

4th June, 1924

**THE
LEGISLATIVE ASSEMBLY DEBATES
(Official Report)**

**FIRST SESSION
OF THE
SECOND LEGISLATIVE ASSEMBLY, 1924**



**SIMLA
GOVERNMENT OF INDIA PRESS
1924**

7/6/24

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LEGISLATIVE ASSEMBLY.

Wednesday, 4th June, 1924.

The Assembly met in the Assembly Chamber at Eleven of the Clock; Mr. President in the Chair.

QUESTIONS AND ANSWERS.

TRAINING FACILITIES FOR SUPERIOR STAFF EMPLOYED BY STATE AND COMPANY-MANAGED RAILWAYS.

1197. ***Diwan Bahadur M. Ramachandra Rao** : (a) Will the Government be pleased to state what facilities have been provided in this country by the State and also by the Companies Railways for the training of the superior staff employed by them shown under the heads of :

1. Agency,
2. Engineering,
3. Traffic,
4. Locomotive,
5. Carriage and Wagon,
6. Stores, and
7. Other departments,

(Annexure A of the Explanatory Memorandum of the Railway Budget for 1924-25) ?

(b) Will the Government be pleased to state the number of Indian probationers, if any, now undergoing training in this country under each of the above heads ?

(c) Will the Government be pleased to state the proportion of appointments under each of the above heads recruited in India and in the United Kingdom on the State Railways and also on the Companies Railways ?

(d) Is it a fact that persons who have gained practical experience in the United Kingdom are preferred to persons who have obtained similar experience in this country and will the Government state the reasons for such preference ?

Mr. C. D. M. Hindley : I would refer the Honourable Member to the reply given in this Assembly on the 5th February 1924 to question No. 145 by Sardar V. N. Mutalik which explains the existing position. The whole of this question of training is at present receiving the attention of the Railway Board with a view to providing extra facilities for the instruction of probationers in India.

(b) Government have no precise information in regard to the number of probationers under training on the Company-worked lines. So far as the State lines are concerned there are at present 6 Indian probationers

in the Engineering Department and 10 Indian apprentices in the Local Traffic Service.

(c) Government have not the information in respect of Companies lines. I place on the table a statement showing the proportion on State Railways.

Department.				Proportion recruited in Europe.	Proportion recruited in India.
Agency	..	..	..	82	18
Engineering	..	..	..	61	39
Traffic	..	..	..	26	74
Locomotive	..	..	..	79	21
Carriage and Wagon	..	..	..	75	25
Stores	..	..	..	4	96
Other Departments (Signalling, Coal, Electrical, etc.)				47	53

(d) No, it is not a fact. For instance, of the six selected recently for appointment as apprentice Assistant Traffic Superintendents on State Railways, 3 had gained some practical experience in the United Kingdom and 3 were educated and brought up in India and will be trained here.

Diwan Bahadur M. Ramachandra Rao : Will the Honourable Member be pleased to call for information from Company worked lines in regard to parts (b) and (c) ?

Mr. C. D. M. Hindley : That is a matter which is primarily the concern of the Company administrations. I will, however, make inquiries and furnish the Honourable Member with the information.

REMOVAL OF THE DUTY ON SULPHUR.

1198. ***Sir Purshotamdas Thakurdas :** With reference to the inquiry made by the Tariff Board, regarding the removal of the duty on Sulphur, will Government be pleased to state the gist of the Tariff Board's Report on same, and further put a copy of the Report in the Assembly Library ?

The Honourable Sir Charles Innes : The Tariff Board has recommended that the import duty on all kinds of Sulphur should be removed.

Copies of the report have been placed in the Assembly Library. Copies have also been distributed to Members.

DISSATISFACTION WITH THE INCOME-TAX ADMINISTRATION IN THE PUNJAB.

1199. ***Lala Duni Chand :** (a) Are Government aware of the rapidly growing feeling of extreme dissatisfaction with the Income-tax administration in the Punjab ?

(b) Is it a fact that the aggrieved persons in Amritsar, Sialkot, Ambala Cantonment and several other places in the Punjab have made serious allegations against the Income-tax Officers and the general administration of the Income-tax Department ?

(c) Do the Government propose to appoint a Committee of really independent men to inquire into the allegations of the public against the Income-tax administration ?

The Honourable Sir Basil Blackett : (a), (b). The Government have recently seen in the " Tribune " a letter complaining against the administration of the income-tax in Sialkote, and also a letter replying to the attack on the Department. In the former letter certain inaccurate figures were given.

The First Member of the Central Board of Revenue recently visited Amritsar and Lahore and received representative deputations of tax-payers at those places. He was unable to receive a deputation at Ambala owing to the shortness of his stay.

The deputations at Amritsar and Lahore mentioned several respects in which they considered the administration of the Act defective. Some of the defects mentioned were due to the fact that the Department was in its infancy and either have been or are being removed. In regard to other matters, the Board has issued instructions that should safeguard the interests of the tax-payer and of the Government, and these were explained to the deputations who appeared to appreciate them. At Lahore the deputation said that they could adduce proof of corruption in the Department and were invited to do so before the Commissioner of Income-tax. The deputations expressed entire confidence in the Commissioner.

The Government have no reason to believe that there is any justifiable ground for widespread dissatisfaction with the working of the Act in the Punjab. So far as the assessments may be defective, the blame lies mainly at the door of the assessee. In the towns of Sialkote, Lahore, Amritsar and Ambala, forms of return were issued in 1923-24 to 10,922 persons (including officials and others taxed on salaries) but only 6,094 or about 55 per cent. made returns, and in these four important towns including some of the principal places of business in the Punjab only 721 persons in all (excluding persons assessed on salaries) returned a taxable income. The number of assessee who produced accounts was also very small. In Lahore, for example, less than half of those who made returns did so. While such a state of affairs continues, it is idle for assessee who furnish the Department with no materials and do not discharge their statutory obligations, to blame the Department for any defects in the assessments. Glaring cases of attempted evasion have also come to light. In Sialkote some were conclusively proved from the assessee's own books. So far from the working of the Department being oppressive, great leniency has been displayed in refraining from prosecuting persons who have not fulfilled their obligations under the Act and who have been guilty of deliberate fraud. Evidence of the fact that the Department endeavours to do justice is to be found in the large number of persons previously assessed who were declared not liable in 1923-24. These amounted to nearly 900 in the four towns already mentioned.

(c) The question does not arise.

ALLEGATIONS AGAINST THE STATION MASTER OF KASUR.

1200. *Lala Duni Chand : (a) Are Government aware that the public of Kasur, Lahore District, have been constantly complaining against the local Station Master ?

(b) Is it also a fact that persons aggrieved by the doings of the said Station Master have been demanding full inquiry into his conduct ?

(c) Do the Government propose to institute regular inquiry into these complaints ?

(d) Is it a fact that the present Station Master of Kasur (North-Western Railway) has been officiating in the Special Class since 1919, whereas about twenty station masters, who are his seniors on the list, are still serving in C Class ?

(e) Is it also a fact that recently, as a result of retrenchment in the Railway establishment, S. Mihan Singh and L. Nanak Chand, permanent Special Class Station Masters, have been reverted to C Class, while the present Station Master of Kasur, who is still officiating in the Special Class, has not been reverted ?

(f) If the reply to (d) and (e) be in the affirmative, are the Government prepared to take any action in the matter ?

Mr. C. D. M. Hindley : (a) No.

(b) Not so far as Government are aware.

(c) In view of the replies to (a) and (b) above, Government are not prepared to institute any inquiry in the matter.

(d) It is a fact that the Station Master has been officiating in the Special Class since 1919, but it is not a fact that there are 20 Station Masters in class "C" senior to him. There are 11.

(e) The two men mentioned who were reverted due to retrenchment were put in the Special Class years after the Station Master, Kasur, and being the last to be put in were the first to be reverted on retrenchment.

(f) It is necessary to explain that the appointments to the Special Class are made by selection and not entirely by seniority. In the circumstances, the Government are not prepared to take any action in the matter.

Lala Duni Chand : Will the Government be pleased to say if they have received a telegram from the people of Kasur protesting against the doings of the Station Master at Kasur and asking for his transfer ?

Mr. C. D. M. Hindley : I have received a telegram, but the purport of it is not that mentioned by the Honourable Member. The purport of this telegram, if I may take up the time of the House for a moment, is this. At a huge public meeting two resolutions were passed. This public meeting of the citizens, tax-payers, merchants and gentry of Kasur without any religious or communal controversy unanimously record their regret at the questions being asked and given notice of in the Legislative Assembly by Lala Dunichand regarding the Station Master, Kasur. The public of Kasur has never had any complaints against the said Station Master, and if there were any, it may be on personal grounds. That in the opinion of this meeting it is essential to resolve that since the appointment of the present Station Master, the management, cleanliness and general appearance of the station has greatly improved and his treatment of the general public is excellent.

Lala Duni Chand : Have the Government received a telegram from Mr. Govind Das as Chairman of a public meeting at Kasur ? The telegram that was just read out by the Honourable Member is a bogus telegram.

Mr. C. D. M. Hindley : I am not aware whether my office has received another telegram, which perhaps also is a bogus one.

Lala Duni Chand : Another supplementary question, Sir. Is it not within the knowledge of Government that for more than a year the people of Kasur have been making representations against the Station Master repeatedly to the authorities ?

Mr. C. D. M. Hindley : No, Sir, it is not a fact.

UNDESIRABLE SURROUNDINGS OF THE AMBALA CITY POST OFFICE.

1201. *Lala Duni Chand : (a) Are Government aware that the Ambala City Post Office is situated in a part of the town where prostitutes live, and is it also a fact that the Post Office building is on three sides surrounded by houses of prostitutes and a liquor shop ?

(b) If the reply to part (a) of the question be in the affirmative, do the Government propose to shift the Post Office from such undesirable and demoralizing surroundings to a better and more decent place in the town ?

Mr. H. A. Sams : It is understood to be the case that some of the houses in the vicinity of the Ambala City Post Office are occupied by prostitutes, and there is certainly a liquor shop, but the Post Office itself is situated in an inner courtyard surrounded by brick walls on two sides and communicating by a gateway into the street on the third. The position of the Post Office is central and convenient, and Government do not propose to move it.

ALLEGED ILL-TREATMENT OF AN INDIAN RAILWAY PASSENGER BY SOLDIERS.

1202. *Khan Bahadur Sarfaraz Hussain Khan : (a) Has the attention of Government been drawn to the letter published in the *Forward* of the 2nd May, 1924, page 5, under the heading "Ungallant conduct of Soldiers. Indian ill-treated. Won't allow seat in Railway compartment" ?

(b) If so, will the Government please state :

(i) Whether the statements therein made are correct ?

(ii) If correct, what steps have Government taken to redress the wrong complained of ?

Mr. H. B. Pate : (a) Government have seen the letter referred to.

(b) (i) and (ii). The attention of the Honourable Member is invited to the replies given on the 2nd June to previous questions on this subject. As stated therein, the matter is under investigation, and the action to be taken against the individuals concerned will depend on the result of the investigation.

ANNUAL REQUIREMENTS OF GOVERNMENT AND ANNUAL OUTPUT OF THE TATA IRON AND STEEL COMPANY OF CERTAIN CLASSES OF STEEL PRODUCTS.

1203. *Khan Bahadur Sarfaraz Hussain Khan : Will the Government be pleased to state—

(a) The average annual requirements of the Government of India and (b) the average annual output of the Tata Iron and Steel Company, of the following materials :

1. Steel, structural shaped, i.e., beams, angles, channels, etc.,

2. Common merchant bars, and rods, and light rails under thirty pounds,
3. Galvanised sheets,
4. Wrought iron, angles, channels,
5. Common bars ?

The Honourable Sir Bhupendra Nath Mitra : It would not be possible to give even an approximate figure in reply to part (a) of the Honourable Member's question without an inquiry from a very large number of purchasing departments and officers which would involve great labour. I am informed however that a very rough estimate of the requirements of the Indian Railways in 1924-25 under the first three sub-heads of the question is as follows :

Beams, Angles, etc.	..	11,900 tons.
Merchant Bars, etc.	.. ..	14,300 tons.
Galvanised sheets	.. ..	3,000 tons.

As regards part (b), the Honourable Member's attention is invited to paragraph 15 of the First Report of the Indian Tariff Board.

FOREIGN COMPETITION WITH THE INDIAN STEEL INDUSTRY.

1204. ***Khan Bahadur Sarfaraz Hussain Khan :** Will the Government be pleased to state :

- (a) Whether competition with the Indian Steel Industry comes chiefly from England and Belgium ?
- (b) The average annual products of steel imported to India from England and Belgium respectively ?

The Honourable Sir Charles Innes : (a) The two chief countries from which steel is imported into India are the United Kingdom and Belgium. Imports from other countries, notably Germany, France and the United States, are also considerable. The attention of the Honourable Member is invited to paragraph 34 of the First Report of the Tariff Board.

(b) The annual values of imports of goods classed under the Tariff headings " Iron or Steel " and " Steel " are, roughly, from the United Kingdom 10 crores, from Belgium somewhat over 3 crores.

THE PENINSULAR LOCOMOTIVE COMPANY, LIMITED.

1205. ***Khan Bahadur Sarfaraz Hussain Khan :** Will the Government be pleased to state :

- (a) If it is a fact that the Peninsular Locomotive Company, Limited, was incorporated in India on the 6th December 1921 ?
- (b) If it is, whether it has commenced operations ?
- (c) If it has not, what are the reasons, why it has not commenced operations ?

The Honourable Sir Charles Innes : (a) Yes, but it went into liquidation on the 11th December 1922 and was re-registered on the 29th January 1923.

(b) and (c). The attention of the Honourable Member is directed to page 169 of the Tariff Board's Report on Steel, which gives the information required.

CASE OF DR. JIWAN LAL, LATE SUB-ASSISTANT SURGEON.

1206. ***Mr. Chaman Lal** : (a) Is it a fact that Dr. Jiwan Lal, Sub-Assistant Surgeon, while on military duty in Bushire, Persian Gulf, was sentenced to 5 years' imprisonment for alleged attempt to seduce His Majesty's troops ?

(b) Are the Government prepared to reconsider his case ?

(c) Is it a fact that this gentleman is being treated as an ordinary criminal in Thana Jail ?

(d) Are the Government prepared to pass orders immediately for treating Dr. Jiwan Lal as a political prisoner and not as an ordinary criminal ?

Mr. H. R. Pate : (a) *Ex*-Sub-Assistant Surgeon Jiwan Lal was sentenced to five years' rigorous imprisonment for (i) gross insubordination to his superior officer and (ii) an act prejudicial to good order and military discipline.

(b) The case has already been reconsidered on three occasions. On each occasion it was decided that the orders passed should stand, and Government are not prepared now to re-open the case.

(c) *Ex*-Sub-Assistant Surgeon Jiwan Lal was transferred from the Thana Special Prison to the Yeravda Central Prison on the 4th May 1923 and is being treated as an ordinary prisoner.

(d) Government are not prepared to issue orders of the kind suggested.

OPIMUM POLICY OF THE GOVERNMENT OF INDIA.

1207. ***Mr. C. Duraiswami Aiyangar** : (a) Has the attention of the Government been drawn to an article in the *Hindu* dated 30th April 1924 from the pen of Mr. C. F. Andrews on opium and the League of Nations ?

(b) Is it a fact that Mr. John Campbell stated before the League of Nations at Geneva that "even the most ardent opponents of the Government of India including Mr. Gandhi have never brought any reproach against its opium policy" ?

(c) Are the Government aware that Mahatma Gandhi has condemned the opium policy of the Government in unmistakable terms ?

(d) Are the Government aware that the late Mr. Gokhale condemned in several of his Budget speeches the opium revenue policy of the Government of India ?

(e) If the answer to questions (c) and (d) be in the affirmative, are the Government prepared to call for an explanation from Mr. John Campbell as to why he made the statement referred to in (b) before the League of Nations ?

The Honourable Sir Basil Blackett : (a) The answer is in the affirmative.

(b) The Proceedings of the League of Nations do not disclose that any such statement was made by Mr. Campbell before the League.

Parts (c), (d) and (e) do not arise.

Mr. C. Duraiswami Aiyangar : May I know if the delegates to the League of Nations are given instructions by the Government of India as regards what they should say about the Opium policy of the Government of India ?

The Honourable Sir Basil Blackett : Naturally general instructions are given.

DEPARTMENTAL COMMITTEE ON THE WORKING OF THE REFORMS.

†1208. ***Mr. A. Jinnah :** (a) Will the Government be pleased to state whether any non-official opinion or views are going to be sought by the Departmental Committee appointed by Government to inquire into the working of the reforms ?

(b) Will the Government be pleased to state the approximate date when the Committee is likely to conclude its inquiry and make its report ?

(c) Will the Government be pleased to state whether, before the report of the Committee is sent to the Secretary of State for India, any and what steps are going to be taken by Government to establish effectual or any consultation with (a) the Non-official Members of the Assembly, (b) the representatives of the people, and (c) public bodies and associations ?

PROPOSED AMENDMENT OF THE GOVERNMENT OF INDIA ACT, 1919.

1209. ***Mr. M. A. Jinnah :** Will the Government be pleased to state :

(a) What steps and methods are going to be adopted by Government to establish effectual consultation with the non-official representative opinions in the country regarding the proposed amendment of the Constitution of the Government of India Act of 1919 as declared by the Secretary of State and the Under Secretary of State for India recently in Parliament ?

(b) If any step is going to be taken when the same will be put into operation ?

The Honourable Sir Alexander Muddiman : May I answer questions Nos. 1208 and 1209 together ?

I have nothing to add to the information contained in the Communiqués issued on the 16th and 23rd May, copies of which have already been placed on the table, in reply to Mr. Rangaswami Iyengar's unstarred question No. 262, dated the 27th May 1924.

Mr. M. A. Jinnah : May I ask if the Honourable Member will be able to inform the House as to whether the Committee which is now appointed will go to different parts of India and take evidence from representative men ?

The Honourable Sir Alexander Muddiman : That, I think, Sir, was not the intention. I would be prepared to receive any representation that would be made to us here and if necessary to take oral evidence from any of those who have submitted documents, if the Committee thinks fit ; it will rest with the Committee.

Mr. A. Rangaswami Iyengar : May I take it, Sir, that this Committee will proceed to examine witnesses up here when it is set up ?

The Honourable Sir Alexander Muddiman : Written representations will be received in the first place and, if, in the opinion of the Committee,

† For Answer to this question—see the Answer below Question No. 1209.

it is desirable to obtain further information than that contained in the statements, it will be done.

Mr. Chaman Lal : May I know, Sir, why this House was not asked to select the personnel of the Committee ?

The Honourable Sir Alexander Muddiman : I am unable to give the Honourable Member any information on that point.

GUARDS AND DRIVERS ON THE NORTH-WESTERN RAILWAY.

1210. ***Mr. Harchandrai Vishindas :** (a) Will Government be pleased to state whether there is any fixed number of years after which a guard of A Class on the North-Western Railway is promoted to B Class and from B to C Class ?

(b) Can a driver on the same Railway who has drawn special grade pay for three years be reduced by being deprived of the special grade ?

Mr. C. D. M. Hindley : (a) The reply is in the negative.

(b) Yes.

AMOUNT OF PREMIA PAID BY CERTAIN GOVERNMENT DEPARTMENTS, ETC., FOR FIRE, MARINE AND MOTOR INSURANCES.

1211. ***Mr. Jamnadas M. Mehta :** Will Government be pleased to state what amounts of premia for Fire, Marine and Motor Insurances separately, were paid during the official year ended 31st March 1923 by the following Departments out of the revenues of India :

- (1) Army Department,
- (2) Home Department,
- (3) Finance Department,
- (4) Commerce Department,
- (5) Industries Department,
- (6) Education, Health and Lands Department,
- (7) By the Secretary of State for India in Council,
- (8) By the High Commissioner for India,

and the amount under each head that was paid to —

- (a) Insurance Companies incorporated in India,
- (b) Insurance Companies incorporated outside India.

The Honourable Sir Basil Blackett : The information asked for is being collected, and will be furnished to the Honourable Member when ready.

ALLEGED ASSAULT BY SOLDIER ON PARSİ PASSENGER AT THE KARACHI CANTONMENT RAILWAY STATION.

1212. ***Mr. W. M. Hussanally :** (a) Has the attention of the Government been drawn to the recent incident at the Karachi Cantonment Railway Station when a respectable Parsi passenger was assaulted by a European of the Royal Air Force ?

(b) Has any inquiry been held by the Military authorities in the matter ?

(c) If so, with what result ?

(d) Does courtesy and civility to Indians form part of military training or discipline for European soldiers ?

Mr. H. R. Pate : (a), (b) and (c). The attention of the Honourable Member is invited to the reply given on the 2nd June to Question No. 1159.

(d) Yes. I would invite the attention of the Honourable Member to part (ii) of the reply given on the 27th March 1922 to Question No. 308.

RACIAL DISTINCTIONS ON INDIAN RAILWAYS BETWEEN EUROPEAN AND INDIAN EMPLOYEES.

1213. ***Mr. W. M. Hussanally :** (a) Is it a fact as stated by the "North-Western Railway Union Weekly" recently that racial distinctions are maintained on Indian Railways between European and Anglo-Indian employees on the one hand and Indians on the other ?

(b) If yes, what are these and why are they being maintained ?

(c) Is it a fact that such distinctions exist in salaries, uniforms and residential quarters and house allowances between officers of the same grade ?

Mr. C. D. M. Hindley : (a), (b) and (c). Government has not seen the article referred to. So far as salaries and allowances are concerned the Honourable Member is referred to the reply† given to Lala Girdhari Lal Agarwala in respect to a similar question on 6th September 1922.

In respect to the other matters such as uniforms, etc., arrangements are left to discretion of local authorities and such distinctions as do exist are presumably in consideration of Indian preference for their own style of dress, etc.

SALARIES OF EUROPEAN AND INDIAN DRIVERS ON RAILWAYS.

1214. ***Mr. W. M. Hussanally :** (a) Is it a fact that European drivers draw a much larger salary as such than their Indian comrades of similar rank and doing the same kind of duty ?

(b) If so, why ?

(c) Is it a fact that these European drivers besides drawing larger salaries, draw double duty allowance for working their engines on Sundays, while their Indian colleagues get none either on Sunday or on their own Sabbath ?

(d) If so, why ?

Mr. C. D. M. Hindley : (a) and (b). So far as State Railways are concerned the statement is only partially true. On the North-Western Railway and Oudh and Rohilkhand Railway there is no distinction whatever in respect to nationality and Indians who are qualified are eligible for the highest scale of pay.

Owing to certain local conditions this is not the case on the Eastern Bengal Railway but steps are being taken to try and remove the difficulties and apply the same principle as exists on the North-Western and the Oudh and Rohilkhand Railways.

(c) and (d). European drivers draw extra pay if required to work on Sundays and Christian holidays. Muhammadan and Hindu drivers receive extra pay if called upon to work on Muhammadan and Hindu holidays, respectively.

Pandit Shamlal Nehru : Will the Honourable Member tell us what he means by the special local conditions on the Eastern Bengal Railway ?

† Vide, page 105 of Legislative Assembly Debates, Volume III.

