himself. (Laughter.) I trust, Sir, this is not true, and I hope the remarks of the Frenchman were due more to his inherent suspicion of the perfidious Albion than based on reasonable grounds. Sir, I support the motion.

Dr. Ziauddin Ahmad : Sir, a few years ago, a person, more a politician than a physician, advertised cholera pills (Laughter), and persons having some humour asked him what those pills were intended for—whether they were intended to check cholera or to develop it. Now, after investigation, it was found that it served both purposes—that it checked cholera if it was due to local conditions, and developed cholera if it was due to the invasion of foreign bacilli. Sir, the same is the case with our Commerce Department. (Laughter.) Here I have got in my hand the cholera pills of the Commerce Department and it is still a sporting question to ask and answer whether our Commerce Department is intended to check commerce or to develop it. The cholera pills of the Commerce Department is the Tariff Board. Sir, the measures that we have passed this year may or may not develop the industries, but certainly they do not develop the commerce.

In fact, it is one of the great mistakes in the division of the Departments of the Government of India that we have divested commerce from industry. Both of them, in fact, go hand in hand, and the measures which the Commerce Member has adopted and is still going to adopt will help his neighbour (I mean the Honourable Sir Frank Noyce), more than himself, and I think he has got a dictum that charity does not begin at home, but it begins with neighbours. My Honourable friend, Mr. Mody, is unfortunately a much maligned person in this House, but in this case I have great sympathy for him. I will just tell a story before I apply it in his case.

A person lost a camel and he could not find it. Then he made a vow that he would sell it for nothing if he could find it. Fortunately he found his camel, but he adopted the ruse that he fastened a cat to the neck of the camel and said that the price of the cat was Rs. 100. So, to any one who came to purchase the camel, he said : " You can have the camel for nothing, but the price that you will have to pay is only for the cat which is Rs. 100 and you cannot have one without the other ".

So, my friend, Mr. Mody, can have his Protection Bill all right. He can have it for nothing, provided he pays the price of this cat in the shape of the excise duty. Sir, I said three years ago that the wrong theories of political economy have contributed more to the miseries of the world in recent years than anything else, with the possible exception of the Great War. Similarly, I say that the theories of taxation, ill-digested, badly thought out and incorrectly calculated are more responsible for the general depression in the country than all the other factors put together. In the year 1931, we put up the duties by 25 per cent. irrespective of the fact whether they were protective duties or revenue duties. We did not have the time to consider whether the duty will bear this additional taxation and the results have proved that it was a false move. Now, two notable examples of the mistake committed in 1931 are in regard to sugar and steel. The sugar had a protective duty which was very well calculated by the Tariff Board, and this House passed it after great deliberation. We suddenly increased this protection by 25 per cent. to the great detriment of the consumer. Now, we found an array of vested interests in favour of it, and experience showed that it was exceedingly difficult to take it off, and we could succeed in doing it only by levying a kind of excise duty on sugar. The second example, now before us, is that of steel. In 1927, on the recommendation of the Tariff Board, we minutely calculated the exact amount of the protection which we ought to give to this particular industry. Then, may I ask, what right had the Government got in 1931 suddenly to increase this duty by 25 per cent. ? Was it not a great injustice to the consumer of this country that a well-planned taxation made in 1927, in which every aspect of the case was calculated, was suddenly increased by 25 per cent. in 1931 without any calculation and without any reference to any person, and the result is what we are facing today. The Government no doubt recognised their mistake in the case of sugar, and now they are feeling the pinch with regard to steel, because of the mistakes which they committed in 1931 by suddenly increasing the duty by 25 per cent. It is not easy now to remove these duties. Sir Charles Innes in 1924 pointed out :

" The experience in other protectionist countries shows that it is easier to put on these protective duties than to take them off. One of the disadvantages of the protective duties is that they tend to create vested interests and those vested interests

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very naturally oppose tooth and nail any reduction of the protective duties even though the apparent need for them may have disappeared."

This was the opinion expressed by Sir Charles Innes. The same opinion was expressed by the Fiscal Commission. They said :

"But we cannot shut our eyes to the fact that in protectionist countries considerable difficulty is experienced in reducing and removing duties even when they are not required and it is probably that such a thing will impose on the whole a greater burden on the consumer than its conditions really required."

Sir, these are the warnings which Sir Charles Innes gave when he first introduced the Bill in 1924, and the Fiscal Commission pointed out that we should be on our guard that, whatever burden we put on the consumers, we should not overburden them, but we should be very careful about the quantum of protection and should have no hesitation to remove it if the circumstances warrant it. Sir, as I said, this wrong policy of the taxation has created enormous difficulties with the policy pursued during the last five years. In the year 1930-31, the income of India under customs was 46.81 crores, to which we added the customs duties to the extent of 30 crores. Last year the income was only 46.87 crores and the estimate for the current year is 46.48 crores, and, I am sure, the total income will never exceed 46½ crores. Our income, as well as the purchasing power of the people of India, has enormously gone down. I made a calculation and mentioned it in the Assembly during the last Session that the income of the people of British India alone has gone down by 800 crores per annum, of which 500 crores represents the agricultural income, 100 crores represents the income of those persons who pay income-tax, and their number is 6 lakhs, and 200 crores represents the income of other persons who are neither agriculturists nor income-tax payers.

Now, I appeal to the Honourable the Finance Member, Sir James Grigg, to evolve some theory of taxation and put us on the right track. We have been imposing all kinds of taxes and have evolved absolutely novel theories on the floor of this House. The first theory that we evolved is that we should raise the price level of the manufactured articles or restore the same competitive conditions that existed a few years ago. Now, this is a theory which is not supported by any economical consideration. Then we have got another theory that we can increase, without consideration, the taxes by 25 per cent. all round.

This will also look quite strange in the eyes of any person who has got any knowledge of political economy. The next thing is about protection. No doubt we all agree that protection should be given, but the point is about the quantum of protection. That is an exceedingly important thing. I think we have been paying no attention to it. We have never demanded year after year the budget or the balance sheet of those concerns to whom protection has been given. We have never demanded from them as to how much profit they were making. From this side of the House we have been demanding, since 1924, that the Government should place before this House or a Committee of this House an account of the profit and loss together with the balance sheets of the companies to whom protection is given, but no action has been taken. This is really very important for determining the quantum of protection that we might give to an industry.

Whatever theory of taxation we may evolve, it is essential that we should know the exact income that would accrue from any measure of taxation and we should get the whole amount. Sir Charles Innes, in connection with a previous debate said that the ideal tax is the tax which brings to the coffers of the Treasury precisely the same amount of burden placed on the consumer. That is, whatever burden you put on the consumer, the whole profit must come to the exchequer. Whatever income you anticipate, unless very unforeseen circumstances happen, such as floods and earthquakes, the same amount must come to the exchequer. This is really the ideal of taxation, and I hope that in every taxation this principle should be kept in mind. I am not opposed to protection as such, but I would suggest for the consideration of the House that we should have some sound theory about taxation and not come forward from time to time with all kinds of taxation. Sometime ago, we had only one Finance Bill on the 28th February of every year. But now the merchants of India are staggered, and they do not know what would happen to them any day. Now, for the merchants, every day is the 28th February, because they do not know what would happen to them tomorrow. By such action we have really paralysed trade and commerce in this country, we have made the minds of merchants in this country unsettled, and they have become nervous. It is really one of the reasons why trade and commerce are so much depressed in this country. If the Government want taxes, I may mention for the consideration of the Honourable the Commerce Member a few points, and, if these are followed, the Government might get all the money they want. I suggest that they should take up, first of all, a few commodities of inelastic nature and the Government should get from these commodities all the revenue they want. The Government of the day must be carried, and they should have sufficient revenue. So let them pick up a few commodities.....

Mr. President (The Honourable Sir Shanmukham Chetty) : The Honourable Member is evidently imagining that he is on the 28th February and discussing the Finance Bill. We are discussing the Indian Iron and Steel Duties Bill.

Dr. Ziauddin Ahmad : I am just coming to that, and it is my second point. I was saying that the first principle is that we should select inelastic commodities and get the whole revenue from them. Secondly, we may have protective duties. But before we impose any protective duties, we must first be satisfied that the three conditions, which the Fiscal Commission laid down before the imposition of protective duties, are fulfilled. These are well-known conditions which I need not repeat. In addition to those conditions, which the Fiscal Commission mentioned, there are two more conditions which must be satisfied, and unless these two additional conditions are satisfied, protection duties are not justified. These two conditions are that this money, which the consumers are giving in the shape of a loan year after year, should be paid back to them. This is not a free gift to the industry. The consumers have no interest to give this free loan to the capitalists. This is really in the shape of a loan which ought to be paid back after a certain number of years by those concerns in the shape of supplying those goods at cheaper rates. When the industry, which is receiving the protection, is able to stand on its own legs, it must sell the articles much cheaper than what the foreign countries do.

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The next condition to be satisfied is that before we agree to the principle of protection, this House, as has been pointed out by Mr. Vidya Sagar Pandya, should have an opportunity to examine, year after year, the balance sheet of all the factories which come under protection. We should know the profits they have been making. For instance, in the case of sugar, which was given protection, we were told that some sugar concerns were making 50 per cent. profit and that others were making 100 per cent. profit. This may have been correct, but there is no authoritative information, either for or against this assertion. We do not know, in the case of the steel industry, what profits the Tatas are making. Even the balance sheet is not before us. Nothing has been given to us. We do not know whether they are making a profit, and what is the amount. Is it a fabulous figure or a reasonable figure? Others say that they are running at a loss. We ought to know the real position of the Tata Company. I, therefore, suggest that, unless these two additional conditions are satisfied we should refuse to accept any taxation of the nature of protection. These conditions are that the balance sheet must be produced and examined by the Government and also examined either by the whole House or by a Committee of the House. The next condition is that this protection should be considered as a loan, and every year the House should know what is the amount given as a loan by way of protection to this industry. We should know its amount year after year.

I now come to the Tariff Board Report. I have got a great grievance against this Tariff Board. Certain allegations were made on the floor of the House by my Honourable friend, Sirdar Harbans Singh Brar, but no answer was given by the Government. If we appoint any Tariff Board, it must be above suspicion and we should not be able to quote anything against any Member of the Tariff Board. If we want to accept the findings of the Tariff Board, the Government should take care in appointing the personnel of the Tariff Board and remarks of the nature which Sirdar Harbans Singh Brar made on the floor of the House should never be made in the case of these Members. In addition to this, there are certain duties which Sir Charles Innes laid down in 1924 when the previous Tariff Bill was under discussion. I will just mention his own words. He said:

“The Tariff Board is charged with the most responsible function. It is the duty of the Board to advise the Government of India not merely whether a particular industry requires protection but whether on the whole the balance of advantage lies in giving it protection. It is their business to weigh all the interests not merely of the particular industry claiming protection but also of all other industries which may be affected. Above all it is their duty to consider the effect of any proposals which they may have made upon the general consumer and upon the general taxpayer.”

One of the most important duties of the Tariff Board is to give us exactly the amount of burden which will fall on the consumer and the amount of burden which will fall on the tax-payer, which is the same thing as Government. When we first introduced this Tariff Bill in 1924, Sir Charles Innes gave in his speech greater details of the question of protection and how the burden of protection would be divided. He said clearly that the protection was about 1½ crores per annum out of which one-third would be on the consumer, one-third on the industry and one-third would be on the Government. He did not stop here. He quoted Sir Alan Parsons who was then the Financial Commissioner who went so far as to

calculate that the exact burden on railways would be 29 lakhs, of which 15 lakhs would fall on capital and 14 lakhs on revenue. These were the details which were calculated when the first Protection Bill in 1924 was laid before the Assembly. May I ask, what are the figures for this particular Bill? What is the exact amount of burden which we are going to put on the consumers of India? How this burden will be shared between the Government, the Tatas, and the other industries in India and outside. You should have accurate figures. We should know where we are. At present the Bill, that is presented to us, says that Government have reduced the amount of taxation, but we forget all the time that we had quietly increased the taxation in 1931 by 25 per cent. without any justification, and that thing has altogether been ignored all the time. Therefore, this is one of the disadvantages in this report, and I think the Tariff Board have not carried out their duties properly and they failed to give the exact financial effect of their proposals and visualise the effect of increasing 25 per cent. protective duties all round. I was rather disappointed in this respect in the speech of the Commerce Member also, because I thought that this gap would probably be filled up by him, and he would be able to give us the exact amount of the burden. I did not have the time to calculate it myself, because it requires a number of data which are not exactly before me. But, on one very small item, I calculated these figures, and that small item is iron bars. We know that iron bar is a very trifling item in the steel industry, and I will give the conclusions that I arrived at in connection with the iron bar industry, that is, our total consumption of iron bars in this country, and I got the figures of import from Seaborne Trade, which is given here on page 78, and it is equivalent to 65,000 tons. Tata's figures are given in the report supplied by Tata's themselves as 80,000 tons making the total consumption to be 146,000 tons. Now, here we are given the figures of the sale price of British goods, continental goods and Tata Iron Works as well. I find that if protection duty is removed and all the customs duties are abolished, naturally every consumer will buy the cheapest, and the cheapest price is the continental price which is Rs. 65 per ton. So it really means that if protection is removed, then the consumers in India will have to pay 94 lakhs and 90 thousand rupees altogether, that is, 146,000 tons at Rs. 65 per ton. Now, if we accept the recommendations in the Bill and put on all the duties that are proposed in the Bill which is now before us, I find that the duty on Tata's will be Rs. 4, that is, the excise duty, and the selling price will be Rs. 101. The duties on English goods will be ten per cent., that is, it will rise from 96.1 to 105.62. The duties on continental goods will be 44 $\frac{1}{3}$ per cent., that is, 1 $\frac{1}{3}$ of the excise duty plus Rs. 39 per ton, that is, Rs. 109 $\frac{1}{3}$. Therefore, if the same amount be purchased at the prices which are really mentioned in this particular Bill, then the total burden on the consumers will come to 155 lakhs and 34 thousand; or, in other words, the burden on the consumers by one item alone, that is, iron bars which is a very trifling part of the whole scheme, is 60 lakhs per annum. That is on one item alone. Now, let us see how this 60 lakhs will be divided among the three important parties, that is, Government, Tata's and the British manufacturers. And I find by the same method that out of this Government will get 24 lakhs; Tata's will get 32 $\frac{1}{2}$ lakhs, and the British manufacturers will be profited by 4 $\frac{1}{2}$ lakhs. This is the distribution of the 60 lakhs out of this one item. In the same way, I would very much like that our Select Committee should calculate the exact amount of the burden on the consu-

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mers if their proposals are accepted, and in what way the income which will accrue from this burden on the consumers will be divided between the three important interests, that is, Tata's, Government and other manufacturers. This is really a very important aspect, and unless we know very definitely the exact amount of the protection that we are going to give to Tata, you are really asking us to swallow what I call cholera pills without understanding what they are. And these pills have now become so big that I think you will have to force them down our throats before we can swallow them. I calculated for one or two more items in the same manner, but I think I will tire the House if I give too many details at this stage. But there is one thing which I think the Committee might consider, and that is the question of the discounts or the reverse of the premium which we are giving to the foreign countries.

Now, we have no doubt, this House accepted the Ottawa Agreement.

3 P.M. We have already accepted the ten per cent. preference.

But, in this particular case, the preference goes to any figure from 10 to 47 per cent., and I think this is beyond what this House has been committed to, and it is very desirable that we should seriously consider this question from the point of view which I am just going to advance. As regards foreign countries, we know very well that some of the important countries of Europe are still on the gold standard, and we have already given them a discount of 34 per cent.,—that is due to exchange,—and if, in addition to that, we give them another preference about 40 to 45 per cent., then their discount, compared with the United Kingdom, will be something like 80 per cent. in some cases. I doubt very much whether, with this 80 per cent. discount, it will be possible for countries like Belgium and other countries to send these articles at all to India. I accidentally met one of the dealers in steel and iron, who import articles both from the United Kingdom and from other foreign countries; and he said that, after this Bill is through, it is nearly certain that all the import from foreign countries in iron and steel will stop, because the duties are so prohibitive that it will be impossible for them to compete under the conditions laid down in this Bill. Of course, I had no opportunity to examine the accuracy of this statement and I cannot mention it authoritatively; but if it is correct, it will become a very serious matter, because if we impose some very high duty, so as to stop their import altogether, then it is certain that they in their turn will put similar duties on our goods, and our export to these foreign countries will also stop. Of course we have not before us the Ottawa Agreement by means of which we can judge what has been the effect of the agreement on foreign trade. But we know definitely that our trade with the United Kingdom has increased although we cannot say yet, until our Committee reports, whether this increase has been only a diversion from foreign countries to England or whether it is a real increase. But we are waiting for the opinion of this Committee, and I am not in a position to make any authoritative statement on this particular point. But the point which I should like to emphasise is this that if we, by this high tariff, stop our import from foreign countries, then they are bound to retaliate; and what would be the result? The result would be that there will be some kind of separate trade agreement with every country. I read in the papers today that Italy is thinking of entering into a separate trade agreement with India, and probably it may be absolutely necessary on account

of the high tariff policy that we are adopting. Then tomorrow we may have another trade agreement with Belgium, and, probably, if we develop this policy, we will have trade agreements with all the remaining 56 countries that are members of the League of Nations, because they are all countries that demand reciprocal treatment. If the Tariff Board is really punctuated by 56 trade agreements with 56 different countries, I do not know what the position will be. The position will be the same as was described by King Alphonso of Spain about the solar system. Of course we know that whenever the astronomers, believing the earth to be the centre of the solar system, were in trouble about the exact position, they added one more circle and they called that the epicycle, and thus they went on adding more circles one after another. When these things were explained to Alphonso, he said : " Had I been God, I would have devised a better solar system that exists at present ". Of course the fault did not lie with God : it lay in the human understanding, because he did not know the simplicity and beauty of the arrangement. So, instead of having a simple tariff, we will be having epicycles of a very complicated Tariff Act for the country.

I should, therefore, like to request the members of the Select Committee to go thoroughly into the details and give us clear figures. I shall come now to the sale policy adopted by Tatas. This requires very serious consideration. I am told that these sale houses are entitled to get any discount from zero to five per cent. or so. My information is that by various methods they get more than five per cent. I understand that each of them has invested a capital of Rs. 15 lakhs, and no merchant will be satisfied unless he gets an income of about ten per cent. at least (six per cent. interest *plus* four per cent. profit). Therefore, if the present sale policy is changed and the Tatas begin to sell directly to these merchants and avoid the middlemen's profits, it will bring in more than the excise duty which we are imposing on the Tatas : this one change will bring in the amount of the excise duty. I have not got the figures, but, speaking subject to correction, it would amount to Rs. 7½ lakhs a year if we calculate it at ten per cent. on the money invested in these agencies—five merchant houses each investing Rs. 15 lakhs each. In addition to this financial loss to the consumer, there are two other disadvantages to which attention has been drawn by the Tariff Board at page 16 of their report where they say :

" The complaint of the Calcutta merchants that they have been converted from independent merchants into mere shopkeepers, we are afraid, is an inevitable consequence of the introduction of protection which has enabled the Indian industry to capture so large a proportion of the market hitherto open to the foreign dealer."

They say previously :

" We would not have it thought that we accept at their face value all of the complaints made by the re-rolling mills and dealers against the sales policy of the Company and the methods the Company has followed in the efforts to introduce its products into new markets, such as the agreement which binds Tata dealers to deal only in Tata products."