Mr. C. D. M. Hindley : The local conditions to which I referred, Sir, in regard to the Eastern Bengal Railway are that, running into Calcutta in close proximity with the Eastern Bengal Railway are two other Railways on which certain conditions with regard to pay and service obtain and it has been found necessary in the past on the Eastern Bengal Railway to keep in uniformity to some extent with those Railways. The matter, however, is under inquiry and I will see what can be done about it.

CHARGE ALLOWANCES OF EUROPEAN AND ANGLO-INDIAN STATION MASTERS.

1215. ***Mr. W. M. Hussanally :** (a) Is it a fact that European and Anglo-Indian Station Masters get a charge allowance for holding charge of particular stations while Indian Station Masters get none ?

(b) If so, why ?

Mr. C. D. M. Hindley : (a) and (b). On State Railways charge allowances are sanctioned for certain stations and are allowed to any Station Masters holding charge at these stations irrespective of nationality, and Indians are actually drawing the allowance at the present time.

HOUSE RENT ALLOWANCES OF EUROPEAN, ANGLO-INDIAN AND INDIAN RAILWAY EMPLOYEES.

1216. ***Mr. W. M. Hussanally :** Is it a fact that the minimum house rent a European or Anglo-Indian railway employee gets is Rs. 25 whatever his rank ; while that for an Indian is Rs. 7-8-0 under similar circumstances ? If so, why ?

Mr. C. D. M. Hindley : No. The general rule on State Railways is as follows :—

“ When railway quarters cannot be provided for an employé who is entitled to free quarters under the rules, it is left to the discretion of the Agent to sanction the grant of a house allowance in lieu of free quarters according to the following scales :

Employés whose pay is Rs. 60 or upwards ..	Rs. 10 per mensem.
Employés whose pay is more than Rs. 20 but less than Rs. 60.	Rs. 5 per mensem.

In special cases where the rates are considered inadequate the Agent may increase the rates up to a maximum of 50 per cent.”

The Honourable Member will see that the rule makes no distinction between European, Anglo-Indian and Indian employees.

MOTOR CARS OF EUROPEAN RAILWAY EMPLOYEES.

1217. ***Mr. W. M. Hussanally :** (a) Is it a fact that some European employees whether they have local travelling at the stations to which they are posted or not, are allowed to have motor cars at railway expense ? If so, why ?

(b) Is it a fact that when these motors go out of order they are carried at railway expense to Lahore or other stations where there are railway workshops and there repaired at railway expense ?

Mr. C. D. M. Hindley : Railway employees are subject to the decision as regards the provision of motor cars at Government expense which was arrived at by the Government of India in 1914. This decision does not permit of cars being provided at Railway expense except in very special cases. Since the decision was arrived at in 1914, no motor cars have been provided at the expense of a Railway for the use of their employees. The reply to the first part of the Honourable Member's question is, therefore, in the negative, and the second part of his question does not arise.

EUROPEANS, ANGLO-INDIANS AND INDIANS HOLDING SUPERIOR POSTS ON RAILWAYS.

1218. ***Mr. W. M. Hussanally** : (a) When was the Indian recruitment of A. T. S. first commenced on Indian Railways ?

(b) How many such Indians have been taken on by now ?

(c) How many of these Indians have risen to hold charge of Districts by now ?

(d) How many to posts superior to that of D. T. S. ?

(e) Has such recruitment of Indians been extended to other departments of the Railway Administration ?

(f) Will Government please lay on the table a statement showing Europeans, Anglo-Indians and Indians separately on Indian Railways holding superior posts ?

Mr. C. D. M. Hindley : (a) Direct recruitment on State Railways commenced in 1909 although Indians had previously been appointed as Assistant Traffic Superintendents by promotion from the subordinate ranks. As regards the Companies' Railways, Government have no precise information.

(b), (c) and (d). The information relating to State Railways will be found in the Classified List of Railway Establishment which is in the Members' Library.

(e) Yes. In this connection I would refer the Honourable Member to the reply given by me to Diwan Bahadur M. Ramachandra Rao this morning. The Engineering Department in particular has been recruited by Indians from local colleges for many years.

(f) The information was given in Annexure A to the Explanatory Memorandum on the Railway Budget for 1924-25.

Mr. W. M. Hussanally : Will the Honourable Member be pleased to give the information for the Company-managed Railways also ?

Mr. C. D. M. Hindley : Does the Honourable Member refer to the information asked for in part (a) of his question ? I can obtain that information, Sir, certainly. I will let the Honourable Member have it.

INDIANS HOLDING POSTS OF HIGHER GRADES ON THE RAILWAYS.

1219. ***Mr. W. M. Hussanally** : (a) Will Government be pleased to state how many posts of higher grades in Railway service have been given to Indians as a result of the action taken by the Government on the Resolution of the Honourable Mr. V. G. Kale in the Council of State on the 22nd February 1922 ?

(b) Will Government supply the above information in a tabular form showing the designations of the posts and the amounts of salaries ?

Mr. C. D. M. Hindley : (a) 28 posts in the superior State Railway service have been filled by Indians since the Honourable Mr. Kale's Resolution was passed in the Council of State in February 1922. Particulars for Companies' lines are not available.

(b) The details asked for in respect of the appointments referred to in (a) are furnished in the statement which I lay on the table.

Engineering Department.

			Pay.
			Rs.
6 Assistant Executive Engineers	..	..	300—1,300
8 Assistant Engineers	..	..	250—750

	Rs.
<i>Traffic Department.</i>	
5 Assistant Traffic Superintendents ..	200—750
3 Apprentice Traffic Superintendents ..	200—750
<i>Locomotive Department.</i>	
1 Assistant Loco. Superintendent ..	425—1,375
1 Assistant Loco. Superintendent, temporary	375
<i>Stores Department.</i>	
1 Assistant Stores Officer, temporary ..	350
<i>Agency Department.</i>	
3 Compilation Officers for Statistics ..	500—800

OVERBRIDGE AT THE CLIFTON AND THE DEVON VILLA CROSSINGS AT KARACHI.

1220. ***Mr. W. M. Hussanally** : (a) When was the question of an overbridge on the Clifton Crossing and Devon Villa Crossing at Karachi first mooted ?

(b) Why have these bridges not been taken in hand up-to-date ?

(c) When do the Government expect to take these bridges in hand and when to complete them ?

(d) Are Government aware that the non-construction of these bridges is causing a good deal of detention to vehicular and pedestrian traffic at these points, and that the public and the Municipality have often made complaints in the Press regarding this matter ?

Mr. C. D. M. Hindley : (a), (b), (c) and (d). As regards an overbridge at the Clifton Crossing I would invite the attention of the Honourable Member to my reply to a similar Question No. 1171, put in this House by Mr. Harehondrai Vishindas a day or two ago. There is no proposal at present to build an overbridge at the Devon Villa Crossing.

Mr. W. M. Hussanally : This does not answer the first part of my question. When did this question come up for the first time ?

Mr. C. D. M. Hindley : I am afraid I cannot tell the Honourable Member.

Mr. W. M. Hussanally : I can tell you. Nearly a quarter of a century ago.

Mr. C. D. M. Hindley : If the Honourable Member is in possession of the information, I do not know why he asked me.

Mr. W. M. Hussanally : Because I wished to know exactly.

ERECTION OF SHEDS ON THE PLATFORMS AT KOTRI STATION.

1221. ***Mr. W. M. Hussanally** : (a) Are Government aware that Kotri station is a large junction in Sind on the North-Western Railway ?

(b) Are Government aware that no shed exists at any of the platforms at this station ?

(c) Are Government aware that trains arriving at this station make a long halt at this station, and passengers frequently have to change trains ?

(d) Are Government aware that the travelling public have from time to time complained of the inconvenience ?

(e) Do Government propose to erect sheds on this station ; if so, when ?

Mr. C. D. M. Hindley : (a), (b) and (c). The replies are in the affirmative.

(d) The Agent, North-Western Railway, reports that a complaint has been received only recently.

(e) Since waiting rooms and a large waiting hall exist at Kotri, Government do not propose to order the erection of additional shelter on the platforms at present.

RUNNING OF A LATE NIGHT TRAIN FROM HYDERABAD TO KARACHI.

1222. ***Mr. W. M. Hussanally :** (a) Are Government aware that the passenger train that follows the Punjab Mail into Karachi at noon is usually about half empty ?

(b) Are Government aware that this train carries few, if any, passengers for Karachi from Hyderabad (Sind) onwards ?

(c) Are Government aware that Hyderabad people have desired that this train be ended at Hyderabad or Kotri ; and instead an evening or late night train be run from Hyderabad to Karachi which would suit equally the few unimportant stations on the way and ease the rush in the Punjab Mail as well ?

(d) Do Government propose to recommend the change above indicated to the Railway administration ?

Mr. C. D. M. Hindley : (a) Government understand that the train in question, No. 24 Down Passenger, is as a rule, well patronized.

(b) This train does not pass through Hyderabad station and is not therefore intended to serve the needs of the travelling public of that town.

(c) No representation to this effect has been received by the Railway Administration. The Punjab Mail train is not, as a rule, over crowded.

(d) Government understand that the change suggested would not suit the convenience of the public now using No. 24 Down Passenger and in the circumstances Government do not propose to take any action.

JAIL REFORM.

1223. ***Mr. Devaki Prasad Sinha :** (a) Has the attention of Government been drawn to the 3rd series of article under the heading " My jail experiences " (sub-heading " some terrible results ") written by Mr. M. K. Gandhi and published in " Young India " dated 1st of May 1924 ? Has any inquiry been made with reference to the complaints against the present administration of jails, contained in the aforesaid article ? If not, do Government propose to make any inquiry ?

(f) Are Government aware that many of the recommendations of the Jail Commission, published in 1921, have not yet been given effect to ?

(g) Do Government propose to make inquiries from the Local Governments and to ascertain how and within what period it is proposed to give full effect to all the recommendations of the Jail Commissioners ?

The Honourable Sir Alexander Muddiman : (a) I have seen the articles referred to but do not consider that it is necessary for the Government of India to institute any inquiry in regard to the complaints made therein.

(f) Government have at present no information as to the extent to which Local Governments have been able to give effect to the recommendations of the Jails Committee.

(g) Government do not think that any useful purpose would be served by making the proposed inquiries from Local Governments.

Lala Duni Chand : Do not the Government think it worth while to institute an inquiry into an allegation that has been made by a gentleman of Mahatma Gandhi's position ?

The Honourable Sir Alexander Muddiman : I must remind the Honourable Member that at present " Jails " is a Provincial subject and therefore this is a matter primarily for the Bombay Government.

Dr. H. S. Gour : Is the Honourable the Home Member aware that there has been a feeling in this House expressed in the form of a Resolution that the treatment of political prisoners must be very different to the treatment of ordinary prisoners and as such do not the Government think it necessary to institute an inquiry with a view to allay the public mind regarding the allegations made about the maltreatment of Mr. Gandhi in jail ?

The Honourable Sir Alexander Muddiman : I have already given an answer to that question.

Diwan Bahadur M. Ramachandra Rao : May I ask the Honourable Member whether he would call for information from the Local Governments as to the extent to which the recommendations of the Jails Commission have been given effect to ?

The Honourable Sir Alexander Muddiman : I think that will have to be done later. I am not prepared to give a promise that it will be done at once. I think it will have to be done later.

Pandit Shamlal Nehru : Will the Honourable the Home Member bring this to the notice of the Bombay Government ?

The Honourable Sir Alexander Muddiman : I will bring this question to the notice of the Bombay Government.

Mr. C. Duraiswami Aiyangar : Is the Honourable the Home Member aware that in the Delhi session a Resolution was passed by this Assembly that, whenever it is possible to get information from Local Governments, such information should be sent for and given to this Assembly ?

The Honourable Sir Alexander Muddiman : No.

Mr. Devaki Prasad Sinha : Have Government any information as to how far the recommendations of the Jails Commission have been given effect to by the Local Governments ?

The Honourable Sir Alexander Muddiman : I am not prepared to say that Government have no information. They probably have some information, but not complete information.

Mr. Devaki Prasad Sinha : Are Government aware that many of the Local Governments have so far effected no change in their Jails Codes even after the recommendations of the Jails Commission were forwarded to them.

The Honourable Sir Alexander Muddiman : No, I am not aware of that.

DISMISSAL OF MR. SUBHA RAO, A POSTAL TELEGRAPHIST.

1224. ***Mr. Devaki Prasad Sinha** : (a) Is it a fact that one Mr. Subha Rao, a servant in the postal department, was dismissed after 17 years of service on *inter alia* the following charges :

- (i) Contributing to the Tilak Swaraj Fund,
- (ii) Associating with Non-co-operators,
- (iii) Subscribing to Non-co-operation papers, and
- (iv) Wearing Khaddar ?

(b) Did Mr. Subha Rao memorialise His Excellency the Viceroy and has his petition been rejected ?

(d) In how many instances have Government servants been punished for the charges enumerated in (a) above ?

The Honourable Sir Bhupendra Nath Mitra : (a) and (b). The attention of the Honourable Member is drawn to the reply given to Question No. 1138, by Mr. Gaya Prasad Singh.

(d) This is the only case that is known to have occurred in the Posts and Telegraphs Department, in which there has been a breach of the relevant provision in the Government Servants Conduct Rules. If the Honourable Member knows of any other specific cases and desires inquiry to be made in regard to them, the Government of India will be pleased to make such inquiry provided that the Government Servants were serving in a Department directly subordinate to the Government of India.

Mr. A. Rangaswami Iyengar : May I know, Sir whether there is anything specific in the Government Servants' Conduct Rules as to the extent to which public servants can contribute to funds intended for public purposes, political or non-political ?

The Honourable Sir Bhupendra Nath Mitra : A copy of the Government Servants' Conduct Rules is in the Library and I leave it to the Honourable Member to draw any conclusions he may want to draw after a perusal of those Rules.

Diwan Bahadur M. Ramachandra Rao : May I ask the Honourable Member whether there is anything in these Rules prohibiting a public servant from contributing to these funds ? The Honourable Member is aware of these Rules as much as any of us and we would like to have a plain answer for the purpose of not misleading Government servants, who may sometimes in ignorance contribute to these funds.

The Honourable Sir Bhupendra Nath Mitra : I would invite the Honourable Member's attention to Rule 22 of the Government Servants' Conduct Rules.

Mr. Devaki Prasad Sinha : Is it a fact that there is absolutely nothing in the Government Servants' Conduct Rules which precludes public servants from contributing either to the Tilak Swaraj Fund or from putting on *khaddar* ?

The Honourable Sir Bhupendra Nath Mitra : I would leave the Honourable Member to read the particular rule of the Government Servants' Conduct Rules which I have quoted, and to draw his own conclusions.

Mr. A. Rangaswami Iyengar : May I know, Sir, if it is a question of interpretation whether any particular subscription is a matter which comes within the terms "taking part or taking any interest in a political movement" ?

The Honourable Sir Bhupendra Nath Mitra : Government have considered all the facts of the case and with due regard to the provisions of the Government Servants' Conduct Rules have come to a certain opinion. It is open to the Honourable Member to form his own conclusions.

Pandit Shamlal Nehru : May I know what that opinion is, Sir ?

The Honourable Sir Bhupendra Nath Mitra : The opinion is that this particular public servant infringed the Government Servants' Conduct Rules and was liable to be punished under those Rules.

Mr. M. A. Jinnah : Do I understand that this public servant was dealt with on the particular facts of his own case ?

The Honourable Sir Bhupendra Nath Mitra : He was dealt with on the particular facts of his own case. The full facts were presented to the House a few days ago.

Mr. A. Rangaswami Iyengar : Sir, I want a specific answer to my question as to whether contribution to public funds of a political or semi-political character constitute that taking part in public affairs which would bring the public servant within the disciplinary action which has been

Mr. President : Order, order. I think that question has been sufficiently answered and the Honourable Member has been referred to the copy of the Rules in the Library.

Mr. A. Rangaswami Iyengar : I desire to know what the Government's interpretation is.

Mr. Chaman Lal : May I ask the Honourable Member whether there is anything in these Rules which says that an offence is committed if a servant of the State subscribes to what are known as non-co-operation papers ?

The Honourable Sir Bhupendra Nath Mitra : I am afraid I did not catch the last part of the Honourable Member's question. I shall be obliged if he will repeat it.

Mr. Chaman Lal : I draw the Honourable Member's attention to part (iii) of the question—"Subscribing to non-co-operation papers." Is that an offence under the Rules ?

The Honourable Sir Bhupendra Nath Mitra : No, that does not constitute an offence under the Rules.

Lala Duni Chand : Does the wearing of *khaddar* amount to an infringement of any of the Rules, and if not, will the Government be pleased to issue instructions to that effect ?

The Honourable Sir Bhupendra Nath Mitra : The wearing of *khaddar* by itself does not constitute an offence.

Mr. Chaman Lal : May I ask the Honourable Member whether "association with non-co-operators" constitutes an offence ?

The Honourable Sir Bhupendra Nath Mitra : I have already answered the question and all I can add is that taken by itself this may not amount to an offence.

Mr. President : There have been sufficient supplementary questions on this.

COMMITTEE ON CONSTITUTIONAL REFORMS.

1225. ***Mr. Devaki Prasad Sinha** : (a) Are Government prepared to announce the *personnel* of the official Committee on Constitutional Reforms appointed by the Government of India in pursuance of the announcement made by Sir Malcolm Hailey in this House on the 8th of February 1924 ? If not, will Government be pleased to state the reasons for not doing so ?

(b) Is it proposed to associate any non-official or some of the ex-ministers of the Provinces in this inquiry ?

(c) What are the terms of reference of this Committee and what is the procedure adopted by this Committee in the conduct of this inquiry ?

(d) By what date is the result of this inquiry expected to be published and at what stage do Government propose to invite public criticisms on the report of this Committee ?

The Honourable Sir Alexander Muddiman : I have nothing to add to the information contained in the Communiqués issued on the 16th and 23rd May, copies of which have already been placed on the table in reply to Mr. Rangaswami Iyengar's unstarred question No. 262, dated the 27th May 1924.

Mr. A. Rangaswami Iyengar : May I know, Sir, if the report of the Official Committee, which it has been said has already been got ready, will be published for the information of this House ?

The Honourable Sir Alexander Muddiman : A memorandum containing the results of the Official Committee will be communicated to the new Committee. Whether it will be published I cannot say at present.

Mr. A. Rangaswami Iyengar : Would it be placed at the disposal of Members of this Assembly ?

The Honourable Sir Alexander Muddiman : I will take time to consider this.

Mr. Devaki Prasad Sinha : Will the reports received by the Local Governments in answer to the questions sent out by this Committee be also placed before the new Committee that has been appointed ?

The Honourable Sir Alexander Muddiman : I did not hear the Honourable Member. Did he ask if the proposals of the Local Governments will be placed before the Committee?

Mr. Devaki Prasad Sinha : Will the replies received by the Local Governments in answer to the questionnaire sent by this Committee also be placed before the new Committee?

The Honourable Sir Alexander Muddiman : The Government of India have asked the Local Governments for certain information, which the House already knows and that information will be laid before the new Committee.

COMMITTEE APPOINTED BY THE BRITISH CABINET TO CONSIDER INDIAN AFFAIRS.

1226. ***Mr. Devaki Prasad Sinha :** (a) Have the Government of India received details of information regarding the Committee appointed by the Cabinet to consider Indian affairs, which formed the subject matter of a question asked by Dr. H. S. Gour on the 10th of March 1924? Did Government receive any communication on this subject after the answer to the aforesaid question was given by Sir Malcolm Hailey?

(b) Who are the members of this Committee and what are the purposes and functions of this Committee?

(c) Has this Committee had any consultation or communication with any member of the Secretary of State's Council or any non-official public men, or public bodies?

(d) Are Government prepared to lay on the table all correspondence between the Government of India and the Secretary of State on this subject?

The Honourable Sir Alexander Muddiman : The Cabinet Committee on Indian Affairs is one of several Cabinet Committees appointed by His Majesty's Government in accordance with the recognised procedure to deal with matters of current departmental administration. Such Committees, for example, have been appointed to deal with home affairs, unemployment and housing. The composition of these Committees is confined to Members of the Cabinet with the occasional *ad hoc* inclusion of other Ministers or officials. The Membership is not disclosed unless for special reasons the Cabinet so directs. Their purposes and functions are to investigate and to keep in touch with developments of the more important sections of administrative problems and as occasion may require to report their conclusions to the Cabinet for final decision. The action taken by such Committees is for the assistance of the Cabinet alone and is not made public unless the Cabinet so directs after taking a final decision thereon.

Mr. Devaki Prasad Sinha : Is it the Secretary of State for India who prepares the agenda for the business to be discussed by this Committee or do the members of the Committee have a right independent of the Secretary of State to bring any subject before them for discussion? Can the Honourable the Home Member give us any information in regard to that matter?

The Honourable Sir Alexander Muddiman : I have given the House a very full answer in the matter, which is clearly not within my cognisance. I have no information on the matter.

ALLEGED ASSAULT BY BRITISH SOLDIERS ON MR. R. K. SIDHVA OF KARACHI.

1227. ***Mr. C. Duraiswami Aiyangar** : (a) Has the attention of the Government been drawn to an article in the 'Swarajya' dated the 2nd May 1924, under the heading "British Soldiers' Rowdism and Assault on Indian Passenger" ?

(b) Is it a fact that Mr. R. K. Sidhva, a citizen of Karachi, was assaulted by British soldiers in a railway train ?

(c) Has the attention of the Government been drawn to the report of the same incident in the "Sind Observer" and the "New Times" ?

(d) Will the Government be pleased to state if any inquiry was ever made for the purpose of finding out the offenders and punishing them ?

(e) Will the Government be pleased to state to which regiment and to which rank the said soldiers belong ?

(f) Will the Government be pleased to state what steps have been taken and orders passed to prevent such incidents recurring in future ?

Mr. H. R. Pate : (a) Government have not seen the article referred to by the Honourable Member, but they have seen letters and comments on the incident, which have appeared in other papers.

(b), (d), (e), (f). The attention of the Honourable Member is invited to the reply given this morning to the question asked by Khan Bahadur Sarfaraz Hussain Khan, No. 1202.

(c) Government have seen the reports referred to.

Mr. C. Duraiswami Aiyangar : May I know whether the Government of India is getting the "Swarajya" paper or not ?

Mr. H. R. Pate : I am not in a position to say.

Mr. C. Duraiswami Aiyangar : May I know whether after the attention of the Government had been drawn by me, the Honourable Member referred to the "Swarajya" paper or not ?

Mr. H. R. Pate : No, Sir.

EAST AFRICA COMMISSION.

1228. ***Diwan Bahadur M. Ramachandra Rao** : (a) Has the attention of the Government been drawn to the resolution moved in the House of Commons by Sir S. Henn in regard to the administration of the East African Colonies, protectorates and mandated territories and the announcement of the Colonial Secretary, regarding the appointment of a Commission to examine the question of a unity of policy in the administration and development of the territories of Kenya, Uganda, Tanganyika, Zanzibar and North Eastern Rhodesia ?

(b) Will the Government be pleased to state the present Indian population in the above territories ?

(c) Will the Government be pleased to state what steps have been taken or are proposed to be taken to secure the due representation of Indian interests on the proposed Commission ?

Mr. J. W. Bhore : (a) The answer is in the affirmative.

(b) A statement giving the information available is laid on the table.

(c) The Government of India are already in communication with the Secretary of State for India on the subject.

Statement showing the Indian population in certain East African territories.