I am told that these merchants go to very small places where there are local small industries, and they practically destroy them by under-selling the Tata articles in those localities. This probably is done against the intention of the Tata Company. All these troubles will be avoided if the Tatas change their selling policy and adopt the policy which every manufacturer adopts. Any merchant in Upper India can purchase from the biggest manufacturers in England or Europe or America direct, but

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he cannot purchase directly from Tatas unless he gives a commission which may be anything up to five per cent. to a middleman. Why should there be this additional taxation on the consumer on account of the want of managing capacity in the sale department attached to this particular firm ?

I say clearly that I and others on this side are not opposed to protection being given to Tatas. We consider it a national industry, and I think it is the duty of every one, interested in the well being of India, to support the development of the industry ; but what we should like is that we should clearly know what we are doing. We should not act like Yacoob Al Kandi, who got a solution without knowing what he was doing. Yacoob Al Kandi, a great mathematician, wanted to find out the value of one degree : he calculated the value of $15/16$, because one degree cannot be obtained without the trisection of an angle which he could not do : and he then added $1/15$, in order to get the value of one degree : and Alberuni said that although his results be right to two places of decimals, yet he did not know what he was doing. So, even if all the recommendations made in this Bill are right, we will not know what we are doing unless we know what the financial effects of these proposals are. We will be acting without knowing what the effects of these proposals will be on the purse of the Finance Member or on my own individual purse as representing the consumer.

Another point is that while we are not against giving protection, we have every right to demand through the Government that the balance sheet of the Company should be laid year after year before us, so that we may know what profits exactly the Company is making.

Before I sit down, I would like to refer to what Mr. Vidya Sagar Pandya said : he spoke about the memorandum *re* Muhammadan representation. I also saw the memorandum and the summary. I quite agree with him, and there can be no difference of opinion that the first thing we should look to is the efficiency of this institution. Communal considerations and the like should not find a place compared with efficiency. But what I actually find is that in all posts, where technical knowledge is required, the Muhammadans have comparatively not much to complain about : their complaint lies in the posts where technical knowledge is not required, and I can show the facts and figures to Mr. Pandya. I do not know what his object was in mentioning this matter, whether he meant that the Muslims were going to strike a bargain about these posts with the Tatas : I can assure him that there is nothing of the kind, and I can produce Mr. Pandya himself as my witness that, as far as we are concerned, nothing of this kind will happen. But what we want is that Muslims or other minorities should have fair opportunities along with others : and the opportunities should be of equivalent value. My friend, Bhai Parma Nand, is not here—I shall develop this point later on—but he always refers to the League of Nations, whenever the question of minorities comes up : I would also refer to the League of Nations, and I say we do not want anything except fair opportunities and opportunities of equivalent value. I shall not waste the time of the House now in explaining what I mean by opportunities of equivalent value, unless the question is taken up directly. We do not want any kind of inefficiency in Tatas : we want to have the best men there, but we want opportunities of equivalent value to be extended to minorities. With these words, I support the motion.

Dr. R. D. Dalal (Nominated : Non-Official) : Mr. President, coming as I do of a distinguished mercantile family in Gujarat, Western India, I have all my life taken a deep interest in commercial matters, in fact, my leanings are more towards commerce and finance. So I should be failing in my duty if I did not make a few general observations on this important Bill, which seeks 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. At the outset, I would say that the Report of the Indian Tariff Board is a document of outstanding importance, setting out, as it does, the considered views of the Board on the present position of the iron and steel industry in India, and what makes it the more important is that it endeavours with manifest sincerity to discuss the whole question from a national point of view. But, Sir, I fear this measure will create considerable criticism and consternation throughout the length and breadth of India. I have made a careful study of the Tariff Board's Report, the representation of the Tata Iron and Steel Company, and also this Bill, and, to my mind, three important points stand out most prominently, namely a reduction in the level of import duties, the price of untested steel and tested steel, and the imposition of an excise duty on steel ingots. So far as I understand the amendments in the Schedule, I think there will be keen competition between Tata Steel and British steel; but I hope the Select Committee will go thoroughly into this point and will eventually set the matter right. Sir, during the last few years, several re-rolling mills have sprung up in various parts of the country. These mills are keenly competing with the Tata Company. They import their raw material; they cannot be considered as an Indian industry. So in my opinion the free entry of steel billets for re-rolling should not be allowed.

Then, Sir, there is another matter of considerable importance, and it is this. Untested steel cannot possibly sell at the same price in competition with tested steel. If the untested steel and tested steel are sold at the same price, the whole bazar trade throughout India in untested steel will be ruined. So, in my opinion, there must be a difference of twelve annas per one cwt. or at least Rs. 10 per ton between the selling price of untested steel and tested steel.

As regards the excise duty on steel ingots, I would point out that for some time it has been realised that the dwindling revenue from import duties would have to be off-set. Accordingly, this year excise duties were levied on sugar and matches, and at that time it was foreseen that these excise duties were merely the precursors of others....

Diwan Bahadur A. Ramaswami Mudaliar : No, no ; never.

Dr. R. D. Dalal : Now, Sir, I shall refer very briefly to the Tata Works at Jamshedpur. The Tata Works are the largest and the best equipped single works for the production of iron and steel, and they own large deposits of iron ore and abundant supplies of coal. As regards their efficiency, management, and equipment of the plant, they are not in any way inferior to iron and steel plants in any other part of the British Empire. During the period 1911—1933, the Company's output was 2½ million tons of pig iron, and 4½ million tons of rolled steel. During the last three years this industry has made substantial progress, impeded though it has been by the effects of the unparalleled economic depression. Much credit is due to my lifelong friend, Mr. A. R. Dalal, I.C.S., who has

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worked his brain and legs off since his retirement from Government service; and I am sure his extraordinary devotion, his complete mastery of the work, and his assiduous industry have brought about this satisfactory result. The Company manned by experts, both from within the industry and outside it, has made great progress in reducing the cost of production and has thus met the wishes of the consumers. The needs of the consumers are that they shall have the right material at the right price, and the company has done its utmost to supply the needs of the consumers.

During the Great War during the period 1914—1918, the Tata Works supplied to Government three hundred thousand tons of rolled steel. In fact, the Tata Works were the chief source of supply for the Mesopotamian, Egyptian, and Palestine campaigns. These supplies were made at a total price which was several crores less than what would have had to be paid by Government for steel from other countries, and the Government gratefully acknowledged the services rendered by the Tata Works.

Then, Sir, the coal industry is vitally interested in this industry of the manufacture of pig iron and steel. The Tata Works consume annually 1½ million tons of coal, whereas all cotton mills and jute mills of India, put together, consume only two million tons of coal. So, we are very much interested and naturally concerned in the growth of the iron and steel industry.

Sir, the contribution of the Tata Company to the well-being of India should not be measured only by the output of iron and steel. Where 25 years ago there was only a dense jungle infested by wild animals and sparsely inhabited by aborigines, there is now a fine industrial town of a hundred thousand inhabitants, who enjoy the advantages of well-built sanitary houses, wide roads, an abundant and pure water supply, drainage, conservancy, an up-to-date hospital with X-Ray apparatus, and five dispensaries. The Company has an efficient medical and public health service. The town of Jamshedpur is supplied with electricity for lighting purposes. The Company employs very many more work-people than any other industrial concern in the whole of India. The Company has adopted the 8-hour day for its work-people, and pays higher wages than any other industrial concern in the whole of this country. The Company has provided housing accommodation for its employees in accordance with a regular town planning scheme by limiting the incidence of population to 12 families per acre. At the end of March 1933 the number of houses available was 13,200. The Company maintains 40 schools, and provides education for the children of its employees. The Company has achieved a fine record of training Indians at its own Institute at Jamshedpur for filling even highly technical posts with the result that now very few covenanted non-Indians are employed.

Sir, I submit that an industry so vital to India must continue to be encouraged, inasmuch as the maintenance of a prosperous iron and steel industry, in the highest degree of efficiency, is essential to the economic progress of the country; and having regard to the conspicuous services rendered by the Tata Works to the Government during the Great War, in time of need, I submit that every consideration, every sympathy, every justice should be shown to the Tata Iron and Steel Company. The Government should support this industry by every means at their disposal

and they should do all they possibly can to assist it and to promote its welfare. The share of the available Indian market for steel products supplied by the Tata Company is at present 72 per cent. ; so every endeavour should be made to make India self-supporting in the matter of iron and steel. For the life of me I do not understand why we should pay foreign markets millions of rupees for a manufactured article, which can be made by labour from material in the ground under our own feet. The people of India had great faith in Mr. Jamshedji Tata, the founder of the Tata Iron and Steel Company ; and it so came to pass that thousands of Indian widowed ladies invested their money in this industrial concern. I am sure the Government of India are not too bankrupt of solicitude for the good of these poor Indian widowed ladies that they will be indifferent and apathetic to their welfare.

Now, Sir, in conclusion, I earnestly request and pray the Honourable the Commerce Member and the Honourable the Finance Member to stand by this national industry, and to devise ways and means in the Select Committee, and to make substantial modifications and changes in the Bill, which will enable the existing industry to thrive and to prosper and which will induce new works to come into existence ; and I need hardly add that the sympathetic and favourable treatment of this important question will earn for them the gratitude and commendations of thousands of poor Indian widowed ladies, on whom this Bill, as it is in its present crude form, is likely to bring much suffering, misery, and even ruin.

Mr. B. Das : Sir, much of what fell from the Leader of the House about the sound management of the Tata Iron and Steel Works and about the high percentage of efficiency that they have evolved by the criticism of this House and by a certain amount of control exercised through the Government, I entirely endorse.