Kenya	..	..	..	..	22,822
Uganda	..	..	..	..	3,500
Tanganyika	..	..	..	..	9,411
Zanzibar	..	..	..	..	12,841
Northern Rhodesia (Asiatics)	..	..	..	..	56

LEVY OF A POLL-TAX IN KENYA.

1229. ***Diwan Bahadur M. Ramachandra Rao** : Will the Government be pleased to state whether any and what steps have been taken by the Government of India to secure the cancellation of the Poll-Tax now being levied in Kenya and how many Indians have been sent to prison for failure to pay the tax ?

Mr. J. W. Bhore : The poll-tax, which is paid by every male adult, other than a native resident in Kenya, has been levied since the 1st of January 1913. The Government of India have taken no steps in the matter as the Ordinance under which the tax is levied makes no discrimination against Indians. They have no information as to the number of Indians sent to prison for failure to pay the tax.

Mr. Devaki Prasad Sinha : Have the Government of India protested against the levy of a poll-tax on Indians in Kenya ?

Mr. J. W. Bhore : No, Sir.

Diwan Bahadur M. Ramachandra Rao : Will they enter a protest, Sir ?

Mr. J. W. Bhore : I have already said that, as the Ordinance makes no discrimination against Indians, the Government of India do not propose to take any steps.

COMPOSITION OF THE COMMITTEE OF INQUIRY INTO THE WORKING OF THE REFORMS.

1230. ***Diwan Bahadur M. Ramachandra Rao** : (a) Will the Government be pleased to state the composition of the Committee of inquiry into the working of the Reforms and its terms of reference ?

(b) Are the Government aware that considerable dissatisfaction now exists on the ground that the inquiry is not a public inquiry ?

The Honourable Sir Alexander Muddiman : I have again to refer the Honourable Member to the Communiqués which I previously referred to.

Diwan Bahadur M. Ramachandra Rao : May I ask the Honourable Member what the reply of the Government is in regard to part (b) ?

The Honourable Sir Alexander Muddiman : I think the Communiqué explains all about the inquiry. I do not understand what the Honourable Member means by public inquiry. Does he mean whether members of the public will be examined or whether the inquiry will be public ?

Diwan Bahadur M. Ramachandra Rao : I want to know whether this inquiry of the new Committee will be open to the public in the sense that they would be capable of watching the proceedings ?

The Honourable Sir Alexander Muddiman : That, I think, is a matter of procedure to be determined by the Chairman concerned.

Dr. H. S. Gour : What is the objective of this inquiry ?

The Honourable Sir Alexander Muddiman : That is fully explained in the Communiqué.

EMPIRE SCHOLARSHIPS.

1231. ***Diwan Bahadur M. Ramachandra Rao** : Will the Government be pleased to state whether in connection with the Fellowship of the British Empire Exhibition a series of Empire scholarships of £1,000 each are to be granted to young citizens of the Empire for prosecuting a University career or to undergo technical education and whether any and if so how many of these scholarships will be awarded to Indians ?

The Honourable Sir Charles Innes : The Fellowship of the British Empire Exhibition is a scheme connected with the British Empire Exhibition. Under this scheme those who subscribe two pounds two shillings become entitled to a season ticket of admission to the Exhibition or to twenty-five single tickets as well as to a certificate of membership. Ten per cent. of such subscriptions are to be utilized for the provision of scholarships. The Government have not yet received full information of the method on which such scholarships will be awarded, but they understand that if, for instance, 5,000 applications for fellowship were received from India, then India would be entitled to nominate a scholar to whom £1,000 would be granted to take a University or technical course in the United Kingdom. Copies of the papers have already been sent to the Honourable Member.

OPINIONS OF THE HIGH COURTS ON THE REPORT OF THE INDIAN BAR COMMITTEE.

1232. ***Diwan Bahadur M. Ramachandra Rao** : Has the Report of the Indian Bar Committee been referred to the High Courts of Judicature in India for an expression of their opinion ? If so, will the Government be pleased to place the opinions, if any received on the table ?

The Honourable Sir Alexander Muddiman : The answer to the first part of the question is in the affirmative, and when other replies are received, Government will consider them.

JAMADARS, SUBEDARS AND SUBEDAR MAJORS IN THE FIGHTING UNITS AND ALSO IN THE INDIAN MEDICAL DEPARTMENT OF THE INDIAN ARMY.

1233. ***Mr. K. G. Lohokare** : (1) Will Government be pleased to give the following information :

- (a) Ratio of Jamadars to Subedars and Subedar Majors in the fighting units and in the I. M. D. in the Indian Army ?
- (b) Average number of years of service for promotion from Jamadar to Subedar and to Subedar Major in the combatant and the I. M. D. Service ?
- (c) Percentage of King's Commission given to these Indian Officers in the two services ?
- (d) Total amount of pay drawn by a Military S. A. S. in each quinquennium during his service of 30 years—(without Selection Grades) ?
- (e) Total amount of pay drawn by a Civil S. A. S. in each of the Provinces in India in each quinquennium during 30 years' service (without Selection Grades) ?
- (f) Amount of allowance, if any, given to Military S. A. S. to cover the advantage of private practice available to the Civil S. A. S. ?

- (g) The rate of house-rent allowance in lieu of free quarters given to Military S. A. S. and Civil S. A. S. in Presidency and large district towns in India, and the consideration, if any, for difference in rent in Civil and Cantonment areas—where the Military S. A. S. has to find accommodation?

Mr. H. R. Pate : (a) I will furnish the Honourable Member separately with statements showing the number of Jemadars, Subedars, etc., in the various arms of the service and in the Indian Medical Department and I trust that this information will serve his purpose.

(b) The average number of years of service required for promotion from Jemadar to Subedar and then on to Subedar Major varies in the different units of the Indian Army. There are no statistics on the point. As regards the Indian Medical Department, the average number of years of service for promotion from Jemadar to Subedar is 20 years, and from Subedar to Subedar Major, another 7 years.

(c) Honorary King's Commissions are granted to Indian officers of the Indian Army in accordance with the principles laid down in paragraph 122, Army Regulations, India, Volume II (1922 edition), a copy of which is in the Library. So far, 384 such commissions have been granted to Indian officers holding the Viceroy's Commission.

As regards the Indian Medical Department, I would invite the attention of the Honourable Member to the reply given on the 24th March last to part (e) of his starred Question No. 979.

(d) The figures are as follows :

	Rs.
During the 1st term of 5 years' service ..	4,200
During the 2nd term of 5 years' service ..	5,100
During the 3rd term of 5 years' service ..	6,600
During the 4th term of 5 years' service ..	8,100

Service rendered in the ranks of Subedar and Subedar Major has not been taken into account as promotion to these ranks is by selection.

(e) The Government of India do not possess the information.

(f) No allowance of the kind is given to Military sub-assistant surgeons. They are permitted to engage in private practice, provided such practice does not interfere with their official duties.

(g) The rates of compensation admissible in lieu of quarters to military sub-assistant surgeons is as follows :

	Per mensem. Rs.
Subedar-Majors, Subedars, and Jemadars with over 5 years' service	12
Jemadars, with 5 years' service and under, and warrant officers	8

50 per cent. extra is given to a sub-assistant surgeon serving in a Presidency town.

The Government of India are not in possession of the information desired in respect of civil sub-assistant surgeons.

Mr. K. G. Lohokare : Will the Honourable Member call for the information asked for in (g), namely, "and the consideration, if any, for difference in rent in Civil and Cantonment areas—where the Military Sub-Assistant Surgeon has to find accommodation?"

Mr. H. R. Pate : Yes, Sir. The information, if the Honourable Member so desires, will be called for.

I. M. S. OFFICERS ON TEMPORARY LIST ADMITTED SINCE THE BEGINNING OF THE GREAT WAR.

1234. ***Mr. K. G. Lohokare :** Will Government be pleased to give information as per table below ?

I. M. S. Officers on Temporary List admitted since the beginning of the Great War.

—	Mentioned in Despatches.	Wounded, invalided and killed.	European theatre service.	Other theatre service.	Taken on permanent cadre.
Indians with Indian Degrees.					
Indians with British Degrees.					
Europeans					

Mr. H. R. Pate : The information desired by the Honourable Member, so far as it is available, is given in the statement laid on the table.

I. M. S. Officers on Temporary List admitted since the beginning of the Great War.

—	Mentioned in despatches.	Wounded, invalided and killed.	European theatre service.	Other theatre service.	Taken on permanent cadre.
Indians with Indian degrees.	} 45	23*	Informa- tion not available.	Informa- tion not available.	56
Indians with British degrees.					42†
Europeans	10	6*			11

*Includes also officers who died.

†Six of these also hold Indian degrees.

CONTRIBUTIONS TO INSTITUTIONS TRAINING CANDIDATES FOR THE INDIAN CIVIL AND MILITARY SERVICES.

1235. ***Mr. K. G. Lohokare :** Will Government please say :

- What are the Indian Civil and Military Services to which Indians are not admitted ?
- Which are the institutions for training candidates to these services ?
- What is the amount of contribution these training institutions received from the Indian Treasury during each of the last five years ?

The Honourable Sir Alexander Muddiman : (a) There are no such civil services.

In the Army in the rank of King's Commissioned Officers (to which I assume the Honourable Member's question relates) Indians are admitted only to the Cavalry and Infantry branches of the Indian Army.

(b) The only institution which trains candidates for the Army in India and does not admit Indians is the Royal Military Academy, Woolwich.

(c) It is not possible to give the figures asked for by the Honourable Member whose attention is invited to the answer given on the 11th February 1924, to Mr. Patel's Question No. 219.

Lala Duni Chand : How is it that in spite of the association of Indians with the British for the last 150 years, they are still unfit to be admitted into some of the services ? Is there anything radically wrong about them ? If so, will the Government be able to point it out ?

The Honourable Sir Alexander Muddiman : I am not aware that there is anything radically wrong with the Indians.

Lala Duni Chand : Why are they not admitted, then ?

(No answer).

WORKING HOURS OF TRAFFIC AND TRANSPORT STAFF ON INDIAN RAILWAYS.

1286 ***Mr. K. G. Lohokare :** Is it a fact that a large majority of traffic and transport staff on railway stations on the Indian Railways have to work for 12 hours a day on all days of a week ?

Mr. C. D. M. Hindley : No. Except at small stations where the work is not continuous it is not the case that traffic and transport staff are required to work 12 hours a day.

Mr. Devaki Prasad Sinha : What are the average hours of work which a large majority of the traffic and transport staff are required to put in ?

Mr. C. D. M. Hindley : I am not in a position to answer that question.

Mr. Devaki Prasad Sinha : Are those officers, who, according to the Honourable Member who has spoken on behalf of Government, are required to work for 12 hours or more, given any additional salary or extra allowance ?

Mr. C. D. M. Hindley : The essential condition is that the work is not continuous and therefore 12 hours' duty does not constitute 12 hours' work.

Pandit Shamlal Nehru : Are they allowed to go home during office hours ?

Mr. C. D. M. Hindley : I cannot say exactly what the rules are. But at most of these stations, as the Honourable Member is perfectly aware, the Station Master's house is within a few yards of the platform and there is no doubt that he does go to his house.

Mr. Devaki Prasad Sinha : Will the Honourable Member ascertain what are the average hours of work ?

Mr. C. D. M. Hindley : No, Sir.

WORKING HOURS OF SUBORDINATES EMPLOYED IN RAILWAY GOODS-SHEDS.

1237. ***Mr. K. G. Lohokare :** Is it a fact that in days of Traffic season, subordinates posted to railway goods-sheds have sometimes to work more than 12 hours a day ?

Mr. C. D. M. Hindley : The Honourable Member does not specify any particular railway goods shed and it is therefore impossible to give a direct reply to his question. I may however state that on State Railways the aggregate hours per week which the staff (other than those employed on working of trains) are required to work are limited by the conditions laid down in the draft Convention of the International Labour Conference.

Mr. K. G. Lohokare : I did not want to have information about any particular goods-shed. I have found out in my experience that it is the usual practice that on almost all the goods sheds of Indian Railways the staff has to work for more than 12 hours in the busy season of the traffic.

Mr. President : The Honourable Member is making a statement.

Mr. K. G. Lohokare : The Honourable Member for Government has just said I have not given him any particular goods-shed.....

Mr. President : The Honourable Member is arguing the answer.

Mr. K. G. Lohokare : I have not been arguing. I have only asked the Honourable Member whether the Government are aware.....

Mr. President : Will you put your question again ?

Mr. K. G. Lohokare : My question is that it is the practice on all stations that subordinates sometimes have to work for more than 12 hours. Are Government aware of this fact ?

Mr. President : The Honourable Member is really giving information. Will the Honourable Member put the supplementary question ?

Mr. K. G. Lohokare : Are Government aware that this is the practice at all the stations ?

Mr. C. D. M. Hindley : Are Government aware that this is the practice—what practice, Sir ?

Mr. K. G. Lohokare : That they have to work for more than 12 hours in all the goods-sheds.

Mr. C. D. M. Hindley : No, Sir.

Mr. C. Duraiswami Aiyangar : Is the Honourable Member further aware that in these goods sheds the clerks are required to work under zinc sheds in very hot weather ?

Mr. C. D. M. Hindley : The Government are quite aware of this fact.

WORKING HOURS OF THE STAFF OF THE GREAT INDIAN PENINSULA RAILWAY EMPLOYED AT WADI BUNDER.

1238. ***Mr. K. G. Lohokare :** Is the attention of Government drawn to the Resolutions of the G. I. P. Staff Union, Wadi Bunder Branch, published in the "G. I. P. Union Herald" of the 16th March 1924, and have they taken notice of the number of hours the staff have to work there ?

Mr. C. D. M. Hindley : Government have seen the resolutions referred to. I may mention that a resolution of the International Labour Conference, as accepted by the Government of India, recommends certain specific limitations to the total hours of labour per week for certain classes of railway servants. The Government of India have forwarded that resolution to the Great Indian Peninsula Railway administration with a recommendation that it should be given effect to. The Government presume that the administration will be guided by that resolution.

Mr. K. G. Lohokare : Have Government the information whether or not the Railway authorities have given effect to these recommendations ?

Mr. C. D. M. Hindley : No, Sir. Government have no information at present.

Mr. N. M. Joshi : Will Government consider the advisability of asking Factory Inspectors to inspect these goods-sheds and ask them to report on the number of hours that these clerks have to work ?

Mr. C. D. M. Hindley : I am not sure if these goods-sheds come under the Factories Act. If they do, it is a matter for the Local Governments concerned.

Mr. K. G. Lohokare : Are these servants paid extra remuneration ?

Mr. C. D. M. Hindley : The Honourable Member has not specified what servants these are.

Mr. K. G. Lohokare : I mean with reference to question No. 1238.

Mr. C. D. M. Hindley : I do not think I can add to my answer. I have given the Honourable Member all the information I had on the subject.

Mr. N. M. Joshi : What steps have Government taken to find out whether the Convention regarding the hours of work has been observed on all the railway lines ?

Mr. C. D. M. Hindley : We have not taken any steps so far in regard to the Company lines. It is a matter within their own discretion.

Mr. N. M. Joshi : I want to ask Government whether the observance of the Convention is a matter of discretion with the various Railways ?

Mr. C. D. M. Hindley : Until legislation is passed to the contrary, I understand that it is.

Mr. N. M. Joshi : I am not asking from Government as to what their idea is. What I want to know is, whether the various Railways are bound to observe this Convention :

Mr. C. D. M. Hindley : Sir, in regard to State Railways, the Convention has to be observed. With regard to Company Railways for the present we have recommended it to them and have asked them to observe it. We cannot do more than this at the present moment.

Mr. N. M. Joshi : Is it not open to the Government of India to ask them not to make their employees work for more than a certain number of hours ?

Mr. C. D. M. Hindley : We have sent the Draft Convention to the various Company railways and have recommended them to adopt it. It comes to the same thing.

(Mr. Joshi wanted to put another question.)

Mr. President : We have had a sufficient number of supplementary questions on this question.

WORKING HOURS OF CERTAIN CLASSES OF EMPLOYEES ON THE GREAT INDIAN PENINSULA RAILWAY.

1239. ***Mr. K. G. Lohokare** : Will Government be pleased to inquire the number of hours of work or duty per week the G. I. P. Railway Company takes from its following employees :

- (a) Indian Station Masters and Assistant Station Masters ;
- (b) Signallers, Relieving Clerks and Cabinmen ;
- (c) Staff at Wadi Bunder ;
- (d) Other Traffic subordinates at the Stations, belonging to the Coaching and Goods Department ?

Mr. C. D. M. Hindley : Government do not propose to call for information as it refers to matters within the Company's discretion. I would, however, refer the Honourable Member to the reply just given by me to his previous question.

LEAVE OF LOWER SUBORDINATE STAFF IN THE TRAFFIC AND TRANSPORT DEPARTMENT OF THE GREAT INDIAN PENINSULA RAILWAY.

1240. ***Mr. K. G. Lohokare** : Will Government be pleased to inquire and state—

(a) The total number of lower subordinate staff other than menials in the Traffic and Transport Department in the G. I. P. Railway in the year 1923-24 (excluding menials) ?

(b) Total number of days of absence and leave of this staff during the above year ?

(c) Number of days of privilege, half-pay and furlough leave actually granted to the staff without production of medical certificates or on the ground of ill-health during the year ?

Mr. C. D. M. Hindley : The collection of the information asked for would entail an inordinate amount of labour and expense and the Government do not propose to ask the Agent to furnish it.

Mr. K. G. Lohokare : Is it because it will bring out matters of differential treatment ?

Mr. C. D. M. Hindley : No, Sir.

Pandit Shamlal Nehru : Then may I know what is the reason ?

Mr. C. D. M. Hindley : As I have already said, it would entail an inordinate amount of labour and expense.

LIMITATION OF THE WORKING HOURS OF EMPLOYEES ON INDIAN RAILWAYS.

1241. ***Mr. K. G. Lohokare** : Will Government be pleased to state if they have taken notice of the number of hours per week the railway employees in India have to work for a number of years past, and if they have taken any measures to limit the number of hours which such large State-aided industrial concerns as the Indian Railways exact from their employees ?

Mr. C. D. M. Hindley : The Government of India have already given this matter their consideration in connection with the recommendations of the International Labour Conference and have issued orders to State lines limiting the working hours to 60 hours per week as laid down

in Article 10 of the draft Convention for staff other than those employed in connection with the working of trains. They have also used their influence to secure the adoption of a similar principle on Company worked lines. Workshop staff in either case come under the Factory Act and their hours of work are limited accordingly.

COMPILATION OF STATISTICS RELATING TO THE CONDITION OF LABOUR
EMPLOYED ON INDIAN RAILWAYS.

1242. ***Mr. K. G. Lohokare** : Will Government be pleased to say if they have any annual or other official statistics showing the condition of labour employed on the various Indian Railways ? If not, are Government prepared to consider the necessity of having a compilation on the subject ?

Mr. C. D. M. Hindley : It is not understood what particular features in regard to the conditions of labour on Indian Railways the Honourable Member refers to. If he will specify more particularly, Government will be prepared to consider the matter.

Mr. K. G. Lohokare : I will send the Honourable Member the list of subjects on which information is required.

RETRENCHMENTS RECOMMENDED BY MR. HESELTINE ON THE GREAT INDIAN
PENINSULA RAILWAY.

1243. ***Mr. K. G. Lohokare** : Will Government be pleased to lay on the table a copy of the retrenchments recommended by Mr. Heseltine in the working of the G. I. P. Railway Co. ?

Mr. C. D. M. Hindley : The report of the Retrenchment Officer (Mr. Heseltine) is for the information of the Great Indian Peninsula Railway Administration and is not a State document. A copy of it cannot, therefore, be laid on the table.

Mr. K. G. Lohokare : Is it not in the public interest that the Legislature should know it ?

Mr. C. D. M. Hindley : The fact remains, Sir, that the document cannot be published or laid before the House.

Mr. K. G. Lohokare : Does it not affect the public revenues ?

Mr. President : The question has already been sufficiently answered.

REPORT OF THE LEE COMMISSION.

1244. ***Mr. K. G. Lohokare** : Will Government be pleased to say —

(a) When the Report of the Public Service Commission is likely to be published ?

(b) Whether it is proposed to obtain the views of the Assembly on the subject before final orders are passed ?

The Honourable Sir Alexander Muddiman : The Honourable Member is referred to the answer given to Dr. Gour's question No. 1063 and to the statement made by me on the 27th May 1924. As regards part (b) of this question, I would like to inform the House that I have received notice of a Resolution on this subject and will assign a day as soon as possible for the discussion of the Resolution. If we finish the Steel Industry Protection Bill to-day—as I hope we shall—I think it might be possible to discuss the Resolution on Saturday. It raises the

question of what procedure should be followed, and as to whether there should be a postponement of the discussion till September next.

Dr. H. S. Gour : In view of the fact that the Members of this House asked the Honourable Home Member early during the present session to intimate to the House whether the Government were prepared to formulate the urgent matters and allot a date for discussion, does not the Honourable Member think that the time he proposes to give for discussion of this matter is too short ?

The Honourable Sir Alexander Muddiman : I am not asking the House to discuss the Lee Commission's Report. The Resolution merely refers to the procedure that should be followed to put the recommendations of the Lee Commission before this House, and that further discussion should be postponed to the September session.

Mr. V. J. Patel : I understood that the Honourable Home Member, on behalf of Government, was going to make a statement detailing the points on which urgent action was necessary. Will the Honourable Member tell us now exactly on which points Government desire to take urgent action ?

The Honourable Sir Alexander Muddiman : As I have said, the Resolution merely relates to the procedure to be adopted, and it is impossible for me now to anticipate the discussion.

Mr. V. J. Patel : The Assembly desire to know on what points Government desire to take action, so that Members may be ready to discuss them.

The Honourable Sir Alexander Muddiman : The Resolution does not raise questions of what points are to be discussed. It merely asks the House to discuss the procedure to be adopted.

Mr. M. A. Jinnah : May I know from the Honourable Home Member whether he has, on behalf of the Government, decided, with regard to certain urgent matters they propose that the House should discuss with reference to the Lee Commission's Report, to tell the House what these urgent matters are ? If they do not want to do this, then the Resolution will become futile.

The Honourable Sir Alexander Muddiman : I cannot anticipate my reply to the Resolution.

Mr. V. J. Patel : Will the Government state what urgent matters they desire the House to discuss ?

The Honourable Sir Alexander Muddiman : That certainly will be the determining factor.

Mr. V. J. Patel : Will Government tell the House whether they desire to take immediate action on certain vital points, and, if so, what are those points, so that this House may be ready to discuss them.

The Honourable Sir Alexander Muddiman : The Honourable Member does not take my point. It is not a question of urgent matters, it is a question of the procedure to be adopted. I do not think that he can ask me to anticipate in this manner my reply.

Mr. A. Rangaswami Iyengar : Does not the Honourable the Home Member consider that notice of this Resolution which has been given merely has the effect of a blocking motion on the question of discussing urgent items, which, by reason of this Resolution, could be withheld from us ?

The Honourable Sir Alexander Muddiman : A Resolution may be a blocking motion.

Mr. V. J. Patel : Is it not a fact the Honourable the Home Member promised to make a statement in this House on the matter ?

The Honourable Sir Alexander Muddiman : Undoubtedly. I have in my possession information which I have not had the time to read, and, unless I do, it will be impossible for me to make any statement.

Pandit Motilal Nehru : In case this Resolution is not carried and the Government decide to take urgent action on some important matter, will the Honourable Home Member give us time to discuss those matters afterwards ?

The Honourable Sir Alexander Muddiman : Yes, if the House so desire.

Mr. V. J. Patel : Have the Government of India any objection to tell this House on what points they desire to take action ?

The Honourable Sir Alexander Muddiman : I have no serious objection to that.

Mr. V. J. Patel : Will they do so before the Resolution is discussed ?

The Honourable Sir Alexander Muddiman : I have no objection to that, but I must read the papers I have on the subject.

Mr. M. A. Jinnah : Has the Resolution giving notice been admitted by the President ?

The Honourable Sir Alexander Muddiman : I am not sure whether it has been formally admitted.

Mr. M. A. Jinnah : Can it be discussed in this House without being admitted by the President.

The Honourable Sir Alexander Muddiman : Certainly not.

Mr. C. S. Ranga Iyer : Will the Honourable Home Member tell us whether the Secretary of State has been informed about this matter ?

The Honourable Sir Alexander Muddiman : Yes.

Mr. President : Perhaps Honourable Members will be in a better position to speak about this matter after they see the terms of this Resolution.

HOLDING OF POSTAL SECURITIES AND CASH CERTIFICATES IN THE NAMES OF TWO PERSONS.

1245. ***Mr. K. G. Lohokare :** Will Government be pleased to say if they have considered the desirability of allowing Postal Securities and Cash Certificates to stand in the name of two persons payable to either or survivor. If not, do Government propose to consider the question ?

Mr. H. A. Sams : By the expression " Postal Securities " is presumably meant " Government securities purchased through the Post Office." Such securities can be issued in the names of two persons payable to either or the survivor, but in that case the securities cannot be sold through the Post Office, as Savings Bank accounts, to which sale-proceeds have to be credited, are not admissible in joint names.

Post Office Cash Certificates can also be issued in the names of two persons, payable to both or to one of them with the written consent of the other, or to the survivor or his legal representatives.

Mr. K. G. Lohokare : Will the Government consider the advisability of changing the Savings Banks system of accounts accordingly ?

Mr. H. A. Sams : I am not prepared to say whether Government will consider it.

Sir Purshotamdas Thakurdas : Are Government aware that such a change will make Postal Securities more attractive ?

The Honourable Sir Basil Blackett : No, I am not aware. It is of their essence that they are not transferable, and it is most desirable that they should not be transferable.

Sir Purshotamdas Thakurdas : Is it not desirable from the investor's point of view in the case of death of either party ? It is not a question of transfer by sale only.

UNSTARRED QUESTIONS AND ANSWERS.

CASE OF MR. NAIDU, STATION MASTER, OUDH AND ROHILKHAND RAILWAY.

275. Mr. M. K. Acharya : (a) Is it a fact that complaints of a very serious nature were made against a certain officer of the O. and R. Railway employed in the dual capacity of Goods Inspector and A. T. S. ? (b) Is it a fact that a S. M. named Mr. Naidu who made these complaints to the higher authorities of the O. R. R., instead of being allowed to prove his charges before an impartial tribunal, was after a departmental inquiry dismissed from service ? (c) Why was not the S. M. given an opportunity to prove his charges in a regular court of law ? (d) Is it further a fact that before granting the hard-earned bonus of the said S. M., the Agent is trying to impose the condition that the said ex-S. M. should not try to reopen his case or press for further inquiry ?

Mr. C. D. M. Hindley : (a) Yes.

(b), (c) and (d). The Honourable Member is referred to the reply given to somewhat similar questions by Maulvi Muhammad Yakub on the 27th May 1924.

INDIANS HOLDING PERMANENT GAZETTED APPOINTMENTS IN CERTAIN DEPARTMENTS OF STATE AND COMPANY-MANAGED RAILWAYS.

276. Sardar Gulab Singh : How many Indians are holding permanent gazetted appointments in the Engineering, Loco., Stores and Traffic Departments of the State Indian Railways and the Company-worked lines ?

Mr. C. D. M. Hindley : The information will be found in the Railway Board's Classified List of Establishment, the latest copy of which is available in the Members' Library.

INDIANS HOLDING PERMANENT GAZETTED APPOINTMENTS IN THE INDIAN MILITARY WORKS DEPARTMENT.

277. Sardar Gulab Singh : How many Indians are holding permanent gazetted appointments in the Indian Military Works Department ?

Mr. H. R. Pate : I presume the Honourable Member is referring to the Military Engineer Services, and if that is so, the answer to his question is "three."

INDIANS IN THE INDIAN ARMY RESERVE OF OFFICERS.

278. **Sardar Gulab Singh** : How many Indians are there in the Indian Army Reserve of Officers ?

Mr. H. R. Pate : None.

PERCENTAGE OF INDIAN MEDICAL OFFICERS IN INDIAN STATION HOSPITALS.

279. **Sardar Gulab Singh** : What is the percentage of Indian Medical Officers in the Indian Station Hospitals ?

Mr. H. R. Pate : I regret that the meaning of the Honourable Member's question is not clear to me. If he will let me know precisely what information he requires, I will endeavour to supply it.

TRANSFER OF THE OFFICE OF THE SUPERINTENDENT, RAILWAY MAIL SERVICE, " B " DIVISION, FROM BHUSAVAL TO POONA.

280. **Mr. Jammadas M. Mehta** : (a) Will Government be pleased to state the reasons for the transfer of the office of the Superintendent, R. M. S. " B " Division from Poona to Bhusaval and from Bhusaval to Poona ?

(b) Is it a fact that the staff of the Superintendent's office had protested against the change of office to Bhusaval ?

(c) Have Government received any representation from the sorters of the B-13 section praying for change of headquarters to Bombay ?

(d) If so, will Government be pleased to say how they intend to consider the prayer ?

Mr. H. A. Sams : (a) For reasons of administrative convenience the Divisional charges in the Western Circle of the Railway Mail Service have been rearranged.

(b) Yes.

(c) Yes.

(d) The representations of the staff are now under consideration.

SUPERSESSION OF POSTMASTERS AND INSPECTORS IN THE PUNJAB POSTAL CIRCLE.

281. **Mr. Chaman Lal** : (a) Is it a fact that the Director General, Posts and Telegraphs, decided in the year 1916, to recruit certain number of men of good education and capacity in the Department on higher than initial pay, i.e., Rs. 70 per mensem who would not become old when they got to the top of the 150—200 grade, and that the men would be confirmed in the Rs. 70 grade on their passing an examination and that they would take their places in the circle gradation list according to the date of their entry in the Rs. 70 grade ?

(b) If the answer to the above is in the affirmative, will the Government be pleased to state if certain persons who were appointed on Rs. 70 in the Punjab Postal Circle under the provisions of the 1916 order referred to above were subsequently promoted to Rs. 175 to 225 in the year 1920 out of their turn in contravention of the conditions of the said order and placed over the heads of many senior Postmasters and Inspectors in the Punjab Circle (Postal) ?

(c) If this is a fact, do the Government propose to restore the senior Postmasters including Inspectors thus superseded by them to their proper places in the gradation list ?

Mr. H. A. Sams : (a) Yes.

(b) The orders of 1916 were cancelled in 1919 and in consequence no promotion granted after the latter date contravened these orders of 1916.

(c) This does not arise.

SUPERSESSION OF POSTMASTERS AND INSPECTORS IN THE PUNJAB POSTAL CIRCLE.

282. **Mr. Chaman Lal :** (a) Is it a fact that certain officials of the Post-Office in the Punjab Circle were promoted out of their turn to 175—225 grade in the year 1920 in consideration of Field Service and similarly another one to 175—225 and again to 250—350 grades for alleged meritorious services in India over the heads of many Postmasters and Inspectors, some of whom had to their credit Field Service both in India and abroad, also special services in India ?

(b) If so, do Government propose to take any steps in the matter ?

Mr. H. A. Sams : (a) Yes. Certain officials were given special departmental promotion in recognition of valuable and distinguished services rendered by them while on Field Service or in connection with the War.

(b) No.

SUPERSESSION OF POSTMASTERS AND INSPECTORS IN THE PUNJAB POSTAL CIRCLE.

283. **Mr. Chaman Lal :** (a) Is it a fact that two probationary Postmasters in receipt of Rs. 80 per mensem on their passing the probationary Postmaster's test were started on 150 (now 175) instead of 100 (now 145) in the year 1920 superseding many Inspectors and Postmasters in the Punjab Postal Circle ?

(b) If so, do Government propose to take any steps in the matter ?

Mr. H. A. Sams : (a) Yes. According to departmental rules a person taken direct as a Probationary Postmaster was eligible for appointment to the Rs. 150—200 grade (now Rs. 175—225) of Postmasters after he had completed his training and had passed the prescribed test.

(b) No.

SUPERSESSION IN THE OFFICE OF THE POSTMASTER GENERAL, PUNJAB.

284. **Mr. Chaman Lal :** (a) Is it a fact that a certain official of the Postmaster General's Office, Punjab Circle, was promoted to 220—320 (now 250—350) grade, with effect from 1st April 1923 out of his turn, thus superseding his two seniors ?

(b) If so, do Government propose to take any steps in the matter ?

Mr. H. A. Sams : (a) Yes. Promotion to the Rs. 220—320 grade (now Rs. 250—350) is made by selection and not by mere seniority. The official selected was considered fit for the particular post in the Postmaster-General's Office, Punjab, for which his seniors were considered unfit.

(b) No.

PUNISHMENTS INFLICTED ON THE STAFF OF THE DELHI HEAD POST OFFICE FROM 1920 TO 1924.

285. **Mr. Chaman Lal** : Will the Government be pleased to lay on the table a statement of punishments imposed on the staff in the Delhi Head Post office during the years 1920-21, 1921-22, 1922-23 and 1923-24 and be good enough to assign reasons for any abnormal rise therein ?

Mr. H. A. Sams : A statement showing the number of officials of the Delhi Head Office punished during the years 1920-21, 1921-22, 1922-23 and 1923-24 is laid on the table.

The increase in punishments during the year 1923-24 was due to more efficient supervision and to a determined effort to check irregularities, notably the misdelivery of articles and the irregular attendance of postmen.

Statement showing the number of officials of the Delhi Head Office punished by fine, stoppage of increment and dismissal during the years 1920-21, 1921-22, 1922-23 and 1923-24.

Years.	Number of officials.	Amount of fine.	Stoppage of increment.	Dismissal.
		Rs. A. P.		
1920-21 ..	293	165 4 0	Nil	3
1921-22 ..	82	67 6 0	Nil	4
1922-23 ..	251	152 11 0	1	7
1923-24	432	341 7 0	5	7

ADEQUATE STAFF FOR POST OFFICE AND RAILWAY MAIL SERVICE SECTIONS.

236. **Mr. Chaman Lal** : (1) Will the Government be pleased to lay on the table a statement showing (a) the statistics of work separately for each Department of work in the Delhi G. P. O., (b) the number of clerical, Postmen and Packer staff justified separately for each branch of work in the Delhi G. P. O., (c) and the number of staff actually given in each Department, with reasons of shortness of staff if any ?

(2) Is it a fact that according to the February, 1924, enumeration 21 and 6 clerks were justified for the delivery and sorting Departments respectively of the Delhi G. P. O. but only 8 and 3 clerks were actually working in the two Departments respectively ?

(3) Do the Government propose to review the statistics of all Post Offices and R. M. S. sections with a view to ascertain that Post Office and R. M. S. sections are adequately staffed and to provide adequate staffs wherever justified ?

Mr. H. A. Sams : (1) and (2). The information required by the Honourable Member has been called for and will be supplied to him as soon as it is received.

(3) Government do not propose to take any special action in the matter. Any increases in staff that are found to be necessary to meet

growth in traffic are provided automatically under Departmental arrangements.

COMPENSATORY ALLOWANCES TO POSTMEN AND POSTAL MENIALS EMPLOYED ON THE FRONTIER.

287. **Mr. Chaman Lal :** (a) With reference to the reply to my starred question No. 716 (last Delhi Session), will the Government be pleased to state (1) the number of Postmen and menials employed in the Bannu, Kohat and D. I. Khan Head Post Offices and their Town Sub-Offices who are not residents of the places where employed ? (2) the number of Postmen and menials employed at these stations who belong to the Punjab ?

(b) Do such postmen and menials get any compensatory allowance ? If not, are Government prepared to consider the question of granting them such allowance on the same conditions as govern the clerical staff of the same stations ?

Mr. H. A. Sams :

	Bannu.	Kohat.	D. I. Khan.
(a) No. of postmen and menials who are not residents of the places where they are employed	4	12	8
No. of postmen and menials who belong to the Punjab	2	9	5

(b) The postmen and menials are not granted compensatory allowance. The matter will receive consideration.

LIMITATION OF THE PERIOD OF RETENTION OF POSTAL OFFICIALS AT POST OFFICES BEYOND BANNU, KOHAT AND DERA ISMAIL KHAN.

288. **Mr. Chaman Lal :** (a) Will the Government be pleased to state the period of retention of Postal officials at the Post Offices situated beyond Bannu, Kohat and D. I. Khan ?

(b) Are the Government aware that postal officials are put to serious inconvenience and expense on account of their (1) long and frequent deputations to the N. W. F. Sub Post Offices, (2) separation from their family members, (3) keeping two establishments, one at the so-called "non-family stations" and the other at their homes, and that there is great uneasiness on this account amongst the Postal staff working in the Postal Derajat Division ?

Mr. H. A. Sams : (a) Two years.

(b) The inconvenience is recognised by Government and is met by the grant of compensatory allowances, and by the limitation of the period for which officials are retained in the Division. Taking into account these concessions, Government are not aware of any cause for "uneasiness" on the part of the Postal Staff working in the Derajat Division.

REVENUE AND EXPENDITURE OF EACH PROVINCE AT THE TIME OF THE INTRODUCTION OF THE NEW FINANCIAL ARRANGEMENTS, ETC.

289. **Mr. K. C. Neogy :** (a) What was the revenue actually available to each Province on the 3rd of January 1921, on the basis of the Devolution Rules, and what was the sanctioned scale of expenditure in each case on that date ?

(b) To what extent has each Province improved its financial position by taxation as by retrenchment between the 3rd of January 1921 and the 31st of December 1923 ?

(c) To what extent has each Province expanded its expenditure between the 3rd of January 1921, and the 31st of December 1923 ?

(d) What has been the total amount of loan raised by each Provincial Government between the 3rd of January 1921 and the 31st of December 1923, and what sinking funds have been provided in connection therewith ?

(e) What advances have been made by the Government of India to the different Provincial Governments between the 3rd of January 1921, and the 31st of December 1923 ?

The Honourable Sir Basil Blackett : (a) The following statement shows the standard figures on the basis of the Devolution Rules of the revenue and expenditure of each Province at the time of introduction of the new financial arrangements :

In lakhs of Rupees.

—	Madras.	Bombay.	Bengal.	U. P.	Punjab.	Burma.	B. & O.	C. P.	Assam.
Revenue ..	14.98	12.10	8.55	12.30	9.74	8.24	4.31	4.36	1.81
Expenditure	14.07	11.55	8.16	11.07	9.11	7.85	4.21	4.39	1.78

(b) to (e). The new financial arrangements came into force with effect from 1st April 1921 and I would refer the Honourable Member to the Finance and Revenue Accounts for 1921-22 and 1922-23 and the Civil Estimates of Provincial Governments for 1923-24 copies of which will be found in the Library. If the Honourable Member wishes to have any information which he cannot obtain from these volumes, I shall be glad to obtain it for him if I can and if he will speak to me on the matter.

PETITIONS RELATING TO THE INDIAN PENAL CODE (AMENDMENT) BILL.

(AMENDMENT OF SECTION 375.)

Announcement.

Secretary of the Assembly : Sir, under Standing Order 78, I have to report that twenty-four petitions have been received relating to the Bill further to amend the Indian Penal Code (Amendment of section 375) which was introduced in the Legislative Assembly by Dr. H. S. Gour. These petitions were received from Bengal and Assam, and have been presented by :

- (1) Rai Bahadur Kalicharan Sen and others.
- (2) Rai Bahadur Krishna Chandra Chaudhury and others.
- (3) Surendra Mohan Bhattacharya and others.
- (4) Pandit Benode Behari Smrititirtha and others.
- (5) Baroda Kanta Chakrabarti and others.

- (6) Pratap Chandra Sen and others.
- (7) Annada Charan Tarkabagish and others.
- (8) Mohini Mohan Misra and others.
- (9) Ramdev Sarma and others.
- (10) Biseswar Narain Singh and others.
- (11) Mahendra Nath Bhattacharjee and others.
- (12) Upendra Nath Sidhantabagish and others.
- (13) Purna Chandra Banerjee and others.
- (14) Gour Chandra Rai and others.
- (15) Sashadhar Bhattacharjee and others.
- (16) Abinash Kanta Vyakarantirtha and others.
- (17) Bijay Chandra Bhattacharya and others.
- (18) Surendra Nath Bhattacharjee and others.
- (19) Ambica Charan and others.
- (20) Durga Sundar Bidyabinode and others.
- (21) Somesh Chandra Ray and others.
- (22) Devidas Sarma Majumdar and others.
- (23) Nagendrakumar Majumdar and others.
- (24) Brajendra Kishore Chowdhury and others.

THE STEEL INDUSTRY (PROTECTION) BILL.

Mr. President : We shall now proceed to consideration of the further clauses of the Bill to provide for the fostering and development of the steel industry in British India.

I will now take up clause 3. The question is :

“ That clause 3 stand part of the Bill.”

The first amendment to that clause is No. 37* by Mr. Dutt. That amendment is consequential on No. 24, which has already been disposed of, and so it falls with it. Then the next amendment, No. 38,† is by Mr. Duraiswami Aiyangar, which proposes that the bounty to be paid thereunder be at the rate of Rs. 32 per ton for the first year and that there be a successive reduction in this rate at Rs. 2 per ton for the following years until the 31st day of March 1934. That is out of order inasmuch as it seeks to augment the proposed appropriation of revenue.

Mr. C. Duraiswami Aiyangar (Madras ceded districts and Chittoor : Non-Muhammadan Rural) : On that point I request that I may be heard, with reference to amendment No. 38 as well as No. 68,‡ both of which will go out on this ruling from the Chair. I request I may be heard before a final ruling is given. I believe the ruling of the Chair implies that in

* In clause 3, for the words “ Governor General in Council ”, where they occur for the first time, the words “ Tariff Board ” be substituted.

† That clause 3 be so amended as to provide that the bounty to be paid thereunder be at the rate of Rs. 32 per ton for the first year and that there be a successive reduction in this rate at Rs. 2 per ton for the following years until the 31st day of March, 1934.

‡ In paragraph 7 of the Schedule in the proposed Part VII for the varying rates of duty given in the said Part, substitute the uniform rate of 33 per cent. *ad valorem*.

this Bill no amendment can be made by this Assembly by way of enhancement of any sources of revenue or charge, but if necessary a reduction may be made. I thought the Chair was of opinion that in cases like this reduction is permissible, but enhancement is not permissible, and, if I remember aright, the Honourable the President referred to a convention as well as section 67, clause (2), of the Government of India Act. Sir, if by convention we mean the convention that is established in the Mother of Parliaments, the House of Commons, then I beg to submit that that convention, which was established in that Parliament, can in no way be applicable to this Legislature. Sir, the other day, on the 11th March 1924, when Mr. K. C. Roy put a question in this Assembly whether the convention of the House of Commons that pending Bills lapse on the dissolution of the House.....

Mr. President : We cannot have a debate on a point of order. The Honourable Member must only state to me his point.

Mr. C. Duraiswami Aiyangar : I am only stating that the Government of India Act does not render my amendments out of order.....

Mr. President : But you cannot have an argument on this point, citing authorities and making references. You must state your point on which you submit your amendment is in order.

Mr. C. Duraiswami Aiyangar : My point is that the convention of the House of Commons does not apply, and that section 67, clause 2, of the Government of India Act does not make this amendment out of order. Section 67, clause 2, of the Government of India Act, if applied to the procedure of this Assembly, may prohibit not only a reduction, but also an enhancement, not only an enhancement, but also a reduction. Section 67, clause 2, says :

“ It shall not be lawful, without the previous sanction of the Governor General, to introduce at any meeting of (either Chamber of the Indian legislature) any measure affecting—

(a) the public debt or public revenues of India or imposing any charge on the revenues of India.”

If we take the word “ affecting ” to mean, as it is ordinarily reckoned to mean, affecting prejudicially, then I submit it will be competent for this Legislature to increase but not to reduce it. It will only affect prejudicially if any source of revenue is reduced or sought to be reduced by this Legislature, but not if it is to be increased. And further, I wish to state that that section contemplates only the introduction of a measure, and not the subsequent stages of it when amendments are to be moved. Sir, when once a measure is introduced with the sanction of the Governor General, then the Rules and Standing Orders relating to amendments alone must be held to apply, and Standing Orders 45 to 53, which relate to amendments, do not prohibit any kind of amendment, nor do they impose any qualifications upon the amendments. Therefore I submit to the Chair that when once a measure has been duly introduced, the subsequent stages of it are regulated only by the provisions of the Act. It cannot be in the contemplation of the Government of India Act that for every such amendment moved in this Legislature the sanction of the Governor General will have to be taken, nor is there any provision made for that. Therefore, I beg to submit that, if the Government of India introduce a Bill with the due sanction of the Governor General, then we regulate the further procedure by the Rules and Standing Orders relating to amendments. If the Governor General in Council does not approve of any,

[Mr. C. Duraiswami Aiyangar.]

amendment made here, the powers vested in the Governor General of vetoing this will only have to be resorted to and not that the amendments themselves should be disallowed here.

Further, I beg to submit to the Chair that a protection Bill is altogether a different kind of Bill from a Finance Bill. Although the Honourable the Home Member incidentally or unconsciously or consciously designated this Bill as a Finance Bill in the course of an answer given to-day, I would submit that it is not strictly speaking a finance Bill, but it is a protection Bill. A protection Bill is something of a penal nature. We say that no articles should be introduced into this country from outside because we want to protect our industries, and say, "If you do so, we will penalise the articles." Therefore, I consider it not as a finance Bill in substance or in the main, but as a penal Bill. If a penal Bill is moved in this Assembly to impose a fine of 30 rupees, I submit it would be competent to this Assembly to raise it to 50 rupees or to reduce it to 25 rupees.

I therefore submit that this Bill being in the nature of a penal Bill and not in the nature of a finance Bill those rules cannot apply; and if I understand anything of the procedure of the House of Commons, there also if a measure is intended for the purpose of imposing a charge or raising revenue, then it proceeds from the Crown. If the main object of the Bill is different and subsidiarily it arises that a charge has to be levied, the rules relating to the initiation of Finance Bills are not observed but it goes to the Committee stage and the Crown sanction is thereafter taken. Similarly, the Government of India Act has laid down certain rules and Standing Orders. I would only submit to the President that the Bill having been introduced amendments are in order, and if amendments are taken here and subsequently for any reason His Excellency the Governor General or his Council do not think them proper, there are powers vesting in them which they could exercise. I submit that inasmuch as the constitution of the Indian Legislature and the rules made under the Government of India Act are all *sui generis*, it is impossible to find parallels in other Parliaments or other countries. Therefore, I would earnestly request the President to regulate his procedure by the Rules and Standing Orders framed under the Government of India Act and under those Standing Orders my amendments are not out of order.