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

I also take this opportunity to congratulate you, Mr. Deputy President, on the fact that you have bridged the gulf between workers and employers and have identified yourself with capitalists. Today, the Deputy President, the representative of the workers on the floor of this House, spoke as an employer. If the gulf has been bridged, if the workers in India do appreciate the difficulties of the employers in India, in future there would be less strikes. The Deputy President had a gibe at me that I still insist that there should be reduction in the wages of the workers. I did not find any argument advanced by the Deputy President, whereby I could have been convinced that the time was not yet ripe when the salaries and wages of industrial workers, whether they are employed in cotton mills or steel works or even the railways, should not be reduced. The index prices have gone very low, and the commodity prices are so low that the cost of living has gone down, particularly of the working classes, who entirely live in the Indian conditions of living. And, if they are guided by the same spirit, the same patriotic spirit, as the Honourable the Deputy President exhibited this morning on the floor of this House, if the workers are anxious that industries must thrive and compete with foreign products, then they must be prepared to accept lower wages

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I do not know where to begin the criticism of this Bill and where to end. I was surprised that even an astute industrialist like my Honourable friend, Mr. Vidya Sagar Pandya, was praising this Tariff Board's report which is not worth the paper on which it is written. My Honourable friend, Dr. Ziauddin Ahmad, quoted noble sentiments expressed by an ex-Commerce Member, Sir Charles Innes, who was instrumental in granting protection for the first time to the steel industry in 1924. Sir, Commerce Members come and Commerce Members go, but the die-hard policy of the British Government is so undermining the policy of the Government of India that they are nothing but mere handmaids of the British Government and have simply to carry out orders. Today it is not protection to the Indian steel industry; it is protection to the British steel industry. Do we find the spirit of Sir Charles Innes even in the appointment of the personnel of the Tariff Board? I am not concerned with the representative of the Civil Service on the Tariff Board. It is Government's look out. They must have a representative of their own order in that Board, but they have placed a representative of the Indian Legislature in the guise of a Nominated Member of the other House situated somewhere in the distant end of this hill. That Nominated Member has never been elected to any municipality, any council or any Legislature.

Diwan Bahadur A. Ramaswami Mudaliar : He is an elected member of the Madras Corporation.

Mr. B. Das : I stand corrected. I am glad to hear that. His behaviour and attitude has never justified the belief that he has ever been an elected member in his life. However, if Government go behind the spirit with which this Tariff Board was constituted at the outset in 1923, I do not know how far I can blame the Government for it. The whole policy has changed. My Honourable friend, Mr. Anklesaria, said that it was the Ottawa spirit which he wanted. He reciprocated this by a visit to Lancashire also and I believe my Honourable friend, Mr. Mody, also visited Lancashire. It is that Ottawa spirit which has demoralised the Treasury Benches and they cannot visualize what is good for India. Sir, what were the terms of reference to the Tariff Board? These gentlemen entirely misunderstood, and misunderstood the terms of reference to the Tariff Board. What were the terms of reference? Accidentally one sentence was mentioned: "The Board is requested to re-examine...the Indian Tariff (Ottawa Trade Agreement) Amended Act of 1932"....This particular sub-sentence inspired the fossilized Tariff Board. I wish the Tariff Board is abolished for ever. If the so-called experts recommend this kind of protection, India seeks no protection. Indian industries do not need any protection. It is better that no protection is given for the steel industry and that the present revenue duty is maintained than to give a system of protection that humiliates the whole nation. What was the policy that guided the Tariff Board? I would refer Honourable Members to para. 107, page 62 of the report. They say :

"We have however decided to adopt the other method which is calculated to give the British manufacturer a definite advantage consistently with the interests of the Indian industry. Our object in doing so is to maintain as far as is now possible the principle of reciprocity underlying the Ottawa Agreement relating to galvanised sheets."

Sir, either these gentlemen do *not* understand English or they do not understand the Ottawa Agreement or they do not understand that part of the Agreement which affects the question of galvanised sheets. What was the recommendation of the Ottawa Agreement? Mr. Deputy President, the Honourable the President is not in the Chair. He was one of the participants at the Ottawa deliberations. Only this morning I was reading the *Indian Finance* in respect of Sir Padamji Ginwalla, another delegate, a former Director of the Tatas. I do not know if he is still a Director. Perhaps Mr. Mody will be able to say.

Mr. H. P. Mody (Bombay Millowners' Association : Indian Commerce) : He is not.

Mr. B. Das : Sir Padamji Ginwalla was also a participant at the Ottawa deliberations. These gentlemen were careful to see that protected industries were not touched by the Ottawa Agreement. They were completely kept out of it. I will read one or two lines with reference to the steel industry. It is on page 33 of the Ottawa report :

“To concede a preference by reducing these rates to a lower figure in favour of British steel would impair the protection intended by the Legislature to be afforded to the Indian industry and to raise the duties on foreign steel to a higher point than was required in India's own interest would have been a grave departure from the fundamental principle of the policy of Discriminating Protection.”

Sir, the Honourable the Commerce Member has changed his attitude. The attitude of the Government today is not discriminating protection, but indiscriminate protection to British industries. The Tariff Board, having these facts before them, these so-called super-experts, misread this and they want reciprocity with the British Empire and they talk in a subsequent passage about reciprocal benefit to India. I know this House will not agree with me except a few noble friends. If I had my own way, I would oppose this measure tooth and nail. I will throw it out. I will throw a challenge to the Government to introduce this Bill next year in February or March and stand on their legs and make a speech supporting this revolutionary principle and ideal—supporting this idea of British preference which is so shamefacedly and so brazenly brought out by the Tariff Board report and in the body of this Bill. The Government dare not. If they are honest, let them give protection for one year to the Tata steel with a proviso that this Bill should be extended for another six years when the new Legislature comes in. This House is not representative.

We hear of the talk of free trade. Free trade is as dead as Queen Anne. My friend, Mr. Anklesaria, if he wants to follow his policy of free trade, ought to go to one of the islands in the Pacific Ocean, I believe it is called the Sandwich Islands. Does not my Honourable friend, Mr. Anklesaria, know that the Liberal Party in England, that big party which was controlling the British Government, crashed, because it used to advocate free trade? We will hear of free trade when the Honourable the Finance Member rises; I have not read “Who's Who”, but I have seen it in the papers that my Honourable friend was Private Secretary to three or four Liberal Chancellors of the Exchequer and British Ministers. Whether my Honourable friend himself holds that view personally, that the world should be free thinkers or free traders or free booters, I do not know, but this Bill anyway is giving nothing but a free-booter's licence to Great Britain. (Laughter.) My friend, after taking the oath of allegiance to the Government of India, will have to adopt a policy of protection, a high tariff wall; but whether he supports the vicious principles

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embodied in this Bill, that is a different question—he is nothing but a part of the machinery. Sir, not only that, but what have these super-pedagogues of the Tariff Board done? Sir, they have gone out of their way and they have advised the Government of India, and they have advised the nation, because they were paid from the tax-payer's money—I believe this advice is not only to the Treasury Benches, but also to the representatives of the nation that sit on this side of the House and also to the world at large—Sir, they have advised that there should be no revenue duty. Sir, who asked them to pass those unwanted remarks? Sir, I am grateful to the Honourable the Commerce Member for placing in the Library some pieces of evidence, but only the pieces of evidence of the Tata Iron and Steel Company, both oral and written, are found—the other pieces of evidence, particularly those in which I was interested have not yet been placed in the Library table. If you ask me what pieces of evidence I am particularly interested in, I will say I am interested in the evidence of the National Federation of Iron and Steel Manufacturers of the United Kingdom, London, the Sheet-Makers Association of the United Kingdom, London, and the Welsh Sheet-Manufacturers' Association, London. I hope the Honourable the Commerce Member, when he receives these from Calcutta, will place them in the Library or on the Select Committee table, so that Members may take advantage of knowing all about the written and oral evidence of these sections of the British thought. Sir, I had no time—this was placed only this morning in the Library, but I was just glancing them through, and I said to myself: "Who was that super-genius of the Tariff Board experts who conceived the idea that the task had been imposed upon them, so that they could make a recommendation that there should be no revenue duty"? I find it is the President.

An Honourable Member : Who was the President?

Mr. B. Das : The President was Dr. Mathai who is supposed to be a great economist. He was questioning one Mr. Mather, thus :

"President : What I am trying to do is to arrive at some kind of principle with regard to the Government policy in the matter of the purchase of rails on which we could base our proposals"—

and then he goes on and discusses the question whether there should be no revenue duty; but, Sir, that leads me to ask a question of the Honourable the Commerce Member. Besides the terms of reference, did the Government of India at any time ask the Tariff Board to make an inquiry about the principle of taxation—whether there should or should not be any revenue duty or whether the revenue duty can be reduced. Sir, I pause for a reply.

The Honourable Sir Joseph Bhore : Not that I know of.

Mr. B. Das : I am very glad to hear that. But here these theorists—we know what they are—take upon themselves a self-assumed responsibility and the President assumes to himself the responsibility of thinking that the Government of India have asked him that he should inquire whether there should be a revenue duty or not; and we find the recommendations; of course it is all based on false calculations.

Now, my Honourable friend, the Commerce Member, asks us to look into Tables 24 and 25; but although in Table 24 the Tariff Board reaches the conclusion that certain items should not have any duty at all, because

the Tatas' steel gets its proper price without any protective duty, at the end of the book in the table of tariff that is given, they make no mention that the revenue duty should be taken off, because it was beyond their power, and if this Tariff Board recommended this, I say they went beyond their jurisdiction. If, of course, the Honourable the Finance Member appoints at any future date a Committee or a Commission to consider what should be the proper tariff policy, the proper fiscal policy for India, and if such a Committee recommends that such and such a revenue duty should be removed, this House will give due consideration to it. Then, I shall also respectfully go through that Committee's Report and see whether I could accept those recommendations or whether I should suggest any alterations,—but for these experts, the so-called experts who were asked to modify the scheme of protection, to come and suggest methods of reduction of revenue duty is absurd.