Mr. President : Order, order. I do not want to hear other Members. I gave an opportunity to the Member giving notice of the amendments. As I have already stated, I have no doubt the amendments proposed are out of order. You cannot have a proposal for augmentation of a tax or greater appropriation of revenue except on the recommendation of the Crown.

The next amendment is that of Mr. Amar Nath Dutt, No. 39.* That goes with No. 30 which has already been disposed of and falls with it. Then the next one is that of Mr. Patel, No. 40, by which he proposes to add the words "subject to such conditions regarding the treatment of labour as he may from time to time by rules prescribe." I have on a previous occasion indicated that in my view that is outside the scope of the Bill; and Honourable Members will see that the Select Committee have made a certain recommendation on that point. Perhaps the Government will

* In clause 3, after the words "as the case may be, the Governor General in Council" the words "with the approval of the Indian Legislative Assembly" be inserted.

like to make some statement, and the House may like to know what the intentions of Government are with regard to that recommendation of the Select Committee.

The Honourable Sir Charles Innes (Commerce Member) : I do not think I have very much to add to what has already been stated on this point in the Select Committee's report. I wish to say that we have already in an advanced stage of consideration Bills relating to trade disputes and to trade unions legislation.

My Honourable friend Sir Bhupendra Nath Mitra will know more about it than I do ; I do not know that the Government can commit themselves to introduce this legislation by any specific date ; but we are in a position to say that these proposals are, as I have said, in an advanced stage of consideration.

Mr. V. J. Patel (Bombay City : Non-Muhammadan Urban) : I understand, Sir, you have not yet ruled that this amendment is out of order and therefore perhaps there is a doubt in your mind as to whether really this amendment falls outside the scope of the Bill. No Bill for the protection of industries can be said to be really a protection Bill unless it contains provisions to safeguard both capital and labour. By the provisions of this Bill you merely safeguard the interests of capital but you do not say one word for safeguarding the interests of labour. Now, my Honourable friend Sir Charles Innes on behalf of Government stated that the Government of India intended to bring in a separate Bill for dealing with the general question of trade unions and such other matters. That may or may not be so. He may or may not do so. That is a separate question altogether. Here we are dealing out bounties to certain companies. We are here providing for special protection and I seek by this amendment that those who take advantage of the provisions of this Act should be under an obligation to observe certain conditions which the Government may lay down with regard to the treatment of labour. Unless you do that I am afraid this protection Bill will be one sided.

Then, Sir, the idea of introducing provisions for safeguarding labour is not foreign to Tariff Acts in other countries. In Australia, for instance, in the Tariff Act they have specific provisions in the Act itself to safeguard the interests of labour. I will not take up the time of the Assembly by reading any long passages from this book by Mr. Gregory which deals with the different Tariff Acts in different parts of the world. But here it is stated that in Australia such a provision exists and I would submit, Sir, there is nothing in the Government of India Act or in the rules made thereunder by which you can rule this amendment out of order. It purports to give power to the Governor General in Council to make certain rules which those who seek protection must fulfil before they can claim protection.

Mr. N. M. Joshi (Nominated : Labour Interests) : Sir, I want to say one word on this point of order.....

Mr. President : I am not willing to hear Members on these points of order excepting the Member who has given notice of the particular amendment that is being dealt with.

Mr. N. M. Joshi : May I humbly suggest that I have been a Member of the Legislative Assembly for more than three years.

Mr. President : Order, order. I am perfectly aware that the Honourable Member has been a Member of the Legislative Assembly for many years ; so have other Members ; but, as I have said, I can only allow

[Mr. President.]

Members who have given notice of amendments to speak on points of order arising with regard to them. I will hear them and nobody else. I cannot have a general discussion on points of order.

Mr. N. M. Joshi : What I have to say is this.

Mr. President : Order, order. I have no doubt that Mr. Patel's amendment is out of order because it deals with a different and foreign subject altogether. The subject which he wants to introduce is protection of labour and this Bill is not for that purpose at all. It is for the protection of a particular industry and not for the protection of labour. The protection of labour is a wide subject by itself and must be dealt with on its own merits, on a separate occasion.

Mr. V. J. Patel : Thank you, Sir.

Mr. President : The next amendment is No. 41 of Mr. Patel which runs as follows :

" In clause 3, line 19, after the word ' shall ' insert the following :

' On being satisfied that at least two-thirds of the capital invested in the business concerned is Indian.'

If the above is not accepted then—

To clause 3 add the following proviso :

' Provided that nothing in this section shall apply to any company, firm or other person who starts the business of manufacturing steel after the passing of this Act except to the extent and in the manner to be determined by a Resolution of the Legislative Assembly in that behalf '."

Before I rule about this amendment I would like to hear Mr. Patel.

Mr. V. J. Patel : Sir, those of us who have not so far given our whole-hearted support to this Bill are under an apprehension that this Bill is really intended not for the purpose of encouraging Indian industry, but for the purpose of giving an opportunity to foreigners to invest their capital in the Steel industry in India. The whole object of this Bill.....

The Honourable Sir Charles Innes : May I rise to a point of order, Sir? Is the Honourable Member making a speech or is he talking on a point of order?

Mr. President : The Honourable Member must confine himself to the point of order.

Mr. V. J. Patel : That is what I am doing, I think.

Mr. President : The Honourable Member is not doing it.

Mr. V. J. Patel : Perhaps you were not following me.

Now, Sir, what I want to provide by this amendment is that the protection to be given by this Bill should be confined to real Indian industries and not to any industries started by foreign capitalists. It should not be extended to foreign capitalists; that is my view. Now, when you bring in a Bill saying that it will be applicable to such and such companies or to such and such firms or to such and such persons, it is, I respectfully submit, open to any Member of this House to say " No, it shall not apply to so many persons or to so many firms or companies, but that it shall apply to certain specified companies or that it shall not apply to certain specified companies ". Therefore, you must make it clear that the protection provided in this Bill would be confined to Indian industries alone, otherwise the result will be this, that you

will have, as soon as this Bill is passed into law, a number of foreign capitalists coming into this country and starting similar concerns, with the result that the whole object with which this Bill is proposed to be passed will be frustrated. The object of this Bill is to give encouragement to Indian industries, and if you want to carry out that object, it is absolutely necessary that you must make a provision of this kind, otherwise the whole object of this Bill will be frustrated. If you want to carry out the real object of this Bill, namely, to give protection to Indian industries, then it is absolutely necessary that you must introduce this provision and I think therefore it is perfectly in order, and I submit you will not rule this out of order.

Pandit Madan Mohan Malaviya (Allahabad and Jhansi Divisions : Non-Muhammadan Rural) : Sir, I want your permission to submit a few remarks to you for your consideration on the question which is now before the House.

Mr. President : I cannot allow the Honourable Member to address the Chair on this point of order. As I have said, I will hear any submission that is to be made by the Member who has given notice of the particular amendment.

Pandit Madan Mohan Malaviya : In that case, Sir, it will be quite impossible for Members of this House to lend their support to this Bill, (Hear, hear). If an important principle which affects the Bill is not allowed to be discussed in this House.....

Mr. President : That is not a point of order at all.

Pandit Madan Mohan Malaviya : I wish that you would hear me. I was going to submit to you not a point of order, but some observations to request you.....

Mr. President : If the Honourable Member is not submitting a point of order, then he is not in order in addressing this Assembly.

Pandit Madan Mohan Malaviya : Sir, I want your permission to place before you certain considerations why you should review your ruling on the point of order, and I submit I am entitled to request you to hear me before you shut me out in this arbitrary manner. (Hear, hear). I am very sorry to say it, Sir, but I do think that you should allow me to place a few points before you for your consideration before you shut me out. If you shut me out without giving me an opportunity to place the points I wish to place before you, then you will compel many of us to oppose the Bill.....

(*Voices from the Swarajist Benches* : " We will all oppose the Bill.")

Mr. President : The Honourable Member will see that if I allow any Member to speak on a point of order except the mover of the amendment, then I cannot discriminate, and I must allow other Members also to speak, and there will be a general discussion on the point of order which cannot be allowed.

Pandit Madan Mohan Malaviya : I again submit, Sir, that I was not going to address you on the point of order. I merely want to submit to you certain considerations requesting you to revise your ruling on this question. I do not want to speak on this motion without requesting you to reconsider your ruling. I wish to submit to you certain points by which I hope you will be induced to reconsider your ruling and allow us.....

Mr. President : The Honourable Member must understand that that comes to addressing me on the point of order.

Pandit Madan Mohan Malaviya : No, Sir, I submit not.

Mr. President : Then what does the Honourable Member wish me to revise ?

Pandit Madan Mohan Malaviya : If you will hear me, you will know it.

Mr. M. A. Jinnah (Bombay City : Muhammadan Urban) : I understand, Sir, Pandit Malaviya desires to request you.....
(Voices : "Louder please, louder please.") I think I am representing the view of Pandit Malaviya correctly. What he desires the Chair to do is this. Ordinarily, Sir, on a point of order, you decided to hear only the mover of the amendment and nobody else. What the Honourable Pandit now desires is this, that you may relax that ruling having regard to the vital importance of this particular amendment, and that you may also allow such other people, say two, three or four, who desire to place their views before you, to speak in order to persuade you to allow this amendment to be discussed. That, I understand, is the point of view of the Honourable Member.

Mr. President : The Honourable Pandit did not put it quite in that way.

Mr. M. A. Jinnah : If that is his desire, then I do support him. I do not say that there should be a general discussion, but I do say that you should allow one or two other Members to place before you their views before you give your final ruling.

Mr. President : Pandit Madan Mohan Malaviya.

Pandit Madan Mohan Malaviya : Thank you, Sir.....

Mr. N. M. Joshi : May I also, Sir, rise to a point of order ?

Mr. President : I have not called upon the Honourable Member from Bombay ; I have called upon Pandit Malaviya to address me.

Pandit Madan Mohan Malaviya : Sir, you have been pleased to rule that no one except a Member who has given notice of an amendment should be heard on a point of order. I wish, Sir, to place certain considerations before you which I hope will lead you to reconsider that ruling. The position is this. This is a Bill brought in by Government on the recommendation of the Fiscal Commission supported by the Report of the Tariff Board. The Fiscal Commission reported that the Government should grant protection to certain industries, and it coupled that recommendation with a very important recommendation which you will find in paragraph 292 of the Report of the Fiscal Commission. It says :—

"We think, however, that where Government grants anything in the nature of a monopoly or concession, where public money is given to a company in the form of any kind of subsidy or bounty, or where a license is granted to act as a public utility company, it is reasonable that Government should make certain stipulations. Where the Indian Government is granting concessions or where the Indian tax-payers' money is being devoted to the stimulation of an enterprise, it is reasonable that special stress should be laid on the Indian character of the companies thus favoured. In all such cases we think it would be reasonable to insist that companies enjoying such concessions should be incorporated and registered in India with rupee capital, that there

should be a reasonable proportion of Indian Directors on the Board and reasonable facilities should be offered for the training of Indian apprentices at Government expense. We notice that this policy has been generally accepted by the Government of India. During the debate in the Legislative Assembly on the 2nd March 1922 on the Resolution moved by Sir Vithaldas Thackersey recommending that measures should be taken to provide that as large an amount as possible of the 150 crores set aside for the rehabilitation of railways during the next five years should be spent in India, Mr. Chatterjee on behalf of Government stated :

'The settled policy of the Government of India, as I think we have mentioned more than once in this Assembly, is that no concession should be given to any firm in regard to industries in India, unless such firms have a rupee capital, unless such firms have a proportion, at any rate, of Indian directors, and unless such firms allow facilities for Indian apprentices to be trained in their works. This has been mentioned more than once, and I can only repeat this declaration.'

This was an essential part of the recommendation made by the Fiscal Commission. The Bill that has been introduced has entirely ignored this important recommendation. I want to point out that a matter like this is perfectly relevant to the discussion. I will invite your attention, Sir, to the discussion on the Overseas Trade (Credits and Insurance) Act, 1920, in the House of Commons. When the Bill which became an Act was introduced, its object was explained to be to grant credits to certain firms to enable them to re-establish trade in the continent of Europe.

On that motion, Sir John Butcher asked :

"Do I understand that they (the credits) are only to be given to British firms, or are they to be given to foreign firms as well, or are the credits to be given to foreign Governments? Would it not be well to put into the Resolution some words to show to whom the credits are to be given?"

Sir Robert Horne replied :

"The Bill will do that. It is perfectly clear that credits will only be granted to British firms."

On another occasion Mr. Bridgeman said :

"The honourable and learned Member for York asked whether this would be limited to British firms and sellers in this country. Yes, the advances will be so limited."

On this assurance being given to the House, when the Bill was introduced there was a clause in it which definitely said :

"Provided that no credit shall be granted by the Board under this section :

- (a) to an alien, or to a firm in which the majority of the partners are aliens, or to a company where British subjects do not form a majority of the directors, or where a majority of the voting power is not in the hands of British subjects."

This stands as the law of the English people.

Now, Sir, if a section like that could be introduced in the Overseas Trade (Credits and Insurance) Act, 1920, in the House of Commons, I submit there can be no reason why a clause like what is urged by my friend Mr. Patel and some others, including myself, should not be introduced into this Bill which grants protection to certain companies at the cost of the general tax-payer. We cannot follow a better precedent than the precedent of the House of Commons. Here they wanted financial help to be given to trade to help it to be re-established in Europe ; but they distinctly asked questions at an early stage whether the credits should be given to British firms or to alien firms, and they got the assurance that they would be given to British firms only. This assurance was incorporated in the Act and stands part of the Act now. Here the Fiscal Commission has in the most distinct terms recommended that, when Government grants protection to any company, it should

[Pandit Madan Mohan Malaviya.]

stipulate that there shall be three conditions, namely, that companies who enjoy concessions should be incorporated and registered in India with a rupee capital, that they should have a reasonable proportion of Indian Directors and that facilities should be offered for the training of Indian apprentices at Government expense. The Government Member, Mr. Chatterjee, definitely said :

"No concession shall be given to any firms in regard to industries in India unless such firms have a rupee capital, unless such firms have a proportion, at any rate, of Indian directors, and unless such firms allow facilities for Indian apprentices to be trained in their works."

He said this had been mentioned more than once.

Now, this vital principle, which will affect the life-blood of the people throughout the country, has been entirely omitted in framing the Bill. The Government have not been fair to the tax-payer, and I submit that, if the Bill is rushed through the Council in its present form certainly there will be many who will oppose it and the country will condemn it.

For these reasons I beg you to reconsider your ruling and to allow Members an opportunity to say all that they have to say with regard to the necessity for introducing a paragraph like the one proposed by Mr. Patel in this Bill. If you are not pleased to do that, Sir, allow me to say with all respect, and without any wish to hold out a threat, allow me to say that the passage of the Bill will be wrecked.

Mr. N. M. Joshi : May I rise to a point of order, Sir ? The point of order is this. You have now allowed a second speaker to state a point of order on this question. I should like to know from you whether you will allow me now to speak on the point of order regarding the labour amendment of Mr. Patel's. I think it is as important as this question.

Mr. President : We cannot go back to it now. That matter has been disposed of.

Dr. H. S. Gour (Central Provinces Hindi Divisions : Non-Muhammadan) : Sir, as a member of the Select Committee, I wish strongly to support Pandit Madan Mohan Malaviya's representation to you that the matter regarding the utilisation of Indian capital and Indian enterprise be, if possible, incorporated in this Bill. Sir, if you refer to para. 5 of the report you will find that this question was debated in the Select Committee at great length and the majority of us decided in the following terms :

"The majority, however, of the non-official members of our Committee incline to the opinion that the possibility should be seriously considered at an early date of securing for Indian capital a substantial share in industries benefiting by State assistance."

I therefore, Sir, submit that the Honourable Mr. Patel's amendment is not out of order in view of the discussion in the Select Committee and the expression of opinion by the Select Committee in para. 5.

The Honourable Sir Charles Innes : Sir, the point of order is, of course, entirely for you to decide. All I refer to is the Standing Order of this House which says that an amendment must be relevant to and within the scope of the motion to which it is proposed. Now I presume that the object underlying a rule of that kind is that a popular Assembly of this kind should not be allowed to be rushed at any time into making a pronouncement on a very important question of principle

or policy without due consideration and that it seems to me, without going into the merits of the case, is the danger which faces us to-day. (Mr. V. J. Patel : " Has not the Fiscal Committee expressed its opinion on this ? ") It was not placed before the House on this Bill. (Pandit Madan Mohan Malaviya : " Whose fault was that ? "). Now, that was the view which was taken in the Select Committee. The Select Committee definitely stated that in a Bill of this kind we should not incorporate provisions relating to the proportion of foreign capital or proportions of Indian management or anything of that kind. They suggested that that question should be taken up separately, and I will say, on behalf of the Government, that I am quite prepared to take that question up separately. And I may point out, Sir, if you will pardon me for one moment if I do diverge to the merits of this particular case, that the particular amendment proposed by Mr. Patel to clause 3 of this Bill will be of no practical effect at all. It will be merely a gesture. The Bill subsists merely for three years, and it takes five years for a man to produce steel. Therefore, even if this amendment were carried, it would make no difference at all. It would be merely a gesture. As I say, Sir, the point of order is entirely for you to decide, but I do suggest that, as I have promised to take this question up separately, it would be better if this amendment were not inserted in the Bill.

Pandit Motilal Nehru (Cities of the United Provinces : Non-Muham-madan Urban) : Sir, as a member of the Select Committee I wish to make one or two observations on this point. As my Honourable friend Sir Charles Innes has pointed out, this is in effect only a gesture and that was the argument which was put by him before the Select Committee on the strength of the findings of the Tariff Board. Now, Sir, we are taking the finding of the Tariff Board because we have no materials before us to show that that finding is wrong. The British and the foreign companies who might like to introduce their capital in the steel industry are in no way bound by the finding of the Tariff Board. I do not think that the opinion of the Tariff Board that it will take five years before you can produce a pound of steel in this country is by any means final. We know at what rapid rate science is progressing. We know that there are foreign companies with enormous resources at their back. I do not think that it will be safe for this House to take the assurance of the Tariff Board that you are quite safe for the next five years because no concern coming in from a foreign country will be able to produce anything within that period and, as the life of this Bill is only three years there is nothing to fear. Vested interests will arise even if no steel is produced and we shall have to consider a number of auxiliary questions before we can at some later stage introduce legislation which my Honourable friend Mr. Patel wishes to introduce to-day. Before these complications arise it is therefore necessary for this House to safeguard the interests of the Indian industry and to keep it in the hands of Indians as far as possible. Now, Sir, we were told that this Bill is not a Bill in the interests of the Tata Company or any other Company. It is in the interests of the Indian industry, and I take it that the only reason why we are extending any protection to the Tatas is that in the near future we expect other companies will arise and begin operations so that there will be internal competition and thereby the ratepayer in the long run will be the gainer. Well, if it is not for the Tata Company, is it for any other company ? I think, Sir, if there is any place in which it ought to be made clear as to what companies this

[Pandit Motilal Nehru.]

Bill will apply it is in this provision of the Bill. There are no complications as indeed there would be, if we were to introduce labour legislation into this Bill. In the latter case there is a variety of considerations to be gone into and we would be unduly encumbering this Bill with a number of special provisions, and after doing so we may, in the end, find that we have not done justice to the cause of labour that stands upon a different footing altogether. I am quite at one with the Honourable Government Members upon that point. Not that I am not as anxious as my friend Mr. Joshi or my friend Mr. Devaki Prasad Sinha to secure the interests of labour but because I think that the method proposed by them is not suitable. In this matter, however, there is nothing but a short definition of the companies to which the Bill applies that is required. I do not think there can be any fear that by rushing this short amendment we shall be complicating things so as to make us repent hereafter. The alteration asked for involves a principle, which is not new, which has been fully considered and which has been affirmed by the Fiscal Committee, and indirectly by this House. It is a proposition which has been long before the country and I think there can be no question that a great volume of public opinion is in support of it. That being the case, I do not see how it can be said that the amendment is beyond the scope of the Bill. In fact, it limits the scope of the Bill, and anything that limits the scope of the Bill must necessarily be within its scope. I therefore submit that the amendment proposed by my friend the Honourable Mr. Patel is quite in order.

The Honourable Sir Alexander Muddiman (Home Member) : Might I suggest to you, Sir, that the time has come for you to give a ruling on this point ? The discussion on a point of order cannot go on beyond a certain limit and I suggest to you, Sir, that the time has come for you to give a decision on this point. I venture also to suggest for your consideration, Sir, that this is an amendment limiting the scope of the Bill and therefore in order, whatever the merits of the amendment may be.

Mr. M. A. Jinnah : If I may say only one word, Sir, I am inclined to support the Honourable the Home Member. I entirely support the Honourable the Home Member and I say with very great respect that, strictly speaking, amendment No. 41 would be admissible whatever may be its merits, and I think, Sir, if we get on to the merits of that amendment, probably we shall get on quicker.

Mr. K. G. Lohokare (Bombay Central Division : Non-Muhammadan Rural) : On a point of order, Sir,.....

Mr. President : I have heard sufficiently on the point of order.

Mr. K. G. Lohokare : I have my own amendment and I must have a hearing.

Mr. President : I have heard sufficiently on the point of order. In the light of the discussion that has taken place I have now come to the conclusion that, as pointed out by Pandit Motilal Nehru, this amendment really circumscribes the scope of the Bill and limits it to companies of a particular kind, and that being the case, I am now of the view that it is not out of order. Whether it is desirable to introduce this subject in the form in which the amendment stands or whether it will be effective for the purpose in view is another question, that is a question on the merits. The House will have to consider whether it

will effect the object it has in view by inserting an amendment of this character or by having separate legislation in that behalf. That is a question for the House to consider on the merits.

Mr. Devaki Prasad Sinha (Chota Nagpur Division : Non-Muham-madan) : On a point of order, Sir. May I also appeal to you to re-view your decision with regard to the previous amendment—No. 40—just as you have reviewed your decision with regard to this amend-ment ?

Mr. President : What amendment are you speaking of ?

Mr. Devaki Prasad Sinha : Amendment No. 40. I am only appeal-ing to you, Sir, to review your decision with regard to this amend-ment also. That also limits the scope of the Bill.

Mr. President : I have not the slightest doubt about that amend-ment. I cannot allow that question to be reopened.

Mr. N. M. Joshi : Because you did not hear us.

Mr. President : I am not inclined to hear any Honourable Member on those points which have already been decided and about which I have no doubt.

Mr. C. Duraiswami Aiyangar : Sir, in my amendment No. 61, I have asked for the addition of a separate clause about the same sub-ject. •

Mr. President : We are now on Mr. Patel's amendment, No. 11, and we must deal with that first. If the Honourable Member prefers his own amendment to that of Mr. Patel, his obvious course is to vote against Mr. Patel's amendment and then this amendment can be taken up.

Mr. V. J. Patel : I think, Sir, my amendment is short and sweet, and it will fully meet the requirements of the case. The object with which we have been labouring for three-quarters of an hour will be fully attained if these few words are inserted in clause 3 without disturbing the other clauses of the Bill. The amendment which I have the honour to move runs as follows :

“ In clause 3, line 19, after the word ‘ shall ’ insert the following :

‘ On being satisfied that at least two-thirds of the capital invested in the business concerned is Indiana ’.”

Now, Sir, my main quarrel with the Tariff Board is that they have in investigating into this question not taken into consideration the report and recommendations of the Fiscal Commission. When we say ‘ protection of industry ’ we mean protection of Indian industry and not protection of industry in British India. If you will look at the Preamble of this Bill, you will find it stated, Sir :

“ Whereas it is expedient, in pursuance of the policy of discriminating protection of industries in British India with due regard to the well being of the community.”

Now, what we really want is the protection of Indian industry and not protection of industry in British India. This Preamble is based on the recommendations of the Tariff Board and the Tariff Board have gone wrong inasmuch as they, in making their investigations, have started on a wrong basis. If they had before them the idea, the sole idea, of giving protection to indigenous industries, Indian industries, then they would have recommended the provision which I am now asking this Assembly to accept. The fears that we have, Sir—and I

[Mr. V. J. Patel.]

do not wish to make a secret of them—are that as soon as this Bill is passed companies with huge foreign capital will be started in this country, and those fears, as I will presently show, are not without foundation. I refer this House to page 16 of the Tariff Board's Report. In the last part of the first paragraph, they say :

“ We had it in evidence from Mr. Fairhurst that the Indian Iron and Steel Company would not under present conditions consider the question of embarking on the manufacture of steel unless protection were given ”

—what follows is very important and significant, and it is this —

“ and Mr. Tarlton, giving evidence on behalf of the United Steel Corporation of Asia, stated that without protection it would be impossible to raise the capital required for a fresh enterprise. Our deliberate opinion is that, without the help of protection, the steel industry is not likely to develop at all. ”

So, the Tariff Board did not consider this question from the point of view of encouragement to the Indian steel industry, but from the point of view of encouraging the steel industry in India. I do not know who this gentleman Mr. Tarlton is, but evidently he represents the same United Steel Company to be started in India as soon as this Bill is passed into law, and I understand my Honourable friend Pandit Madan Mohan Malaviya made a reference to this particular company when he was making his speech on the Bill at its first reading. So, it is quite clear, Sir, from the Report of the Tariff Board themselves that they were considering the question of giving protection to the steel industry and they had in view this United Steel Corporation of Asia, which was about to be started and whose manager or officer clearly stated before that Committee that, unless protection was accorded, the capital was not likely to be subscribed. That being so, there is not the slightest doubt in my mind, and I submit that there should not be the slightest doubt in the mind of any Member of this Assembly, that, as soon as this Bill is passed into law, foreign capital will pour in, companies will be started and they will claim protection under the provisions of this Bill. Then again, it is not that the Governor General in Council can refuse to give a bounty to any such firm, because, the Bill clearly says that the Governor General in Council shall give bounties to companies, firms or persons manufacturing steel in India. This means that the Governor General in Council, even if they were so inclined, have no option but to give bounties to these firms. It is, therefore, necessary, Sir, that proper safeguards should be provided in this Bill itself, so that the special benefit that is to be conferred on companies, firms or persons manufacturing steel should be restricted to such businesses as are carried on with Indian capital at least to the extent of two-thirds. There are friends of mine who would, as recommended by the Fiscal Commission, like that there should also be a further provision that a certain proportion of the directorate must also be Indian. I should not have the slightest objection to the insertion of such a provision, but, as I say, it would disturb the fabric of the Bill and it will be very difficult to carry out that object unless you are prepared to introduce altogether a new provision in the Bill for that purpose. But when I seek to provide that at least two-thirds of the capital should be Indian, it necessarily implies that such a company shall have a board with an Indian majority, because if two-thirds of the capital is Indian, it goes without saying that the shareholders will ordinarily appoint a majority of Indians as their

directors. But assuming for a moment that they do not (although I personally doubt it) do so, let them have a free choice. If they have confidence in non-Indian directors, by all means let them exercise their discretion. But the fact remains that once you make a provision that two-thirds of the capital should be Indian, the profits accruing out of the business will remain in India. That is the point; and the whole object of the Fiscal Commission, the whole object, I venture to submit, perhaps of the Tariff Board, and it may be perhaps of the Government of India will be carried out. It is with that object that I have ventured to move this amendment and I trust that the Honourable Members will support it.

Mr. K. G. Lohokare : Sir, I beg to support the amendment, at least the principle of it, moved by Mr. Patel. I had moved a similar amendment for consideration before the Select Committee and I have appended a separate minute to the Report. The main considerations that prompted me to introduce such an amendment in this Bill are as follows :

The first consideration is due to the preliminary conclusions of the Fiscal Commission Report. The Fiscal Commission Report says :

“ That the industrial development of India has not been commensurate with the size of the country, its population, and its natural resources, and that a considerable development of Indian industries ”

—mark the words “ considerable development of Indian industries ”—
“ would be very much to the advantage of the country as a whole.”

That is the first thing that we find here. Secondly, the report on the Tariff Bill, as I complained yesterday, did not take into consideration the various aspects of this question. I do not know whether the matter of the elements of capital and labour organisation were referred to them or not, but I see from the report that no reference has been made to it in the report itself. But in the Bill itself we have some words which do justify the introduction of such a clause in the Bill itself. “ Whereas it is expedient ”, in the preamble it is said, “ in pursuance of the policy of discriminating protection of industries in British India with due regard to the well-being of the community.” It is “ with due regard to the well-being of the community ” that discriminating protection is to be introduced by the Bill. The word “ discriminating ” has so many meanings here, and the meaning that has been taken by the Fiscal Commission Report is that discrimination be exercised in the selection of industries for protection. That is one discrimination. The second is in the degree of protection afforded. The degree of protection afforded is also a consideration in discrimination. What that degree should be is a matter that we have to consider. And I think we are justified, while considering the degree of protection that we have to give to the industry, in saying as to what form of protection we might give to the industries that are being developed in India.

The second thing that I want to bring to the notice of Honourable Members is that the principle of protection has always the elements of nationality in it. Protection cannot be introduced for the development of the industries of somebody else. Everywhere, in all the countries of the world, this idea of protection has been the outcome of the sense of nationality. Here I might refer to page 128 of “ The Commerce of Nations ” by G. F. Bastable :

“ It is above all essential to recognize that the key-note of their system is nationality.”

[Mr. K. G. Lohokare.]

will have to be paid to other companies as well. I have here the names of some of the firms. The Indian Iron and Steel Works have a capital of 3 crores. The Bengal Iron and Steel Works have a capital of 4 crores. The Indian Steel Company has only been registered but is not working yet. The Eastern Iron Company has a capital of one crore but has not yet started. If the policy under discussion is to be continued not only shall we have to pay something to these companies which I have mentioned, but we shall have to pay far more than we will to Tata in the form of bounties. There is a further element. Some of these foreign firms have got concessions in the form of coalfields and ore fields at the same time. They have been mentioned in the Government of India reports and can be referred to. There is another firm at the same time of foreign capital, Vickers and Co., which has started their business here, and it is very likely they may think of taking up steel production. Their capital is in sterling. They are simply doing business here and they are on the list. I do not propose to call for the other subsidiary companies. I am afraid we shall have to pay the same money in the form of bounties to other firms as well. I inquire here, Sir, whether it is desirable in the interests of the country that we should put such a dangerous burden upon the assets of the nation, and expect to benefit by such a burden. The greatest danger India has to fear is foreign investment preventing the economic and political development of India.....

Mr. President : Order, order. I am afraid the Honourable Member is repeating himself several times, and is going into much larger questions about foreign capital. We are here only concerned with Mr. Patel's amendment.

Mr. K. G. Lohokare : The next sentence will probably clear it up.

Mr. President : You have given us very many sentences already. The Honourable Member can easily condense his remarks. He has said nearly all that there is to be said.

Mr. K. G. Lohokare : All right, Sir. I will just finish with a few additions. I therefore request that some sort of provision might be inserted in the Bill so that it may remain effective in the way that we wish. We do not wish to send away foreign capital. Some sort of caution is necessary. We do not at the same time want to scare away the foreign capitalist and a provision in the form that the Indian Fiscal Commission has suggested may very well be accepted. The other condition, that of the Directors, some proportion is to be Indian, is necessary or the whole advantage which the country will derive from the effects of protection will not be secured. If these cautions are not there, I think such a Bill is not worth while passing. If we say that in this Bill we need not consider other possible interests, they will have to be attended to by a future enactment, perhaps too late. With these words I will conclude.

Sir P. S. Sivaswamy Aiyer (Madras : Nominated Non-Official) : Sir, I may preface my remarks by saying that I have very great sympathy with the objects of the gentlemen who have moved this amendment. But I am afraid we have got into a regular tangle. I shall state the position shortly and point out what the difficulties are and what the proper method of attaining the object of these gentlemen is. Now, the object which all these Honourable Members have at heart is the prevention of

enterprises started and carried on entirely with foreign capital behind the protective tariff wall, or behind the system of bounties that will be created by this Bill. So far as a tariff wall is concerned, I do not see how, by means of these amendments which you are proposing to clause 3 or clause 4, you could prevent any foreign companies from getting the benefit of them. Section 2, which relates to tariffs, will apply to all imports, and any company which may be engaged in the manufacture of steel in this country, whether it is foreign or indigenous, will derive the benefit of these tariffs. We are, however, now dealing only with clause 3, and I see that there is a similar amendment, of which notice has been given, with regard to clause 4. Now, what is the amendment which we propose to clause 3? The amendment is that these words shall be inserted :

“ On being satisfied that at least two-thirds of the capital invested in the business concerned is Indian.”

In the first place I would ask you—are we all agreed or certain that the proportion of capital to be held by Indians should be two-thirds or three-fourths, or half or a quarter? If you turn to the report of the Fiscal Commission, what you find is that they went into the subject exceedingly carefully and very elaborately, they did not commit themselves to any such definite proportion as you now want the Assembly to commit itself to. What the minority of the Fiscal Commission say in their Report is that foreign companies to be started in India should be started on the basis of a rupee capital, that they should have a certain proportion of Indian Directors, and that they should undertake the obligation of training Indian apprentices. Those were all the conditions that the minority suggested. The majority considered these questions, but they thought that it was only in cases where the State offered some concession in the shape of a bounty that it might be desirable to provide some such restrictions. With regard to the case of a protective tariff, the majority did not consider it would be wise to lay down any such restrictions. I am not now expressing any opinion as to whether the view of the majority was right or the view of the minority was right. I am prepared to take it that the minority, which was composed of nearly all the Indian Members of the Fiscal Commission, were right in their view. The minority of the Commissioners, which was composed of Indian gentlemen, all recommended only these three things, a rupee capital, a certain proportion of Indian Directors, and an obligation to train Indian apprentices. I am willing to go with you further. I am willing to agree with you that we may suggest that any company that may be started should place a certain proportion of its shares on the Indian market, so that they may be available to Indians and could be taken up by them. Let me assume all that. But what is the proportion? Are we quite settled that it should be two-thirds, or three-fourths? Why should it not be 50 per cent? Is there not, on the other hand, something more like perfection in the ratio of equality? It may be 50 per cent., it may be something less or more. I do not wish to dogmatise on that point. You wish to impose the condition that at least two-thirds of the capital invested in the business concerned is Indian. Well, at what point of time? Suppose that at the date of the formation of the company two-thirds is Indian, would it be entitled to these benefits? Suppose afterwards those shares are transferred, would it be entitled under your proviso to the benefit of this clause or not? These are questions which have to be considered. There are a number of other conditions. The majority in their report referred to the possibility of circumvention by

[Sir P. S. Sivaswamy Aiyer.]

transfers and various other matters. All these things have to be carefully gone into and provided against.

These amendments and the difficulties which they create illustrate the extreme inconvenience of having to introduce amendments into a Bill which was prepared on a different assumption and a Bill the framers of which did not contemplate these particular subjects as suitable for inclusion. However, I shall not argue now that you are debarred from introducing any suitable amendments. The question which we have to put to ourselves is—is this the best way of achieving our object? The amendment does not touch even the fringe of the subject and the numerous difficulties which we have to surmount. You have to provide for a certain proportion of Directors; you have to provide for the obligation to train apprentices, and for many other things which the Commissioners recommend. You do nothing of the kind. On the other hand, the alternative amendment proposed by Mr. Patel has a greater appearance of suitability, and it is this:

“Provided that nothing in this section shall apply to any company, firm or other person who starts the business of manufacturing steel after the passing of this Act except to the extent and in the manner to be determined by a Resolution of the Legislative Assembly in that behalf.”

in the first place, this proviso will apply.....

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhammadan Urban): On a point of order, Sir. Has that amendment been moved?

Mr. President: Order, order. Sir Sivaswamy is in order. He is developing his argument by referring to the other amendment.

Sir P. S. Sivaswamy Aiyer: It may be that it has not been moved, Sir, but I am referring to it for the purpose of putting before you clearly what would be the most suitable method of achieving your object and whether this amendment which has now been moved is the best way. Now, take the alternative proviso to clause 3. It says:

“Nothing in this section shall apply to any company, firm or other person who starts the business of manufacturing steel after the passing of this Act except to the extent and in the manner to be determined by a Resolution of the Legislative Assembly in that behalf.”

The language of this amendment is not quite happy. You say, it shall not apply to any company, firm or person except to the extent and in the manner to be determined. That rather refers to the degree to which they shall be entitled to protection, and not to the conditions under which the business should be started. Perhaps by some amendment of these words—as, for instance, by substituting for words “except to the extent and under conditions to be determined by a Resolution of the Legislative Assembly”—that difficulty may be obviated. Even then are we out of the woods? I am afraid not. We say, “Start the business of manufacturing steel.” But what is meant by starting the business of manufacturing steel? There are three or four companies which have been formed for the manufacture of iron and steel. Now, suppose a company has started the business of manufacturing one of the component elements required for steel as a preparation to the manufacture of steel. Could it be said that that company had started the business of manufacturing steel? I am not criticising the amendment in any hostile spirit; I only wish to point out the numerous difficulties

which surround this question. When we refer to a company starting the manufacture of steel, you cannot make or order from the start all the ingredients required for the manufacture of steel, nor can you start all the processes on the same day. Suppose to-day you start the manufacture of pig-iron, to-morrow something else, and the day after to-morrow you begin to manufacture steel; when do you say that the company starts the business of manufacturing steel? These are the difficulties in the interpretation of these words. But if you do want to introduce something in this Bill for the purpose of limiting the bounties to particular companies which may satisfy certain conditions, then you will have to frame some amendment on the lines I have suggested. But I confess I am not satisfied with the idea of introducing this amendment nor do I think that it will achieve your object. A far more satisfactory method to my mind would be to have the whole question considered, to get some assurance from the Government that they will take up this question at once and consider the whole question of foreign concerns, so that they may lay down the conditions under which companies will be entitled to the privileges to be conferred by a Tariff Act or a Bounty Act. Now, supposing that you have carried these amendments to clause 3 or the proposed amendment to clause 4, how are you going to prevent a foreign company from reaping the benefit of the tariff wall? You cannot. The only way in which you can do it is by imposing a restriction upon any foreign company started in India that it shall have a certain rupee capital, shall offer a certain number of shares to the public here and shall comply with certain conditions. Unless you make a condition binding upon every foreign company started in this country, you will not be able to deprive those foreign companies of the benefits of the tariff wall. You may deprive them of the benefits of the bounty by clause 3 or clause 4 or by a combined clause. I have referred to these difficulties for the purpose of showing that the most suitable way of achieving your object to my mind would be to have a comprehensive measure carefully thought out and drafted for that purpose. It seems the majority of the Select Committee were of opinion that this question should be taken up at an early date. If the Government would give us some assurance that they will take up the subject at once and bring up a Bill for consideration, I for one would be satisfied. I will merely put it to the House for its consideration whether after a consideration of all these difficulties it is satisfied that the solution just now offered to it is the most suitable solution, whether it provides for all the difficulties which may arise, whether it contains suitable guarantees against evasion, and whether it secures all the benefits which we wish to secure with regard to this measure of protection. I have indicated my views with the object of making the House see clearly where exactly it is and where exactly it is going.

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

The Assembly re-assembled after Lunch at Forty Minutes Past Two of the Clock, Mr. President in the Chair.

Mr. C. Duraiswami Aiyangar : The object of my having brought to the notice of the Chair amendment No. 61, which I have put in embodying

[Mr. C. Duraiswami Aiyangar.]

the same principle as that which has been moved by Mr. Patel, is to point out that I have put it in a form which may perhaps be better acceptable according to the view which the Chair has taken, that is, by providing it as a separate clause. The amendment which I move and of which I have given notice runs to this effect :

“ Any bounty that is payable under this Act shall be allowed only to those concerns, the proprietors and directors of which are Indians to the extent of at least three-fourths of their number and the chief controlling and managing authority of which is entirely Indian.”

In proposing this amendment, I base it upon one of the highest authorities on economic questions—on the tariff question in India—I mean, I took it from Professor K. T. Shah's Draft Protection Bill which he has appended to his “ Indian Trade, Tariffs and Transport.” There he has framed an exhaustive tariff provision in which under article 14 he states :

“ The subsidies, or bounties, aforesaid, or any other species of direct financial aid from the public exchequer, to any privately owned industry, shall be allowed only to those concerns, the proprietors and directors of which are Indians to the extent of at least three-fourths of their number, and the chief controlling and managing authority of which is entirely Indian.”

Sir, by referring to the great authority of Professor Shah I believe I am to a certain extent answering the somewhat, nay wholesale destructive criticism which Sir Sivaswamy Aiyer has offered to this amendment. Sir, it seemed to me that Sir Sivaswamy Aiyer was arguing more on destructive lines than on any constructive line. He has not given notice of any amendment by which this provision can be made good and made faultless in the manner in which he has criticised the amendment which has been brought by Mr. Patel. He has only tackled us with questions as to whether we are agreed that it is to be two-thirds, or half, or three-fourths, and also whether it is to be rupee capital, or any other manner in which the qualifications of the firm to be protected by the bounty should be regulated. Sir, I can very well understand differences of opinion as to whether it is to be two-thirds capital or three-fourths capital or fifty per cent. capital that is to be prescribed in an amendment like this, but I cannot certainly understand why a provision like this should be embodied in a separate Bill and not in this Bill which has been put forward purely for the protection of industries. If this provision or a provision to a like effect is not to take its place in a Bill which is intended solely for the protection of industries, I fail to understand how many kinds of Legislature can go on multiplying Statutes for the sake of a single protection scheme. In making a protection scheme for the industries in India it must always be remembered that every provision that pertains to it must be embodied in one Bill and not in separate Bills and separate enactments. So far as the principle that is involved in the amendment moved by Mr. Patel and also the one of which I have given notice is concerned there can be absolutely no question. It is not based on any hostility or any want of love or any hatred of Europeans or European capitalists even, but it is based on the pure principle of Swadeshi. Sir, India has suffered, has suffered a great deal, for the last one hundred and fifty years by her manufactures having been killed by the protectionist policy adopted by the United Kingdom which to-day is a staunch supporter of free trade. On one occasion Lord Curzon himself had to resent an attack from the Secretary of State by saying

that he is not going to "heed to the mutterings of the priests at the shrine of free trade." Sir, if this provision is not made in this Bill, there is absolutely no guarantee that the purpose for which this Bill has been welcomed by the non-official Members of this Legislature, and I may even add, by the Indian Members of the Legislature, be he official or non-official—that purpose will be attained if we are not going to protect Indian industries properly, decently and thoroughly. Sir, if we are going to spend the Indian tax-payer's money for the sake of the development of Indian industries, it must be with a view to the Indian industries being developed in such a manner that the capital is here, that the training is here and all the advantages of development of industries are all centred in this country and not exported. It is upon that identical principle that we want Indianisation of the services. It is upon that principle that we want to support scholarships for training Indians. Supposing, Sir, that the Government of India sanctions certain scholarships for the training of Indians, would it be meet to say that a foreigner should be given that scholarship for being trained in Japan or America and that he should come and stay here for a few years and then go away with all the benefits of the training he has received, with all the benefits of education that he has received, not to enure for the benefit of India but for the benefit of some other country? The point of view of Indianisation of the services has never been based on any hostility to the foreigner but on the principle that the man who has been trained in the services at the cost of India is kept here as an asset for this country. On the identical principle, I say that if Indian industries ought to be developed, Indian capital has to be increased and if Indians are to be trained in the manufacture of finished articles, all the advantages of money that has been spent from the public exchequer must go only for the benefit of India and not of any other country. It is upon that identical principle that other countries have also been giving bounties and subsidies to their local manufacturers. If we do not adopt the same principle which other countries have adopted, but adopt a different one in this country based not on the principle of Indian interests but of Imperial interests, if we are going to make India a servient tenement for the beneficial enjoyment of the dominant tenement, then, Sir, we may as well reject the Bill rather than give any support to it. If this Bill is intended for the sake of one industry or if only one industry is concerned, I can very well understand any limitation to the scope of a Bill like this. If what is being said all over this place be true, if it be an open secret that this Bill is intended solely for the benefit of the Tata Company, then the Government might as well have brought a special Bill for the Tata Company only instead of pretending that it is a general law for the development of the industries of this country. Individual Bills are not uncommon. There has been a Devasthanam Schools Act passed by the Madras Legislative Council intended for the support of one institution only. If such a Bill has been brought forward there would not have been so much contention or so much opposition. We might have regulated, we might have limited and prescribed the extent to which the benefit must go but, inasmuch as the Bill professes to be for the general development of the Indian industries, we must take this earliest opportunity of making it so general and so fruitful and so complete that it may enure for the benefit of all our industries. With reference to the opinion expressed by the majority report of the Fiscal Commission dealing with the importation of foreign capital, Professor Shah has dealt

[Mr. C. Duraiswami Aiyangar.]

with it at complete length and in one portion of it by way of summarising his views he says :

“ The root evil of the investment of the foreign capital in India is, thus, the disproportionate influence it accords to the foreign capitalist in the direction and management of the enterprise. To this may also be added the more obvious evil of the drain caused by such investment which economically speaking becomes the most objectionable when it carries away from the country not only its legitimate interest but also the surplus profits of the industry. And there are no corresponding advantages to set off against these manifest, palpable evils.”

Sir, we have got the authority of Professor Shah on this important question and therefore it is but proper that we should not shirk on this occasion by any kind of camouflage, by any kind of promise or any kind of inducement, an opportunity of making proper amendments. This is a short living Bill of three years, and if another Bill is to be introduced, by the time that Bill becomes an Act, the protection afforded by this Bill would be gone. What is the good of saying that this Bill must be preceded by that Bill and that Bill must be preceded by this. We shall only be arguing in a vicious circle and there will be absolutely no benefit to any other industry except perhaps to Tata's and even in their case there seems to be considerable doubt. It has been said frequently after I came to this place that there is a sword of Damocles hanging over the head of this Assembly and that no amendment, whether important, or innocuous or verbal, will be accepted by Government. The convention about this fiscal autonomy or so called autonomy is stated to exist only if the Government approves of our actions and that, if it is incorporated without the grace of the Government Bench, there is absolutely no chance of our having this Bill recognised by the Secretary of State. I do not think that at least the present Secretary of State, who is himself a Labour Member, will be so ungenerous and merciless as to say that, if the Legislative Assembly wants an important principle to be introduced, he will see that this Bill is not recognised. I do not for one moment believe that the Secretary of State will bestow that kind of attention which will not recognise our interests. Therefore, I have great pleasure in supporting Mr. Patel's amendment and, if that amendment is carried, I shall be prepared to withdraw my amendment which says that three-fourths of the capital should be Indian.