And, Sir, this Government stands pilloried, they cannot reduce any revenue duty without fulfilling the pledge which Sir George Schuster gave on the floor of this House in September or October, 1931. When the surcharges of 25 per cent. were levied, as my Honourable friend, Dr. Ziauddin, has already referred to the fact that the protected industries got a benefit thereby of 25 per cent. surcharge, but that is another issue. We were given an assurance that if at any time there should be any reduction of revenue duty, it should be first in the direction of taking off the surcharges and abolishing the low level of income-tax—that is, the limit from Rs. 1,000 to Rs. 1,999 should be taken off first, and also simultaneously the restoration of the salary cuts. Already my friends in the services have received the restoration of five per cent. of their salaries. An assurance was also given that the salary cuts should be restored and the low level of income-tax should be raised to Rs. 2,000. That Finance Member is not present here. But today or tomorrow, when the present Finance Member will rise, he will, I suppose, justify his position whether the pledges or assurances of his predecessors have any moral value before the Government of India and before the country, because the Finance Member holds a very peculiar position in India and in fact in every country in the world. His words on financial questions are taken as gospel truth, and, if he likes, one word of his will completely upset the money-markets—whether it is the Stock Exchange of Calcutta or Bombay. Sir George Schuster, who was nicknamed "Surcharge" Schuster, because of introducing those 25 per cent. surcharges in 1931, gave us those assurances, and if he gave those assurances, let the Government cogitate over them, let them read over the speeches of Sir George Schuster. Sir, how is it that in the disguise of a protective Bill, the Government have introduced a system of fiscal tariff policy by which they are reducing the revenue duties? Sir, Government had no right to reduce revenue duties in the autumn Session. This Bill incorporates the principle and the policy of taxation which my Honourable friend, the Leader of the House, recognises and he asked his colleague, the Finance Member, to explain the present policy of levying an excise duty of Rs. 4 a ton on the steel ingot as has been incorporated in the Bill. I say, it is against the financial and fiscal policy and against the budgetary system of any Government to introduce, under the guise of a protected measure to an industry, new principles of taxation. New principles of taxation require discussion and the consideration of the whole nation. The principle is so disguised that even the country at large have not found time to express its opinion. My Honourable friend,

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Mr. Vidya Sagar Pandya, has already quoted the considered opinion of the Secretary of the Shareholders Association, Bombay. I wholeheartedly endorse their financial recommendations, and I believe these endorse the views of every nationalist all over India, and I do hope they do not upset in any way my Honourable friend, Mr. Mody, however he may disagree with the oft-expressed views of the Secretary of the Shareholders Association, Bombay. So, I think the Government are taking advantage today. They are depriving the country of the right of criticism and are introducing principles of taxation which they have no business to introduce.

They have also no business to introduce that vicious taxation called the excise duty. It is true that I supported the former
 4 P.M. Finance Member's taxation policy last Budget Session by agreeing to the excise duty on matches and sugar. Not that I was enamoured of it, but I knew that the Government of India were in such a bankrupt position that they could not carry on unless they stole a march on the new Federal Constitution and on the resources that were meant for the new Provincial Governments. I had to support it reluctantly, and I also know that I have earned a bad name amongst my colleagues in the Indian mercantile community because of that support. But I gave that support, because I felt the Government of India were bankrupt. If the Government of India have not received as much money as they expected, then it is for the Finance Member to bring out a new Bill next Session on the 28th or the 29th of February, whatever it may be next year. Before that, they have no right to smuggle an excise duty by means of this Bill. And what does this mean? The Tariff Board, like my Honourable friend, Mr. Anklesaria, have inculcated a new spirit of reciprocity. They wanted that certain items of steel will have no revenue duty. The Government of India have magnified that issue and they have levied this excise duty, so that the Indian steel will have always a certain handicap. It will not be able to compete with British steel. Sir, that pregnant passage, which I quoted from the Ottawa Report, says that the consumers will not be handicapped. My friend, the representative of the free trader, Mr. Anklesaria, talked a little on behalf of the consumers and he wholeheartedly blessed the vicious principle of this Bill which reduces the duty on British steel to *nil* or to a few rupees and levies a heavy duty of Rs. 39 and more in the case of certain items of continental steel. I am not going to discuss here the question of tested and untested steel, but it is well-known that the continental steel was untested and it was coming at a low price. The consumers and the masses, who are not as bureaucrat as my friend, Mr. Mody, is, did not mind to buy this untested steel, because they could purchase it at a low price. So, the consumer is affected, because he cannot get the steel at a low price. Again, I test the knowledge of the super-experts of the Tariff Board. They have evaluated the tested and the untested steel at the same price, so that they may put a further handicap on the Indian steel industry, with the result that the Tata Iron and Steel Company will be able to sell only tested steel and shall have to compete with the British tested steel.

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

Sir, the Honourable the Leader of the House very aptly compared the principle of the present Bill, which he has introduced, with the principle of the Indian Cotton Textile Act passed last Session. Sir, I need not

repeat the history of the Cotton Textile Bill. I believe it was the Deputy President who referred to the Mody-Lees Pact. I did point out last Session that if Mr. Mody gave an extra five per cent. at some future date to the British textile manufacturers, it was the leaders of the mercantile community of India who acquiesced to the Indo-Japanese Agreement and gave 25 per cent. preference to England. So, in one way, the Honourable the Leader of the House was right that this Bill is similar to the Indian Cotton Textile Bill which gave 25 per cent. preference to the British textiles, and, in certain cases, even a preference of 30 per cent.

Now, Sir, there is one point to which I would like to refer. Even the Ottawa Agreement gave only 10 per cent. preference to British goods. There were certain iron and steel articles which were assessed to 20 per cent. if they were continental, and 10 per cent. if they were British. Now, what was the occasion for the Tariff Board or the Government to include all those items as protected articles? Did the Tatas ask for it? I do not think the Tatas asked for it. I have gone through their memoranda, and I do not find any such thing. When Government have brought out a measure to modify a system of protection, they have no business to include new items. I find from item 2 (35) of the Tariff Act of 1890, as modified on the 15th of May, 1933.....

Mr. B. Sitaramaraju (Ganjam *cum* Vizagapatam : Non-Muhamadan Rural) : Modified or Mody-fied ?

Mr. B. Das : As my Honourable friend, Mr. Mody, is everywhere, so I will say " Mody-fied " it.

I find that some of the articles of the British steel industry have been put on the protected tariff, and the continental steel will have to bear a heavy duty of Rs. 39 or Rs. 43. This is simply absurd. Not only is this absurdity perpetrated by the Tariff Board, but also by this Government. If this Government feel that the Tata Steel works deserve adequate protection, let them continue the same protection as it is today. But this is not their policy. Their policy is to give enlarged protection to the British steel industry. As I stated elsewhere, this Bill and the Tariff Board have out-Ottawaed the Ottawa Agreement. At the time of the Ottawa discussions, I heard the talks of those who have been to Ottawa.

The British steel industry never put forward such an absurd proposition and even Mr. Baldwin, who was a signatory to this Pact, could not propound such a proposal, however greedy the mercantile community of England might be. Today the Tariff Board, consisting of two Indians, belonging to my own race, have gone out of their way, and they have introduced the system of differentiation in Tariff by which a high tariff wall has been put against continental goods and a very low rate is put on British goods. Who asked the Tariff Board experts to follow the spirit of reciprocity and thereby evolve a scheme by which British steel should come into India at favourable rates? They themselves recognise that, and this is evident from what I have already quoted. If that be so, then this Tariff Board report is not an expert report, and we cannot place any reliance on this report. It is anti-national and revolutionary in spirit.

My Honourable friend, the Commerce Member, said that he was very anxious that subsidiary industries should find certain relief from the steel industry, and then he paid a high compliment to the late Jamshedji Tata. I also reciprocate the compliment that he conveyed to the spirit of Jamshedji Tata, and I take the opportunity to say that had the successors

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of Jamshedji Tata followed the spirit of Jamshedji, then they would not have come with a beggar's bowl to Simla and Delhi for protection. They would not have been instrumental in 1927 for the introduction of the principle of Imperial Preference in the fiscal policy of India, and that too, for the first time in the history of India. We then swallowed that bitter pill for the descendants of Jamshedji Tata. Although I join wholeheartedly in the high compliment that is paid to the spirit of Jamshedji Tata today, I am not going even for the sake of the spirit of Jamshedji Tata to swallow this bitter pill that has been incorporated in spite of the persuasion of Mr. Mody which will come tomorrow, and we will see how Mr. Mody supports this vicious principle of Imperial Preference, preference to British steel. Surely the soul of Jamshedji Tata will writhe in anguish in heaven that his descendants have fallen to such low depths. (Laughter.)

Sir, I was talking of subsidiary industries. My Honourable friend, the Leader of the House, appealed to the generosity of feeling of the management of Tatas that they will give steel at a fair selling price to these nascent industries and other subsidiary industries. I have often laid my charge against the Tatas on this issue specially for their selling pig iron to England and Japan at a low price and selling pig iron at a high price in India whereby, six or eight years ago, the Indian Applied Engineering industries were ruined. Today I do not like that the Leader of the House should indulge in such platitudes. If that is the intention of the Government, if that forms part of the recommendations of the Tariff Board, and I know in one of the passages they say that the representative of the Tatas assured them that they will do their very best to sell to subsidiary industries at a reasonable price, I say let it be incorporated in the body of the Bill. This is not a taxation measure that we cannot introduce beneficial clauses in this measure. Steel and pig iron form the raw material of various other industries, and we are here not protecting one particular industrial firm, but we have to protect all the allied industries, and I do hope that in the Select Committee the Government will see their way to accept such a proposal.

I do not find the Honourable the Finance Member present in the House just now. I have made a certain amount of criticism about the vicious principle of introducing in this protective measure principles of taxation in the shape of reduction of revenue duty and of levying excise duty. I do advise the Honourable the Finance Member to discuss with his colleagues and to withdraw this Bill. Let the Government bring forward a pure protective Bill. Let them forget that they have to protect the British steel industry, let them only remember that they are here to protect an Indian industry. If they do not want to modify the Bill, then, for any representative of the Treasury Benches to talk of granting protection to Indian industry, is mere sop. The whole country has understood the game. We are too weak-kneed here, and we cannot register our protest and we cannot make the real view of the nation prevail here in this House. As I said a few minutes ago, in spite of the handicap, I have thrown out a challenge. Let the Government withdraw the whole Bill and bring forward the measure next March, and they will see the result. Sir, I am not a shareholder in the Tatas. Others are here who are shareholders or Directors. I am an Indian, and I am a well-wisher of that huge Indian industry. I want to give honourable protection to the Tatas, and, as I said before, if this scheme of protection comes out, as it is, from the Select

Committee, I will oppose it tooth and nail. We do not want any protection to an industry, however much it needs it, by humiliating that industry and those who control that industry and thereby humiliating the whole nation. (Applause.)

Raja Bahadur G. Krishnamachariar (Tanjore *cum* Trichinopoly : Non-Muhammadan Rural) : Sir, before I proceed to submit for the consideration of the House certain observations in connection with this Bill, I state that I entirely agree with what the Honourable the Deputy President said regarding the services rendered by Jamshedji Tata to the country. I do endorse the statement that he was a great benefactor to the country, and I do endorse that he did a good many things, in order to show us the way how to stand on our own legs and how to keep our self-respect in the matter of trade improvement. Sir, as a matter of abstract proposition, I agree that a national key industry should be protected, even that I agree to. But having agreed to all these things, it is quite a different thing to agree to a scheme of protection which takes the money from some other person and professes generosity in the name of what they call a national and a key industry. But, Sir, before I go to that, there is one other point, the usual hardy annual that I always bring forward in this House and which my Honourable friend, Mr. Vidya Sagar Pandya, also alluded to, and that is that we have been supplied with these papers only a few days ago. Of course I was not here, but those of the Members who are here got the papers about the 14th or 15th of this month, and today we are supposed to be so much conversant with all the details that we should be able to criticise the most elaborate speech of my Honourable friend, the Leader of the House, who has been enabled to make that speech aided by his Secretary and all the official notes *et hoc genus omni*, and I think it is rather hard lines that we should be treated in this manner.

Another matter that I should like to bring forward is that the papers to which the Tariff Board had access must be placed before this House, so that we may be in a position to see whether their conclusions are justified by the premises that they had at their disposal. I quite agree that the report itself will not give sufficient materials to us in order to come to a conclusion. As the Privy Council said in a famous case from Bengal, where a judge makes up his mind, he, of course, lays stress upon points that go to support his view, but it does not follow therefrom that he has not considered the opposite view. That may be all right where you have got access to a superior Court which has got a chance of reviewing the evidence upon which one Court came to one conclusion. But here the Tariff Board makes a report, and, my Honourable friend, the Commerce Member, says that in these matters we have got to be guided by the Tariff Board's report. I quite admit that. The Tariff Board was appointed on the ground that they are experts. I suppose the Members are paid handsomely, and they take a great deal of trouble over their deliberations. I have no objection to admit that they have taken a great deal of trouble in collecting materials. Only I do not know what opposing materials they had before them. I do not say we will disagree with them but my complaint is that we have not got the whole of the materials. And as I assert that it is the privilege of this House to judge whether the Tariff Board is correct or not, I submit that it is a somewhat tall order from the Commerce Member to tell us that in all these matters we must accept the verdict of the experts. Sir, today I have not got that book with me called, "The

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New Despotism", written by the present Lord Chief Justice of England, in which he states that where an expert is installed in a certain place he does not believe that anybody else has any right to say as to what conclusion he will come to ; and he says that after all an expert knows everything. That is the position of the experts and although we have got the highest regard for the experts I must say that as laymen we can come to a better judgment than experts who are obsessed with their own ideas. I, therefore, say that in order to enable us to come to a conclusion as to the correctness or otherwise of the report or the decision of the Tariff Board we ought to have been supplied with materials which we have not been. Such of the materials as were supplied were not supplied to us in time. Considering the fact that we are not assisted by a secretariat, considering the fact that we do not profess to be experts, I say that Government have not been dealing with us fairly.

While I admit that the Tariff Board did devote a lot of trouble and took advantage of the extra time granted to them by the Act, for the temporary extension of the protection till October next, I submit, Sir, that they have entirely failed in their duty because they have started this inquiry upon an untenable basis and upon a ground which, I beg to submit, so far as this House is concerned, will not be admitted at all as correct. They say at page 20 of the report, paragraph 33 :

" We have examined in some detail the effects of protection on the industry. It remains to consider whether any estimate is possible of the cost of protection to the country. It is desirable at the outset to draw a distinction "

—and that is the point upon which I make my complaint—

" between the cost of protection and its burden on the country. The Tariff Board is assisting in the administration of a settled policy, which was determined by the Legislature on consideration of general benefits to be ultimately purchased at a certain cost. It is not for us to compute the sum of these general benefits which are to be set against the cost, and to attempt to draw up as it were a balance sheet of the assets and liabilities of the scheme."

I say, Sir, that they have entirely misconceived their duty. I admit that the Legislature, so long ago as seven years back, did accept the principle of protection for the Tata Company. It is perfectly true that these gentlemen were asked to say whether that protection should continue or should be modified or should be completely annulled. But at the same time there is a very important thing and as regards that also I have my complaint against the Honourable the Commerce Member. The whole scheme of protection, everything that you want to give to these gentlemen, depends upon your resources. What the Legislature has decided is that you must give protection. But supposing there is no money out of which to give protection, what is the point in flourishing before us the decision of the Legislature ? The Legislature did not say that you must give protection at any cost, even if you become bankrupt by giving it. That was certainly not the decision of the Legislature. The Legislature took up the question of protection to a national and a key industry and they came to the conclusion that that industry ought to be protected. But, Sir, the question of the cost to the country also comes in ; whether that cost can be afforded by the country is the most important question and unless you can come

definitely to the conclusion that there are resources out of which you can give this protection to this company, what is the use of your inquiry? Of course, two *plus* two makes four; we do not want you to make that calculation. Consequently I submit that they have proceeded upon an entirely wrong basis and have shirked,—I do not say wilfully but out of an error of judgment,—the most important portion of the inquiry by enunciating for themselves a proposition which, so far as this report is concerned, goes against the real position which the Tariff Board had to reckon with. Therefore, Sir, I submit that this matter should be made clear as to what benefit the country has reaped and what the burden on the country has been in consequence of this protection, what is the benefit of the whole thing. It will not do to simply say that, as these gentlemen have had protection for seven years, it will be a pity after having spent so much to leave them in the lurch. But at the same time you must say what is it that we have benefited by. The Commerce Member asked, have they or have they not taken advantage of the protection and have they not improved their situation? He expressed his satisfaction that they have improved their situation. Sir, in the olden days when we were at school, those of us who were fortunate enough to win prizes used to get a chit attached to the book that was given to us as a present where it was stated, “As reward of merit and an incentive to further improvement”. Is that the principle upon which this protection is being granted? I respectfully submit that that is an entirely wrong principle. It has been admitted and stated over and over again that expenses, which are perfectly reasonable and probably a necessary item, would be absolutely undesirable if resources are not at your disposal. Now, what is the position? They put up a scheme of protection where they find that there will be a huge deficit: and how are you going to make up this deficit? By putting on an excise duty. I ask: “Why do you put forward a scheme when you have no money and why do you try and knock it out of somebody else, the consumer, who is the milch cattle in India?” I say the Government has absolutely no money in order to give this protection. I say it on their own statement. Time after time we have approached the Government all over the country for some grant, for some improvement in the condition of the wretched agricultural community of India. We were always told that there is no money: we are told: “All your complaints are perfectly right: we entirely admit the justice of your complaint; but where is the money?” Now, what is the cost to the country on account of this protection? If the Tariff Board had told me exactly what the country has to pay for the protection of this steel industry, then I should be in a better position to lay my complaint against the Government of India and say: “I came to you time after time for money in order to improve the condition of the agricultural classes, in order to remove their rural indebtedness, in order to remove so many of their other troubles from which they are suffering. I have been told that you had no money. Will you kindly tell me where you get this money from? Why do you want to put your hands deep in our pockets in order to help this industry?” Theoretically, as an abstract proposition, it is a very good thing, just as so many other things are good, and yet you are not able to meet them in consequence of want of resources. I submit, therefore, that when the Government has no money for anything else, when, in order to get this scheme of protection through, they have to put their hands in the pockets of other persons like myself, that is to say, the consumer, it

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ought not to do this. What did the Tariff Board say in paragraph 120? They say :

"In all cases where you give protection or in all cases where you impose an excise duty the consumer must suffer."