Mr. R. D. Bell (Bombay : Nominated Official) : I respect the sentiment which underlies this amendment but I rather think that a number of Members who are supporting it have not really thought out its logical conclusions. It seems to me that they are engaged in the process of cutting off their noses to spite their faces. If the amendment is carried, the effect of the Bill will apparently be so altered as to require its complete recasting. There are some elementary principles of political economy and, if I refer to them very briefly, I apologise to the House for doing so. It seems to me that one of them has been lost sight of. It is a platitude of political economy that the establishment and development of industries depend on three factors, natural resources, labour and capital. We know perfectly well that if the Tata Iron and Steel Company did not have all the natural resources available, they would have been unable to start the company, or if they had to import their labour from Australia or British Guiana, they would not have been able to begin operations, but it is not always readily recognised that the development

of industry in any country is just as much restricted by its capital resources as it is restricted by its natural and labour resources. It must be perfectly clear to the House that unless the Tata Iron and Steel Company had been able to raise capital at all, they would not have been able to establish operations, but when that principle is more widely applied it does not always receive recognition. Nor is it only that the requisite amount of capital must be available for the establishment and development of industries ; it requires confidence to extract that capital for industrial use. It seems to me singular that the party which supports this amendment very strongly is the one which also insists most strongly that India is an exceedingly poor country. I am quite willing to admit that it is a poor country. It is a poor country relatively to America or Britain or France, and I admit that its capital resources are limited. But what capital resources are going to be available if the average income of the country is, as Mr. Chaman Lal says, one anna per head per day ? Capital, as the Honourable the Finance Member told us the other day, is simply accumulated savings. Well then, where is the capital coming from out of an income of one anna per day for a large steel and iron industry in this country ? I do not press that point too far because I think the estimate of Mr. Chaman Lal of the country's poverty is exaggerated, but, assuming that capital is available in this country, or will be available for the establishment of further steel concerns, where is the confidence which is going to make it available for actual use ? If you will turn to Mr. Chaman Lal's minute of dissent, you will see that he says that even the Tata Iron and Steel Company shows a debenture list of nearly 4½ crores mostly in the hands of foreign bond holders. I have no inside information but I am fairly certain that, if the Tata Iron and Steel Company could have raised the amount of these debentures in this country they would have done so but they had to go abroad simply because the people of this country had no confidence in them at the time they wanted money for their concern.

Now, Sir, that relates to the Tata Iron and Steel Company. When are we going to have the confidence which will produce the capital for further steel and iron companies ? It is true that this Bill may alter the Indian attitude towards these enterprises, but one must estimate the position by practical results. I personally do not take a great interest in the share market, but I have observed that at least one of the Tata Iron and Steel Company's shares, since the publication of the Tariff Board's Report and the introduction of this Bill, has declined very materially, and the confidence of the people of this country in the steel and iron industry may be gauged by the fact that this particular share will yield a return of 18 per cent. if the Tata Iron and Steel Company is able to pay a dividend on its ordinary and deferred shares 10 years hence ; and before the end of that period arrives the holders of the particular share which I have mentioned will have already received back twice their capital investment, and then they will proceed to draw a return of 18 per cent. Now, is there any likelihood in these circumstances of a purely or nearly purely Indian concern being able to raise the necessary capital in the near future for the extension of the steel industry in this country ? As I say, I have no objection myself to the use of foreign capital and I should be glad at the present moment to see, say, American capital employed in my native country to relieve the unemployment there with which British capitalists are apparently unable to cope. But I respect the sentiment underlying the

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amendment ; only I would point out that, if it is accepted, we get to the position which was advocated by Mr. Willson on the first day's debate. The Bill would be so restricted in its effect, as I hope I have shown, that it would practically apply only to the Tata Iron and Steel Company and to no other concern so far as we can foresee at the present time ; and in these circumstances the whole position is altered. The question of the advantage of bounties as against tariff duties is re-opened ; and, in short, if the amendment is accepted, the scope of the Bill is so altered that I think the question of recasting it must necessarily arise. At the present moment I think the situation is something like this : British capital at all events would not be tempted to such an enterprise in India unless Indian capital shared the risks. The Members who have supported this amendment speak of the profits ; they have made no reference to the risks. And I am not so sure but what at the present time also Indian capitalists, if they were thinking of such a venture, would be very glad of the confidence which would be inspired in the Indian public by an admixture of British capital. Sir Sivaswamy Aiyer dealt with some practical difficulties of the amendment and I should like to point out that as it is worded it leaves scope for ample evasion. Nothing has been said as to the manner in which debentures, preference shares, ordinary shares and deferred shares are to be treated in working out the proportion between Indian and foreign capital. If you leave foreign capitalists to take up only the mortgages there will be an outcry, when the concern fails, that the Indian has had to bear the brunt. On the other hand, if the Indian is left with the mortgages there will be an outcry, if the enterprise is successful, that the foreign capitalist has gone off with the loot. You will have the difficulty of maintaining two share lists, possibly two price lists. Also there is no definition of Indian capital. Does Indian capital mean capital held by statutory natives of India, or what does it mean ? Finally, let us consider the position of a purely Indian concern such as the Tata Iron and Steel Company, virtually was when it began its operations. What has been its experience ? They wanted to raise more money ; they were not able to raise it in this country. If in the case of a new company the experience of the Tata Iron and Steel Company is repeated, like that company the new company may have to go to foreign capitalists for $4\frac{1}{2}$ crores debentures. What happens if these $4\frac{1}{2}$ crores debentures exceeds the prescribed share of foreign capital ? Therefore, Sir, on the ground that the amendment introduces a principle which, if accepted, will destroy the whole structure of the Bill, and secondly, on the ground that the practical difficulties in working the amendment are insuperable, I beg to oppose it.

Mr. M. K. Acharya (South Arcot *cum* Chingelput : Non-Muhamadan Rural) : Sir, I desire to point out that the Honourable Member who spoke last, who hails from Bombay, began by telling us that he was going to refer to certain principles of economics. From principles he came down to platitudes, which eventually turned out to be, I find, mere fallacies. Anyway I believe it is unnecessary just at this moment to go into all those complicated economic principles as to whether capital or labour or natural resources—as to which of these is the most important factor in an industry. I suppose we all recognise that we want all three of them. The whole question really is how to co-ordinate and harmonise the interrelation of these three factors or other factors required for the successful carrying on of an industry. Now the main question seems

to me to be how we are to minimise the evils that may accrue to us by the abuse of capital, especially when the capitalist happens to be a foreigner, in exploiting the resources of the country, both the natural and the labour resources ? That is the great trouble in India. I suppose for the past 150 years, if not more, that one factor has been in excessive operation, that is to say, foreign capital has been unduly exploiting the natural and labour resources of this country. And now that Government have been pleased for the first time in the history of British rule in India to lay down that national Indian industries deserve to be fostered and developed and deserve to be encouraged, the question before us is this : should it not be made quite clear that that fostering and development ought to be of the genuine, species, ought to be applied to genuine Indian industries and not to such industries as may come nominally under the label of being in British India, and in this way claim to be considered as Indian industries ? That is really our apprehension, that firms and works may be set up by foreign capitalists and managed by foreign Directors, with, of course, I dare say, a large proportion of Indian labour. Importing labour into India is out of the question ; I do not expect it will pay the foreign capitalist or the foreign Directorate. It cannot pay them to bring labour from outside India, and therefore they want to exploit Indian labour and Indian natural resources. The whole question is this : whether for the first time when we have recognised the principle of affording protection, we should not stimulate and promote purely Indian industry ; when for the first time we have taken upon ourselves in pursuance of that policy to tell the tax payer that from his taxes a certain portion will be given to the fostering of any particular industry, whether it is not competent for us also to say at the same time that that industry will be Indian first, Indian second and Indian last. The Honourable gentleman who spoke last asked what is going to be understood by Indian capital, what is going to be understood by Indian management and what is going to be understood by Indian labour ? That is a question, I believe, that can be answered by anybody with a little common sense. It is very easy to understand what is Indian capital ; it is easy to understand what is meant by Indian management, that is to say where the bulk of the higher officials will be Indian. Hard and fast rules are not required to explain this. Therefore, when we are going to take the money out of the Indian tax-payer and pay bounties—I believe we are now concerned particularly with clauses 3 and 4 which deal with bounties,—when out of the general taxes of the country we are asked to pay bounties for the protection, I suppose, of fish-plates and rails, these are the two things that are referred to in clauses 3 and 4—or for that matter for any other article whatsoever, we contend that it is perfectly sound, it is perfectly legitimate—I will go further and say that not only is it legitimate and sound, but it is absolutely necessary that we should say that the interests that would be protected should be mainly Indian. There seems to be no moral, there is no legal reason whatsoever why the poor Indian tax-payer should be mulcted of a portion of his money in order to benefit any industry the profits of which will in the long run go out of the country. In the latter case some small portion of it like the wages of labourers, a few annas every day that they get, some small portion of the profits will remain in India. We have a brilliant example of that in the Railway Companies of India. The labourers in the Railway Companies are Indian, but everything else is non-Indian. Therefore, I submit that the whole question is whether, in agreeing to grant bounties out of the tax-payer's money, we ought not to stipulate that the bounties will be granted only to such and

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such companies, namely, to companies which will be Indian in the general sense of the term, with Indian capital, Indian management, and, of course, Indian labour. That is the whole position. I do not see why we should complicate this question by trying to raise a series of other questions. My friend Sir Sivaswamy Aiyer pointed out, and my friend Mr. Bell took advantage of it, and said that there were many difficulties in the details regarding this question. What serious question is there on earth, what serious question is there under the heavens which is not mixed up with a lot of difficulties? Here we are verily to find a way out of those difficulties, for in the world there is nothing clean cut; in every undertaking there will be difficulties; but if we are to make any progress at all, we must be able to solve them. Therefore, we should be able to get out of those difficulties with the aid of the united talents opposite. We all know there are difficulties, but they are not insurmountable. We want only Indian industry to be protected, and we are prepared, only on that condition, to lend our support to this Bill. If genuine Indian industry will be protected, we shall agree to the Indian tax-payer's money being doled out. If genuine Indian industry is not going to be protected, we cannot be a party to any Bill that may be brought in by anybody, with all the prestige of Government even it may be, we cannot be a party to a Bill which asks us to dole out the Indian tax-payer's money to any concern which is not going to be first, last, foremost, entirely Indian. That is the position, Sir, and on that principle, Sir, we are prepared to lend our support to the Bill. Personally, I do not say that Mr. Patel's amendment is the very best that could be drawn up. Perhaps, my esteemed colleague the Honourable Mr. Jinnah may give us a better one, or if I appeal to the opposite benches, my Honourable friend Sir Charles Innes might give us an amendment which accepts the principle and avoids the difficulties and saves us out of the whole situation. Therefore, the principle we want to be recognised is that in giving bounties, in doleing out the poor tax-payer's money, genuine Indian industry ought to be protected, and anything that is not genuine Indian industry ought to be excluded as far as human endeavour can do so. Difficulties will no doubt be accruing, we cannot help them; but we will bestow the maximum benefit we can on Indian industry. That is all that we are required to do. Therefore, Sir, I appeal to the House that the principle underlying this amendment ought to be supported in such a manner as to work the least possible harm to any one and to give the maximum benefit to Indian Industry.

Mr. Devaki Prasad Sinha : Sir, those of us who have accepted the principle of free trade for the time being, are placed in a very difficult predicament on account of this amendment. I am not so optimistic, Sir, as the Honourable Member who has preceded me, and if I may say so, I generally agree with the conclusions at which Mr. Bell has arrived. I realise, Sir, that on account of the shyness of Indian capital if we impose upon this industry an ordinance like this, it will mean virtually putting the heads of all the consumers of iron and steel in this country in a noose and handing the rope-end into the hands of Tatas. I admit, Sir, that we are practically legislating for the benefit of a monopoly. I also agree with Sir Sivaswamy Aiyer when he pointed out to us the grave difficulties in the way of carrying out these principles. It is possible, Sir, that shares which may be purchased in the first instance by Indians, may in the long run be transferred to foreigners. It is also

quite clear, Sir, that the rupee capital is not necessarily Indian capital, for, after all, I do not see much difference in a ten rupee note handed over to the Tatas by Mr. Willson or by Mr. Patel. Well, Sir, I realise all these difficulties, and I feel that a proposal like this is very difficult to carry out in practice. But realising all these difficulties, I have stood to-day to give support to the amendment of my friend Mr. Patel. My reason is very simple. I support this amendment because, Sir, it is a standing challenge to the principle which has been advertised so widely in the course of the last few days, and which has been voiced very strongly by many Members in the cause of nationalism. I support this amendment, because I believe that, if we are going to have a mischievous measure, let us minimise as much as possible the mischief that this measure is going to do. I support this amendment, Sir, because I have a faint hope in my mind that by accepting this amendment the country might be saved from the evils of a Bill which we, who represent the consumers, dread so much. Well, Sir, I support this amendment also because the facts and figures as disclosed by the framers of the Report of the Tariff Board point only to one conclusion and that conclusion is that at the present time, considering the present state of the country, if we grant protection to the iron and steel industry, it can mean nothing else but protection granted to foreign companies. Sir, I suppose all Honourable Members have read carefully the Report of the Tariff Board. I hope that their attention has been drawn to page 162 of that Report. They would not have failed to notice that of the total amount of iron and steel consumed in the country, the bulk of it,—much more than 60 per cent., comes from foreign countries. And again, if they turn to page 15 of the Report of the Tariff Board, they must also see that, if Tata's in the near future, in the course of three years, apply all their talents, all their industry, all their powers of organisation, and all their capital, to turning out articles of iron and steel, they can at best supply the country to the extent of only one-third of the total demand. The only possible conclusion is that, in order to supplement the supply of the Tatas, we shall have to fall back either upon high prices paid for imported stuff or upon articles manufactured by those companies that would be established in India with foreign capital. Sir, when the Honourable Pandit Madan Mohan Malaviya was speaking on the first day, he said that there are one or two companies actually thinking of starting industries for manufacturing iron and steel in this country. The Honourable Sir Basil Blackett, for whom I have always very great respect and whose facts and figures I always accept without much argument, said that those two companies existed only in the imagination of the Honourable Pandit. I was very sorry, Sir, that Sir Basil Blackett forgot for the time being—I shall only say, forgot—the evidence given by Mr. Fairhurst of the Indian Iron and Steel Company and by Mr. Tarlton before the Tariff Board. The evidence of these two gentlemen is also referred to in the Report of the Tariff Board on page 16 and on page 32. The Tariff Board have discussed the possibility of these two companies starting work in India in the near future but, Sir, more important than the conclusions to which the Tariff Board have arrived are the statements made by these two gentlemen themselves. I shall, Sir, with your permission, place before the Assembly a short passage from the evidence of the Indian Iron and Steel Company. The passage is this :

“ We ourselves think that if a protective duty of 33½ per cent. was arranged, it would act as a strong inducement to the development of steel making plant in
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India. We and others who at present could not consider any such proposition would undoubtedly be favourably influenced by the prospect of the help so afforded, the more so if government would call for all their requirements by tenders in India and give preference to the users of Indian steel."

I now turn, Sir, to the evidence given by Mr. Tarlton. In reply to a question asked by the President, Tariff Board, Mr. Tarlton said :

" Our technical advisers have visited the country and satisfied themselves on this point. These men are of high standing in the steel trade, and have returned to England satisfied with the raw materials ; they are convinced there is room for the works that we are proposing, and further that there is a market for the materials we should produce.

President.—It comes to this. The Corporation, as you have already said in the written statement, are satisfied that, under the conditions that exist in India, it is perfectly possible for a prosperous steel manufacturing industry to grow up, subject to this that it will be necessary for Government to give some encouragement at the start.

Mr. Tarlton.—Yes, at the start."

Sir, I ask the Assembly seriously to consider whether or not these conditions are going to be satisfied by enacting the measure which is before us to-day and I believe, Sir, that the Assembly will easily realise that, as soon as we accept the principles of the Bill, the only result—and the result from which we cannot escape—would be that these two companies, which have already developed their plants for the manufacture of steel and iron in this country, would start work and the bulk of the protection, that we to-day in the name of nationalism are going to give to Tata's, will be received by these two European companies. I do not see any escape from this conclusion. I admit, Sir, that this amendment is absurd. I admit, Sir, that it is difficult to carry it out in practice. But in consequence of the rise in prices that the poor consumers in India would have to face, without deriving any consolation that much of the articles that they would purchase would be those produced in their own country, a great strain would be put on the large community of consumers in this country, and I feel that I should associate myself with every measure which is going to block the passage of this Bill, however absurd it may be. I therefore wholeheartedly support the amendment of Mr. Patel.

The Honourable Sir Bhupendra Nath Mitra (Industries Member) : Sir, I am extremely grateful to the previous speaker, my Honourable friend Mr. Sinha, for having pointed out that it would be most inappropriate to incorporate in the Bill the amendment which Mr. Patel has proposed. In fact, in view of the various conflicting opinions which have been expressed in the House on the merits of the Bill and of this particular amendment, I am inclined to think that the Indian Tariff Board were perfectly wise in advocating the course of action which they suggested and which has been incorporated by Government in the Bill before the House.

I may remind the House that that Board included, besides an eminent member of the Indian Civil Service, two prominent Indians, one of whom at least has the reputation of being an economist. The objects which the Indian Tariff Board had in view were two-fold. The immediate object of the scheme of protection is the preservation of the industry as it exists at present. I think it has been admitted by all parties in this House that that object is a most essential object. If we do not secure that object, what will happen to Jamshedpur and the

50,000 labourers whom we have got collected there ? The Board continue in their Report :

“ The remoter but equally important object of the scheme is to attract capital to the industry and promote the development of India's natural resources.”

They say nothing there that this capital is to be foreign capital or Indian capital, and I believe they had good reasons for their conclusion. If we turn to the Indian Fiscal Commission's Report and turn to the Minority Report which was signed by all the Indian Members, we come across this passage :

“ We will, therefore, state at once that we would raise no objection to foreign capital in India obtaining the benefit of the protective policy provided suitable conditions are laid down to safeguard the essential interests of India.”

Mr. Patel's amendment has for its basic object the ruling out of foreign capital. (*Mr. V. J. Patel* : “ No. 25 or 33 per cent. can be foreign.”) True, but the conditions which Mr. Patel wants to impose may be difficult to realise. In fact, if we turn now to paragraph 292 of the Majority Report, we find this passage, the correctness of which it will be difficult to dispute :

“ The restrictions proposed amount to an interference with private rights which we think it desirable to avoid and even if this consideration were ignored we do not believe that it would be possible to frame any legislation on these lines which could not easily be evaded by a foreigner acting through the intermediary of an Indian nominee.”

That is the main practical difficulty attending Mr. Patel's amendment. At the same time Mr. Patel is fully aware, and in fact the position has been affirmed by the Honourable Sir Charles Innes already, that it is the declared policy of Government that certain conditions will be imposed as soon as practicable on the employment of foreign capital on the development of industries in India. These conditions are as a matter of fact repeated in paragraph 51 of the Minority Report of the Indian Fiscal Commission.....

Mr. V. J. Patel : Have they been accepted by Government ?

The Honourable Sir Bhupendra Nath Mitra : Government have in this House definitely affirmed that it is their principle to act in accordance with the.....

Mr. V. J. Patel : The Minority Report ?

The Honourable Sir Bhupendra Nath Mitra : Not the Minority Report, but with the three conditions mentioned in paragraph 51 thereof (*A. Voice* : “ Why not embody it in the Bill ? ”) The Honourable Sir Charles Innes has already said that the matter will receive full consideration from Government. I think that is all that it is practicable to do. If we try to introduce into the Bill various restrictions about the employment of foreign capital, we shall simply defeat the object with which this Bill has been introduced in this House.

Mr. N. M. Joshi : Sir, from the labour point of view I wish to say a very few words on this amendment. Sir, whether the capital is European or American or Indian, labour has very little to distinguish. They get from the capital, whether Indian or foreign, work and for that work they get wages. The European capitalist does not give less wages and the Indian capitalist does not give more wages to Indian labour. Therefore, from that point of view, labour has nothing to choose between an Indian capitalist and a European capitalist. Sir, I am not a free

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trader like my friend Mr. Devaki Prasad Sinha. I am therefore anxious that industries should be developed in India. If the industries can be developed with Indian capital. Sir, having some nationalist feeling in me I should prefer Indian capitalists.

Mr. Devaki Prasad Sinha : I have also nationalist feelings.

Mr. N. M. Joshi : But, Sir, if I am given a choice between having no industry and having industry with European capital, I shall without hesitation prefer to have some industry even with European capital. Therefore, Sir, I am not in favour of this amendment. Moreover, why should labour show great preference to Indian capital although, as I said, having some nationalist feeling in me, I may be anxious to do so ? Do the Indian capitalists deserve special treatment at the hands of the Indian labourer ? If the Indian capitalists want Indian labour to join in their fight against foreign capitalists, they must treat Indian labour better than the foreign capitalists do. But as far as the capitalists are concerned—and among them I may even include semi-capitalists and the friends of the capitalists—Indians do not show any more favour to Indian labour than the Europeans may show. Only a few hours back we found in this House that an amendment for labour was ruled out of order without a protest from those people who protested, and protested with success, in this House on behalf of another amendment for the protection of Indian capital. Sir, remembering this I do not know why Indian labour should show special favour to Indian capital. (*A Voice :* “ Why are you vindictive ! ”) I am not vindictive. Not only that. I have not even forgotten the fact that there are some Members here who will treat Indian labour and Indian capital with the same favour. Let me quote my friend Mr. Patel. He had an amendment in favour of Indian labour and he had an amendment in favour of Indian capital. But, Sir, unfortunately for me and unfortunately for Indian labour, there are very few people in this House like Mr. Patel.

Mr. V. J. Patel : You had 11 in the Select Committee.

Mr. N. M. Joshi : We had 11 in the Select Committee. I am very glad of that. But labour did not get the same support in this Assembly.

Seth Govind Das (Central Provinces : Landholders) : Don't you think that labour also should have some nationalist feeling ?

Mr. N. M. Joshi : They have got them in their hearts. But you must enable them to express those feelings by treating them as equal partners in industry and not as wage slaves. Sir, from the consumer's point of view if protective duties are an evil, perhaps a necessary evil, and if they impose a sacrifice on the Indian people, let that period of sacrifice be as short as possible, and if that period is to be as short as possible, it is not right that we should prevent capital coming into India and establishing industries here. It is quite clear that, if you do not allow foreign capital to come into this country, that period of sacrifice will be prolonged. Therefore we should not do anything by our vote here to-day to prolong that period of sacrifice on the part of the consumer. With these remarks, Sir, I oppose the amendment put forward by Mr. Patel.

Diwan Bahadur M. Ramachandra Rao (Godavari *cum* Kistna : Non-Muhammadan Rural) : Sir, I submit that this question of protection against

foreign capital is one of the most important points in regard to this Bill and there is absolutely no doubt that it is owing to its importance that so many Honourable gentlemen have already addressed the House. Sir, the question has been considered in the Select Committee and I believe Honourable Members have noticed the exact terms of the recommendations made by that Committee. They say :

“ The majority, however, of the non-official members of our Committee incline to the opinion that the possibility should be seriously considered at an early date of securing for Indian capital a substantial share in industries benefitting by State assistance.”