Thanks. But what about all of you gentlemen who resent even this five per cent. cut in your salaries? But of course it is the consumer here; what does it matter? He has got to pay for an eventual benefit; and what this benefit is going to be I do not know; you do not know; nobody else knows. Seven years ago they made a calculation and they thought at the end of seven years this protection will cease. We have seen the end of seven years and we have passed an extra six months and what is the result? The Tariff Board says: "Give them another chance for seven years." Does anybody know that at the end of seven years this protection is going to cease? I do not know. He would be a bold man who can prophesy that they will not claim protection again. Upon what? Upon the most extraordinary ground that because there was a strike among the workers of that institution, it cost them 2 crores. Ergo, the people of India must pay. What is there to prevent these gentlemen coming again after the end of seven years asking for protection again? What is the standard which you have laid down to be reached before you withdraw this protection and say to them: "Look here, we have given you sufficient protection: we set this standard before you as the goal which you have got to reach; and as you have just reached or not reached it, we will not give you any more protection." What is the goal at which we are driving? Absolutely none. Nobody knows. It is perfectly true that they have done a great deal since the time protection was first given in 1926, and I have absolutely no doubt that if this protection is granted for another seven years there will be a better report regarding what they did. But how long is this to go on and how long am I to suffer under this agony? The Government of India must be consistent. If they have money to throw away like this, then they have no business to say that they have no resources for other matters; and without knowing where you are going, without knowing to what extent you will be mulcted in money from the pocket of the poor Indian public, I submit it is not fair, it is not just, it is extremely undesirable, that the Government should take money from the poorest population in the world, simply because they, (the Board), want this protection to continue. These gentlemen of the Tariff Board say the cost of protection is shared by all or any of the following four parties—the foreign manufacturer, the Indian merchant, the consumers in India and the taxpayers in India. These last two items I am concerned with—consumers in India and taxpayers in India. After writing a whole page of, if I may respectfully say so, platitudes which are entirely irrelevant, they come to the conclusion that you cannot exactly say what the cost to the country was or what the burden imposed on the country was. But they give some sort of figure here. "We might, therefore, put down the gross cost of protection to the country,—(it almost takes my breath away),—at Rs. 1,428 lakhs." That means, I suppose, 14½ crores. I should be very glad if I was given three crores to improve the agricultural community. I do not claim all the 14½ crores: I do not want even 10 crores—I want only three crores to be allotted, for instance, to the Madras Government and then we should have had a remission in land revenue to the extent

of 25 per cent. that the Council, the country and everybody who had suffered from this agricultural depression, wanted ; and yet Government will not give it. They say that 14½ crores is the gross cost : and what is the net ? They lay down certain propositions and come to the conclusion that they cannot say what exactly the net cost is. I do not know where I am. I launch upon a scheme of protection which has so far landed me in Rs. 14½ crores gross : I do not know where it is going to lead me to. There is no money. You put your hands deep into the pockets of the poor consumer and put down an excise duty and make up the money : for what ? To protect a national industry of course. If you have the money I shall have no objection : I shall be the first to say, there is the money, you may go and take it. We have been told, and the Honourable the Deputy President was very eloquent over the way in which these gentlemen looked after their labourers and all that sort of thing. I will first take the war. During the war it seems they did forego a portion of their profit, and the benefit to the exchequer was two crores or something like that. Will the Honourable the Deputy President and the other Honourable Members calculate the cost in men and money contributed by the agricultural population of India for the resources of the war ? How many members of the agricultural community were recruited for the war and how many laid down their lives in the service of their country ? What did the Tatas do then ? What did the Jamshedpur people do ? They say : " We abandoned two crores of our profits." But may I know whose money it was ? It is my money. Why do I say that it is my money ? Because I gave the protection to these people, and these gentlemen claim that they have foregone these two crores, but they do not take into account the contribution that the entire agricultural community made for the war in men and money and in so many other ways to enable the war to be conducted in a successful manner, and it would take me many hours to recapitulate all those things before the House. That is so far as the war is concerned. And as for the welfare of their population, it is a very good thing that they have improved the amenities of life for their workmen and so forth. I have not had the honour of receiving one of those books that my friend, Mr. Pandya, referred to, but I know from whose money all those improvements that are referred to in that book are made. They have attended to the welfare of their labouring population partly because of self-interest, because if you don't give them the necessary conveniences they will run away and the work of the factory will be stopped,—and partly out of the money that I put into the pockets of Tatas in order to enable to do certain things. Sir, therefore I say it is not fair, it is not just that those of us who have to consume their materials should be called upon to pay higher prices for those materials. Consequently, though I agree in theory with the question of protection I do not agree to grant protection in this particular case simply because that the Tariff Board has stated that Tatas are entitled to protection. I say no protection of any kind should be given to these people. Of course, I am fighting a losing cause, I know, because I know that Government has brought forward this Bill, and throughout the history of this Legislature no measure which has been brought forward by Government has been defeated in this House. Sir, in the absence of the necessary material before the House, I say that no protection should be granted simply because the Tariff Board have recommended it. It is not

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just, it is not fair to the country to saddle us with this liability. And, talking of this welfare business, it reminds me of the old proverb "*Halwai ka dukan men dada jan ka fatiha*". But I ask whose money is it with which you grant these people protection? Therefore, on principle this protection which these gentlemen of the Tariff Board have recommended, and which the Government of India have agreed to pay, should not be given, especially because the Government have not been treating fairly the agricultural population of this country which forms the largest proportion, which contributes the greatest amount of revenue, and which is really the pillar and strength of the Government and upon which Government stands. I admit I am not sufficiently conversant with the figures and details to say whether 3.8 or 8.9 per cent. should or should not be given.

Then, Sir, the only last thing which I would like to refer to is the paragraph in the Tariff Board Report relating to the manner in which the Tata Company, the parent Company as it is called, treats the poor children, I mean the subsidiary industries. Those children are still minors. It must be remembered that the Tata Company were given protection not for themselves; they were given protection upon the distinct understanding, that they were going to encourage the other industries, the bye-product industries and such other things. Did they do it? I am glad the Honourable the Commerce Member has stated strongly his opinion regarding the methods adopted by the company in dealing with these subsidiary industries. When the extension of the old Act was first brought before the House, I remember to have quoted a conversation that took place between the President of the Tariff Board and the representatives of the Tatas where they went from point to point in order to justify their position, and the President of the Tariff Board said it was an extremely unjustifiable position. Therefore, as I have already said, this protection that is now asked should not be given. I say there is absolutely no point in this Bill going to the Select Committee unless the members of the Select Committee can devise some means by which the Tatas and the consumers will be satisfied, in which case I should be the first to stand up before this House to congratulate the members of the Select Committee and apologise to them for opposing the scheme. But remember you want to put your hand into the treasury which you have filled by the sweat of the peasantry, and from that you want to give this money, and therefore I object, and object very strongly to the proposal.

Mr. B. Sitaramaraju : Sir, I rise to congratulate not my friend, the Commerce Member, although the three parts of his speech which he delivered this morning could very well have been delivered by any one of us on this side of the House. He put himself four questions, and, in answer to the first 3 of his 4 questions, he spoke in a way which we expected the first Indian Commerce Member to speak. Sir, we are glad that, so far as that portion of his speech was concerned, it was in accordance with our own views on the subject, but on the fourth part of his speech, which I consider by far the most important part, I am afraid, I cannot congratulate him. But, in rising now, it is my intention first to congratulate my friend who was sitting next to me,—unfortunately I do not find him now in his seat,—I hope Honourable Members in this House

will convey my congratulations to him,—(At this stage, Mr. Mody who was away from his seat, entered the Chamber amidst applause of the Nationalist Benches),—my friend, Mr. Mody, had all along been an enthusiastic advocate of Imperial Preference. He is now given a good dose of it, and, I daresay, he is given a deal more than even he would be able to swallow. He cursed us that day, but today those curses have come home to roost. Needless of our protests and unmindful of our warnings, he thought it good fun to ride a Lion, and that the British Lion :

“ Master Mody of Jamshedpore
Smiled as on a Lion he rode
They returned from the ride
With Master Mody inside
And the smile on the face of the Lion.”

Ever since my Honourable friend entered this House in 1930, the House, by a majority, had been committing itself to the policy of preferential tariffs. Therefore, no useful purpose will be served in raising a controversy on that question beyond the fact of recording, on the principle, “ Let us agree to differ ”.

The Government of India, in introducing this measure, stated in their Statement of Objects and Reasons that the Bill seeks to give effect to the protective measures recommended by the Tariff Board. Before I deal with those recommendations and the way in which the Government propose to give effect to them, let me at the outset observe that, if the Government were to believe that the very name of the Tariff Board would impress us, they are very much mistaken. We have been losing our faith in the Tariff Board; of late, not because we do not want a Tariff Board, but because we could not have it composed of men who can command the confidence of the country. The reports of the Tariff Board, and in particular, the one now under discussion, has convinced us more than ever that if this Board is to render useful service, it should be composed of a Chairman of the status of a High Court Judge and two members selected on the principles adopted by the American and Australian Governments. I am not making this observation without cause, but I do not want to cast any reflection on the motives of the personnel of the present Tariff Board. On the last occasion, when we were discussing the reports of two Tariff Boards simultaneously, I came across two sets of important recommendations on one and the same subject, but diametrically opposite to each other. Then I drew the attention of this House to that and some other matters and promised myself that I would come before you and suggest even the abolition of the Board itself. If it cannot be mended, it must be ended. While I do not question the abilities of Dr. Mathai and his expert knowledge of economic problems, it is surprising, to say the least about it, that a person who wrote the cotton textile report is the same person who wrote this report and who today advocates preferential duties, and even no duties, in favour of Great Britain in a manner which has not helped to create any confidence in his judgment. As for the other Indian Member, to use the language of Sir Hari Singh Gour, the less said about it the better. (Laughter.) If the Government desire that we should have confidence in the Tariff Board, the Government should adopt the recommendations of the Indian Members

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who were in a minority on the Fiscal Commission. The Indian Members of the Fiscal Commission observed in their minority report as follows :

“ In our view, the Board should consist of three members and the Chairman should be a trained lawyer occupying the status of a High Court Judge. A Judge of a High Court has to adjudicate on important and complicated problems of litigation and his impartiality cannot be questioned....

As regards the two other members we must examine the principles adopted by America and Australia in constituting their respective Boards. ‘ The members of the United States Tariff Commission appeared to be for the most part men of wide general attainments.’ Members other than the Chairman ‘ appear to be for the most part men who have distinguished themselves in law or in politics ’. We may quote from the Act creating a Tariff Commission in the United States of America, Section 700 :

‘ That a Commission is hereby created and established to be known as the United States Tariff Commission (hereafter in the title referred to as the Commission) which shall be composed of six members who shall be appointed by the President, by and with the advice of the Senate.’

We think it is desirable to adopt the same principle for selecting the two other members. They should be elected by the non-official members of the Legislative Assembly, who represent wide electorates throughout the country and may well be relied upon to choose ‘ men of ability, of integrity and of impartiality ’. The principle recommended by us is similar to the one adopted by the United States of America. The best way of making appointments ‘ by and with the advice ’ of the Legislature is to allow them to elect such members. We have recommended that the Chairman should be a trained lawyer. The two other members, if our recommendation is adopted, will be distinguished men who may be expected, while representing the interests of the consumers, to be capable of taking broad views in the larger interests of the country.’

I draw particular attention to these recommendations of the Indian Members of the Fiscal Commission, men in whose judgment the country had great confidence and who had established their reputation for sound judgment. Unless the Tariff Board is so constituted as to give general satisfaction to the people of India and command for their decisions the general support of the country, their recommendations will not carry any more weight than the recommendations of any Department of the Government of India. Therefore, I propose to deal with these recommendations and the proposals made thereon with caution.

The steel industry of this country, to use the words of the *Indian Finance*, is a national industry. It is a key industry, it is an industry essential for defence purposes. It is an industry which utilises the indigenous raw materials to the fullest extent and caters to the home market in the largest degree. It is an industry which employs in a single unit the largest number of labourers, pays them adequately and provides them with various amenities. It is an industry which in less than a decade has brought down the number of foreign technical experts from 229 to about 60 and replaced every one of the retired non-Indian officials by Indians for whose training it has spent all the money and taken all the trouble. That is the industry. Are these recommendations of the Board or the proposals of the Government calculated to promote the prosperity of that industry ? That is the question we should ask ourselves. A perusal of both has given me the uncomfortable feeling that the industry is to be deprived of such advantages as it may have a right to expect in order to facilitate the exploitation of the Indian market by the British industry. We do not stand in the way—let me assure you that we do not stand in the way—of

the prosperity of the British industry. But we do not want that prosperity to be built on the ruin of our industry or at the sacrifice of our economic interests. We are not enamoured of reciprocal arrangements between British manufacturers and ourselves. I am not yet in a position to speak generally on the Ottawa arrangements and their effects as the matter is still *sub judice*. But I can refer to the Ottawa arrangement with regard to this industry. The Tariff Board, in referring to it, have not disclosed some material facts which, if known, would put a totally different construction to the indications sought to be conveyed by the Board that it had worked well.

It was said that our industry was threatened on the eve of the
 5 P.M. Ottawa and the Steel Agreement, that if we did not enter into this agreement the Import Duties Act of the United Kingdom would be applied and our iron and steel would be very seriously affected, that the exports of Indian pig iron which were so necessary to India were already losing the Japanese market, that the United Kingdom market was growing in importance in recent years, and therefore, if free entry was not secured under this arrangement, dire consequences would follow. In return for this enormous gain, under that agreement we were asked to accord preference in the matter of galvanised sheet. But we said in our Minority Report that neither this Legislature nor the country would feel happy over this arrangement, and strongly disapproved of the arrangement of sending bars for the manufacture of sheets and the sharing of the profits system. Without going into further details, since the Commerce Member has said that we would continue to have the same benefits with regard to pig iron and that His Majesty's Government have favourably considered the proposal of the Government of India with regard to manganese, let me proceed to an examination of the figures. Let me examine the gain and losses account. The most important part of it is our pig iron exports. During the year 1932-33, we exported to the United Kingdom 75,000 tons and, in 1933-34, we exported 93,000 tons, whereas in 1932-33, when our exports to foreign countries was 138,000, in 1933-34, it was 280,000. On a percentage basis, during the period of preference, our exports decreased from 35 per cent. to 25 per cent. in the case of the United Kingdom, whereas our percentage rose from 63 per cent. to 74 per cent. in the case of foreign countries. In value, exports to the United Kingdom decreased from 26 lakhs to 21 lakhs, while they increased from 46 lakhs to 62 lakhs. Thus you will find that our foreign export trade prospered, and Japan, whose market we were said to be losing, actually remained our best customer. It was said that the United Kingdom market was growing. The total imports of pig iron into the United Kingdom during the years 1931, 1932 and 1933, have been 284, 135 and 93 in thousands of tons, respectively. These figures would show that the United Kingdom imports instead of increasing are diminishing; although the Indian share during the preference period rose from 61 to 86 per cent. This only shows the fact that the United Kingdom was able to increase her home production under protection of their duties and the time is coming when even the little market we have there is replaced by their home production. Before I turn to the other side of the picture, I would like to say that I have just been trying to get some figures with regard to manganese in a hurry. They are liable to correction. I find from the statis-

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tical records that the exports of manganese from India are as follows : In 1931 and 1932 figures, United Kingdom 53,843, Germany 1,920, Netherlands 2,500, Belgium 35,400, France 80,221, Japan 6,129, United States of America 28,120, other countries 36,000. The total was 211,000 tons of which 53 is the share of the United Kingdom. That is about roughly one fourth. Then again take the next year's figures for 1932-33. These figures would show that in the case of the United Kingdom they were 55,377, in the case of Germany 1,311, in the case of the Netherlands 2,000, in the case of Belgium, 32,452, France 7,459, Japan 30,599 and other countries 1,900, total is about 197,730. These are for the years 1931-32 and 1932-33. With regard to the imports of England, I find from the statistical records of the United Kingdom, which are given for calendar years, that the imports in the year 1928, were 205,965, in the year 1929, 289,353, in 1930, 216,443 and in 1931, 78,265. In 1932, it was 78,578. Further there is one important circumstance which I find it very difficult to pick out and I hope some Honourable Member will be able to do so and that is with regard to the re-exports from the United Kingdom. Unless we are furnished with accurate figures of the exports of these materials from the United Kingdom, unless we are furnished with statistics as to the quantity sent under orders, it is not possible for us to come to any accurate conclusion in regard to the United Kingdom market figures. Now, I shall turn to the other side of the picture. From the review of main items of foreign trade for the year 1933, I find on page 20, that the United Kingdom increased from 52,000 tons to 54,000 tons in galvanised sheets and plates and that Belgium fell from 28,000 to 6,000 tons, while the absurd and crude arrangement of sending our bars, turning them into British sheets, Tatas paying the transit charges about which we commented, has now been found to be a wash out.

Now, it is said that as that scheme has fallen through, we need not bother about it. On the contrary, we find there is cause for apprehension. Although this crude arrangement of transfer arrangements have been abandoned, the study of British industrial interests was not lost sight of. Under the provisions of this Bill, the British industry is given the same advantage and preference over Belgium and other customers of ours, but without being obliged to take our bars and roll them into sheets. If Honourable Members will turn to the Bill, you will find a preference of Rs. 30 is provided for the United Kingdom in the matter of these galvanised sheets with an excise on us. So much for the antecedents of the reciprocal arrangements we had and the prospects of prejudicing our foreign customers and handicapping the indigenous ones.

Sir, there can be no reasonable reciprocal arrangement between the lion and the lamb and the only prospect for the lamb will have is the chance of being devoured at any time. Reciprocal arrangements are virtues between equals. Such arrangements between a master and a slave are called by another name.

Mr. B. Das : But Mr. Anklesaria thinks differently.

Mr. B. Sitaramaraju : Now, Sir, to turn to the Tariff Board, we find that they consulted the British interests and their representation was taken by the Board. We do not know what that evidence was,—as was just pointed out by my Honourable friend, Mr. Das,—but we would

like to know by whose permission and under what authority the Board was authorised to receive the representation from British industries. They say they received representation in response to the Board's Press Communiqué. Sir, the Press Communiqué was given in the Tariff Board Report itself. It is difficult to understand how a communiqué which specifically asked for representation from industries claiming protection, which must necessarily be Indian, could have been read as an invitation to the British industries to make a representation. The directions of the Government as published in this Report do not give scope for such a construction. There must be something behind it. What is it? Further, I would like to ask how the Board, which has evidently scrutinised the Indian industry without having the same opportunity and privilege, can come to the conclusion that they know all about it. Sir, will mere price quotations enable them to judge properly? Notwithstanding the denial of my Honourable friend, the Commerce Member, in answer to my friend, Mr. Bhuput Sing, and his assurance of the *bona fides* of the British industries, I feel that the real picture of the other side is not before us to judge them as our industry is being judged. If Honourable Members will turn to paragraph 165 at page 100 of the Tariff Board Report, they will find a reference to the export refund arrangements designed to assist the British as against us,—and it was admitted by the British Federation in this passage, along with a promise to behave better: Tariff Report, paragraph 165, runs as follows:

“ 165. When the representatives of the National Federation of Iron and Steel Manufacturers, of which Messrs. Dorman, Long and Co., are members, appeared to give evidence before us, we took the opportunity of discussing this question with them so that if possible a satisfactory settlement by agreement might be arrived at. In response to this suggestion, Mr. Elliott on behalf of the National Federation has reported to us as follows:

‘ It is clear to the Federation that the British Steel Makers have, although without any such deliberate intention, contributed to the difficulties of the structural engineering industry in India through their export refund arrangements, designed for the assistance of the British Structural Engineers’.....’

--and, then, further on, it says—

“ the British industry undertakes not to grant refunds for fabricated steel work exported to India, beyond what is necessary to bridge the gap between the home price current at the time and the established export price for plain material for India.”

Although this passage by itself does not take us much and gives much to go on with, it is enough to give us an indication of the unreality of the situation on the other side.

Mr. President (The Honourable Sir Shanmukham Chetty): How long is the Honourable Member likely to take?

Mr. B. Sitaramaraju: I will take some time more.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 1st August, 1934.