So that, the majority of the Select Committee have already expressed their opinion that serious attempts should be made to consider this question at an early date. Sir, the whole question of protection against the inflow of foreign capital has been fully examined in the Fiscal Commission's Report to which my Honourable friend Sir Bhupendra Nath Mitra has already adverted. There were two fundamental views, one of the majority and the other of the minority who said that if protection is to be given, it should be conditioned simultaneously with steps against the inflow of capital from other countries. That is the essential difference between the view taken by the majority and the view taken by the minority. Perhaps I might invite the attention of Honourable Members to paragraph 53. They say :

“ There is one aspect of the question to which attention must be drawn. If our colleague's recommendation is accepted, it will be open to every foreigner to establish manufacturing industries in India by means of companies incorporated in their own countries and in their own currency. This danger did not exist under a policy of free trade, but it is bound to materialise when the benefit of protective duties becomes available. We may have under such circumstances companies incorporated elsewhere, say in America in dollars, in France in francs, in Italy in liras, in Germany in marks, in Japan in yens, and in China in dollars, etc. It will be also possible for these companies to obtain their whole capital in their own countries and thus carry away the entire profit of manufacturing industries established behind the tariff wall. The consumer will have paid a higher price, due to protective duties, and the entire manufacturing profit will have gone out of the country. We cannot obviously understand how under such conditions ‘ the main and ultimate end, *viz.*, the enrichment of the country, will be attained ’. We would venture to assert that India cannot possibly be expected to adopt a policy which is likely to lead to such a result.”

Sir, in this paragraph the case for some steps in the direction suggested has been put so ably that it does not require any further comment. The sole question that we have to consider now is whether anything could be done in connection with this Bill. If the Honourable Sir Charles Innes had simultaneously examined this question when the proposals of the Tariff Board were put into this Bill and had incorporated in this Bill provisions which would have given effect to the views of the minority, we should not have been faced with the difficulty in which we now find ourselves. Sir, that is the position that we are now in. At the same time, Sir, I feel considerable hesitation in accepting my friend Mr. Patel's amendment. It is quite clear that, if that amendment is accepted, and if we here and now without any further examination commit ourselves to the principle that no company, unless it had two-thirds Indian capital, should receive bounties, there would be considerable difficulty in the working of this Bill. I do not know whether my Honourable friends realise that if no companies are formed after this Bill comes into force, Tata's would really be establishing a monopoly for themselves. That is a position that we have to consider and therefore I take it, Sir, that the scheme of the Tariff Board's Report is that there should be internal competition in the country and that prices

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should be so adjusted by that competition. If the object of my Honourable friends is to produce that competition, certainly I should have lent my support to that amendment. On the other hand, my friend wants to put into this Bill a clause which would disable companies coming into existence to avail themselves of the benefit of this Bill. That, Sir, is the most serious objection that I see to this amendment. Therefore, I venture to think that the Honourable Sir Charles Innes should seriously consider the question as to how far he would go to meet the sentiments which have been expressed by this House to-day, with which I am in entire sympathy and entire agreement. There is absolutely no doubt whatever that immediately and as early as possible after this Bill becomes law, this question of protection against foreign capital should be taken up. But if my friend wishes to put this into this Bill immediately, I apprehend, Sir, that it would really be playing into the hands of Tata's by giving them a monopoly in regard to steel. That is the position that I want to draw your attention to with reference to this matter and I would ask Sir Charles Innes to inform us what the intentions of the Government are. The question was raised in the Select Committee by myself and various other Honourable Members and his answer was, it is open to any Honourable Member to bring forward a Bill to amend the Indian Companies Act. That is one suggestion that he has made. The second suggestion that he made was that we might discuss the whole of this question in a Resolution framed by any Honourable Member or even by the Government, whichever is suitable. These were the two suggestions that he has made. But I see several Honourable Members are not satisfied with that solution of the question, and I trust that if my Honourable friend Sir Charles Innes makes up his mind and gives an assurance which will be satisfactory to my Honourable friends, so far as I am concerned, I might be willing to leave the question where it is. (*An Honourable Member* : "Otherwise?") Otherwise, Sir, the question has to be considered by the whole House and my Honourable friend knows very well that I am in sympathy with him, though I am not in sympathy with his amendment. Sir, we have also to remember that this is a legislative enactment that we are now considering. It is not a Resolution. Our language must be precise and we have to consider the bearing of an amendment such as this and its general effect on the purpose and objects of this Bill. I seriously apprehend, Sir, considerable trouble if this amendment is pushed for acceptance. There are other amendments to which I might advert and if it comes to a question of choice, I shall indicate my choice at the proper time. For the present, Sir, I feel unable to support my Honourable friend.

Mr. Jamnadas M. Mehta (Bombay Northern Division : Non-Muhamadan Rural) : Sir, I find that these Honourable Members of the House who were for the Bill, the whole Bill and nothing but the Bill, are in a mood of considerable perturbation. They find that after all the House has come to grips with the main question, namely, the real scope of this Bill. Whether the Bill was intended to protect genuine Swadeshi industries or whether it was to let in a flood of foreign capital was the most anxious concern of several of us and we gave expression to it during the debate on the motion for its circulation moved by my friend Dr. Dutt. We found ourselves in a minority. However, I am glad to note, Sir, that in view of the ruling you have given it will be possible through this amendment to find out what the object of the Government exactly is. If

they accept this amendment it is clear that they want to protect the steel industry of this country. That would be a phenomenon on which I will congratulate them from the bottom of my heart. If they do not accept it, then it is also clear that the protection was not intended primarily or mainly for the steel industry of this country, but for the "steel frame" fraternity in another form. Sir, the change which the Select Committee has made in the Preamble, namely, that protection should not be merely discriminating but should be given with due regard to the well being of the community, is a proper alteration which will let in amendments of this kind and also amendments of the kind tabled by my friend Mr. Joshi. The amendment of my Honourable friend Mr. Patel is a sort of barbed wire entanglement against the inroads of foreign capital in this country. Therefore, I most heartily welcome and support it. I will only notice, Sir, some of the objections which my friends Diwan Bahadur Ramachandra Rao and Sir Sivaswamy Aiyer and other friends have expressed. They say "Do not hurry. You might not be precise." "This is not the place to make this amendment." These other difficulties, imaginary and real, are conjured up, in order to defeat this amendment. Really speaking there is no difficulty. Sir Sivaswamy Aiyer particularly cannot be unaware that in the Insurance Companies Act there are several provisions which if Sir Sivaswamy's view were to prevail, ought to have been made in the Indian Companies Act itself, and yet, they are not in the Indian Companies Act, but in the Indian Insurance Companies Act; section 34, for instance, which prescribes special penalties for directors and others who do not file their accounts within six months after a certain date. The objection which is being taken to Mr. Patel's amendment might have been taken when the Indian Insurance Companies Act was passed, namely, "This is not the place, the amendment ought to be made in the Indian Companies Act." And yet the Legislature has in section 34 of the Indian Insurance Companies Act put in a proviso which strictly speaking ought to be in the Indian Companies Act. Why? Because it was specially intended for the Insurance companies. Similarly, this provision is intended to restrict not all foreign capital but only to protect the steel industry, which is a basic and vital industry and therefore it is very properly and very rightly in this place. Besides, the dangers of thus allowing foreign capital to flood us should not escape the attention of the Honourable Member. There are tea planting industries. There are the planters of Assam. There are the mining industries. There are the coal and the jute industries; a majority of all these are in the hands of the foreigners. The domination of the foreign capitalists in these provinces is not unknown to this House. It will be within the memory of several Honourable Members that in 1902 in attempting to protect the rights of Indian labour in Assam the late Sir Henry Cotton had to resign his office because the planter and the foreign capitalist were too powerful and because the Government of the day was under their thumb. That history is likely to be repeated unless this amendment is incorporated in the Bill. It may be that there is some vagueness about this amendment. For instance, Sir Sivaswamy Aiyer asked "What is the stage at which you can say that the starting of the business has begun?" I beg most respectfully to point out to him that there is a Registrar of Joint Stock Companies who issues a certificate permitting the commencement of a business. There is the statutory provision that when certain conditions are satisfied, the Registrar of Joint Stock Companies gives a certificate to the effect that such and such a

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company is authorised to start its business. From that day you can take it that the business has started. (*A Voice* : "What about subsequent transfers ?") I will come to that also. Of course there is some vagueness in its wording in spite of the absolute necessity of this amendment. But we can correct this as time goes on. To-day this amendment is in the nature of a warning to the intended hawks who are hovering over the horizon waiting for an opportunity to descend on the prey. It will be a warning to them. They will know that there is this entanglement in its wording in spite of the absolute necessity of this amendment. But let it be there to-day. And when the time comes, perhaps in September, we ourselves will find the difficulties which are in the way of carrying out to the full our intent and purpose. At that time we will gratefully and readily accept such changes as are suggested by Sir Sivaswamy Aiyer. But to-day it is absolutely necessary that India should feel assured that in the name of protection her resources are not being mortgaged for ever at the altar of foreign capital. That is the justification for this amendment being passed here and now. I will make one more observation. I would warn my Honourable friend, Mr. Devaki Prasad Sinha, if I may, of the dangers of blowing hot and cold. He cannot support the amendment and condemn the underlying idea. Similarly, I find my Honourable friend Diwan Bahadur Ramachandra Rao in the same position. He likes the idea and yet he condemns the amendment. My friend Mr. Ramachandra Rao is one of those who say that they must have the whole Bill and nothing else. (*Diwan Bahadur M. Ramachandra Rao* : "I never said that I should have nothing but the Bill.") That is my view of your attitude. I am glad if I am wrong. The Honourable Member has given me every impression to hold that view and even now that impression has not been at all removed. Therefore, Sir, in view of the fact that the acceptance of this amendment is to us the only indication that the Government are genuinely anxious for the protection of the indigenous steel industry, we are keen expressing it. I have great pleasure in supporting the amendment.

Mr. M. A. Jinnah : I am not one of those who is carried away by this one idea that I must have the whole Bill and nothing less and nothing more. But I want my Honourable friend to understand the position a little more carefully. If it were left to me to legislate, if I were in power to bring in a Bill here and carry it through this House, I might do lots of things which might please my Honourable friend behind and many other Members here. But, Sir, I want this House carefully to grasp the issue that we have got before us and not to be led away by extraneous considerations which are likely to defeat the very object that we have at heart. Now let us consider the question in a very simple way. What is the object of this House ? First of all, is this industry going to be protected or not ? (*Mr. V. J. Patel* : "If it is Indian.") The Honourable Mr. Patel says "If it is Indian." At present the main portion of this industry is Indian. (*Mr. V. J. Patel* : "Restricted.") The Honourable Member says "restricted." If it were in the hands of Mr. Patel he might turn this country into Utopia. But we must recognise—and I am no friend of Government, I am not pleading for Government at all—but we must recognise that there is a force against us there on the Treasury Bench. And, in order to get at something else, outside the immediate object of the Bill which is certainly desirable, let us not defeat what is within our reach. It is necessary

to regulate the flow of foreign capital. Are you going to-day to risk this Bill being wrecked in your attempt to secure that? (*Mr. Devaki Prasad Sinha* : "Yes.") I was coming to the Honourable Mr. Sinha. He is out-and-out a wrecker. (Laughter.) (*A Voice* : "There are so many of us.") So far as he is concerned he honestly and frankly stated in this House that he wants to destroy this Bill. He said, "If I cannot destroy it I want to lessen the mischief and if I can wreck this Bill I should be glad." I dismiss him entirely from my consideration and I will no more appeal to him during the progress of this Bill. I appeal to the House and Mr. Sinha is entirely outside the scope of my appeal because he has confessed openly that he is a wrecker and I will not appeal to him throughout the various stages of this Bill. (*Mr. Devaki Prasad Sinha* : "I am not ashamed of it.") I did not say that you need be ashamed. Now let us get back to the subject under consideration. The only justification for our giving protection to this industry is the preservation of this industry, a reasonable promise of its development and lastly—and this is the most important factor—the encouragement of internal competition. Now, Sir, are we going to give a monopoly to Tata's? If so, our last principle which I just stated namely, encouragement of internal competition, is gone. (*Mr. Jamnadas M. Mehta* : "Is there no capital in India?") If you have got capital in India, if the capital in India is going to compete, if the capital is so strong, then you have no fear. Is this House to-day going to make up its mind that foreign capital is to be excluded from this country? (*Mr. Jamnadas M. Mehta* : "Not excluded but restricted.") There I entirely agree. I agree absolutely, wholeheartedly, and fully that foreign capital should not have the full flow so as to take away the entire fruit of the labour, skill and the industry of this country. I entirely support that view. Now, Sir, let us look at this amendment. What I feel is the question as to how to regulate the foreign capital primarily in the interests of India. If we need it, we must allow the flow, and we must regulate the flow according to our best interests, not because it is foreign capital but because it is in the best interests of India. That question, I venture to submit to the House, is a very big one. It is a scheme that requires careful consideration. I have to the best of my ability followed the observations of the Fiscal Commission and the various other observations which are made. But, Sir, I am not prepared at this short notice to commit myself to any proposal, much less to the terms of this amendment brought forward by Mr. Patel. Now let us examine this amendment carefully. You want it embodied in the Statute. I may remind the Honourable Member from the Bombay Presidency that he cannot do it so lightly. It is not a Resolution; it is an amendment you are moving, which, if passed, will become the law of the land. However I appeal to and press the Government, and the Honourable Member on the Treasury Bench : "Please do not delay this matter of dealing with the question of foreign capital any longer. Remember, you have initiated this policy of protection after a great deal of delay; remember you are not free from suspicion, and that is a legitimate charge; and if you want to clear yourself of a very reasonable ground for suspecting your attitude, come out frankly and tell this House that you mean really, earnestly and seriously, to take up this question." I say, Sir, a section in the House feels that the Government have got some ulterior motive or object in coming out with this measure at this moment. I am not going to associate myself with that charge; but I say that there

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is a reasonable ground for this apprehension, as Government have delayed this matter for a considerable time, and I therefore ask the Government now, and here to make the position quite clear that there is no foundation for that suspicion and that this measure is intended really and truly for the benefit of the Indian industrialist and not with a view to spur foreign capital behind the tariff wall to take away the fruits of labour of the people of India. (A Voice : " See page 16 of the Tariff Board's Report.") I have read it. Therefore, really the position is this. Look at this amendment now and read it carefully. The amendment says that, " On being satisfied that at least two-thirds of the capital invested in the business concerned is Indian." On the one hand the Honourable Members suspect the Government, and challenge the *bona fides* of the Government ; on the other hand, what is sought to be done by this amendment ? Who is to do this ? Who is to be satisfied ? The Governor General in Council. It shows an extraordinary mentality, if I may say so. (A Voice : " It is inevitable.") Why is it inevitable ? Personally, Sir, if I had the choice of these two amendments, I would certainly prefer the latter. If you say that the Government have got that motive, that they have not come forward for the purpose of protecting industry but to give an impetus to the flow of foreign capital, and yet that they are to be satisfied, and you are giving all power to them, I cannot understand this mentality. Therefore, Sir, I strongly object on that ground alone. I will deal with the second amendment when it is moved. I do not say that I am in favour of it, but I strongly object to this amendment.

Then there is one more thing I want to say. Mr. Devaki Prasad Sinha actually went to the length of saying that you have got two European companies mentioned by the Tariff Board and they have started and are well on their way to get steel from below the earth, and are you going to allow them to exist ? Sir, I do most earnestly and seriously appeal to this House. Are you going to exclude those companies which have already come into existence ? (Voices : " No.") Is that the feeling and opinion of this House ? Is that the way you are going to treat a foreigner who has established himself in this country ?.....

Mr. Devaki Prasad Sinha : I did not say that they should be excluded. I said that protection given to the steel industry should not be protection given to a steel industry the majority of the shareholders of which were Europeans.

Mr. M. A. Jinnah : I am very glad really that I misunderstood my Honourable friend and withdraw at once every word I said as criticism. I therefore understand that the only object of those who are now pressing for this principle to be embodied in this Bill is really to regulate the future flow of foreign capital in this country. That being so, I entirely agree with my friend, Sir Sivaswamy Aiyer. As he said, this is not a suitable place, nor can you deal with this matter by a small amendment of this character. I am in full agreement that the House should carefully consider the matter and that there must be a proper well-considered legislative measure, and if the Government do not bring it—although they say they are anxious to consider the matter—if they do not, I will ask my Honourable friend Mr. Patel to bring in a Bill, and I feel confident that any Bill which is intended for the welfare and benefit of India will have the full support of this House, and we shall carry it in spite of the Government, and let them then exercise any power they like.

The Honourable Sir Basil Blackett (Finance Member) : Sir, while I do not for a moment doubt that your ruling on the subject of this amendment was correct, namely, that it was in order, I would observe that it has some disadvantages. We have had three second reading debates on the subject of this Bill and we are finding some difficulty in making progress with the consideration of the clauses in spite of the fact that in addition to three such second reading debates it has been fully considered by a Select Committee working under pressure for two days. To-day we have raised by this amendment a major subject, a very big and important subject, which is accidental to the Bill, but not a necessary part of any Bill of this sort. Owing to your ruling, we are apparently to be saved from another second reading debate on another accidental subject, namely, the effect of protection on labour legislation. When an important departure is taken, such as the Government and the House are taking now in the introduction of the Bill in accordance with the principle already accepted of protection for Indian industries, it is quite clear that other big subjects are very distinctly affected. The introduction of a Bill to protect the steel industry as it is part of a general policy of the introduction of protection for such Indian industries as can eventually establish themselves on their own foundations, brings up at once before those who are considering the subject, the question of labour legislation, factory legislation, and in this case Companies Act legislation in regard to the importation of foreign capital. The fact that you have decided on this policy undoubtedly makes it important that certain subjects which arise with the industrialization of a country should be considered. One of those subjects is labour legislation. Another of those subjects is the conditions under which foreign capital should be permitted to enter. But if we are to conduct our debates in orderly fashion and pass our legislation in orderly fashion, we must make some attempt to deal with each subject on its merits, one subject at a time. Legislation regarding the conditions on which trades unions are to be recognised is not legislation that you can usefully or fruitfully carry by tacking on to a Bill for the protection of steel clauses in regard to labour legislation. Similarly, the subject of the introduction of foreign capital into India is not a subject, I submit, which you can usefully or fruitfully tackle in an amendment to a particular clause of this particular Bill. It is a subject you must deal with by itself, and it is a very difficult subject. There is some obscurity, some confusion of thought, I think, as to which particular amendment we are discussing. I imagine that I should be out of order, however, if I discussed any particular amendment other than the one of Mr. Patel :

“ On being satisfied that at least two-thirds of the capital invested in the business concerned is Indian.”

But I hope the House will allow me, if I may, first of all to deal a little broadly with this whole problem of the importation of foreign capital into India. I think it was in my Budget speech a year ago that I expressed the view that there were practically no limits to the amount of capital that could be usefully expended in India on development. I have not observed, since I came out, any very free flow of foreign capital into India. It has been, I am afraid, the other way, and though I hope there will be no difficulties about placing a 20 crore loan this year in accordance with the Budget programme in this country, I have seen suggestions, from Swadeshi sources as far as I could make out, that I should go to

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England for the money in order not to drain the Bombay market. I have no desire to go to England for the money, and I trust that the Indian capitalist will show by his readiness to subscribe to that 20 crore loan that there is no reason for my doing so. But undoubtedly one of the difficulties of continuing even the Government's programme of capital development in India is the limitation of the capital available in this country. I was very glad this year when we were able to avoid a sterling loan. It is much too soon to say what will happen next year, but I am sure the House will agree that our policy should be not to borrow in sterling unless we have to, to borrow in India for our capital expenditure when we can. I have every sympathy, like all the other speakers, for, if I may use the word without offence, the sentiment that underlies this amendment. That sentiment is based on various reasons of public expediency, of political motive. But it is a sentiment which, I submit, may land India in real difficulties if it is given way to too much. The subject of the importation of foreign capital is one which has always cropped up when protection is adopted in any country. I have here a quotation from perhaps one of the greatest men who ever founded a new country, Alexander Hamilton :

"It is not impossible," (he writes in regard to the admission of foreign capital), "that there may be persons disposed to look with a jealous eye on the introduction of foreign capital as if it were an instrument to deprive our own citizens of the profits of our own industry. But perhaps there never could be a more unreasonable jealousy. Instead of being viewed as a rival, it ought to be considered as a most valuable auxiliary, conducing to put in motion a greater quantity of productive labour and a greater portion of useful enterprise than could exist without it. It is at least evident that in a country situated like the United States, with an infinite fund of resources yet to be unfolded, every farthing of foreign capital which is laid out in internal ameliorations and in industrial establishments of a permanent nature is a precious acquisition."

That is not to say that there is no objection to the introduction of foreign capital, but foreign capital is a danger only in certain circumstances. It is a danger if it can come in in such circumstances that it exploits the resources and the labour of the country into which it comes and at the same time is strong enough to kill internal competition. It is when it comes in with a view to killing internal competition and destroying, if they exist, pre-existing industries or preventing the establishment of rival indigenous industries, that it becomes a danger. Otherwise I maintain that it is almost an unmixed good. People talk about the drain that foreign capital causes. Well, the first drain is the drain of the foreign capital into India. Until you drain the foreign capital here, you cannot even begin the drain the other way. If, without that drain of foreign capital from abroad, the industry of India is not developed, there are no profits to drain away. India has, after all, even in the worst of circumstances, got labour employed and the actual presence here of a large amount of capital assets created by the importation of foreign capital,—all that before there can be any drain abroad. But I go further than that, in the case that we are discussing now. One of the very definite objects of this Bill, as stated by the Tariff Board themselves, is not merely to maintain the existence of the Jamshedpur steel industry, but to encourage internal competition with that industry. That industry will, I submit, not be encouraged unless you leave a considerable freedom to foreign capital to come in and help to establish competitive industries. The only justification for a Bill to protect the steel industry must, I

submit, be that in the long run it will increase the national dividend of India. Now will you increase the national dividend of India if you couple with your Bill for protection, conditions preventing such foreign capital as is dribbling in here now from going on dribbling in here? You will thereby not increase the pace at which India is being developed. You will meanwhile hand the country over, as has been pointed out, to the mercies of one iron and steel company, which, however entirely Indian it may be, has not and cannot have as its first interest, the reduction of the price of steel to the consumer of steel in India. Mr. Patel is not altogether illogical because I think his view is that this Bill is a bad Bill and that we ought to have introduced a Bill to buy up the Tata Iron and Steel Company.

Mr. V. J. Patel : Or share the profits.

The Honourable Sir Basil Blackett : Or to share the profits. But if this is not a Bill simply for the Tata Iron and Steel Company its justification must be that it creates conditions which will lead to the establishment of competitive iron and steel industries in this country and that in the long run India will supply herself with a far larger proportion of her steel than she does at present at, on the whole, a price not very much higher, if at all, than the price she would have had to pay for imported steel. An amendment of this sort will, I submit, go quite contrary to the whole purpose of the Bill, namely, to establish the industrial strength of India in the matter of steel on firm foundations. The Government have been asked what then they are going to do about it? Mr. Jinnah has even ventured to suggest that there may be suspicion of the Government in this matter. Mr. Jamnadas Mehta did not hesitate—at any rate the day before yesterday—to mention his suspicions. In fact he said that he felt it necessary to get down on all fours and look on all sides of this Bill to see just what the damage was that the Government were trying to do to India by this Bill. I would suggest to Mr. Mehta that he should adopt the more human position of standing upright and take hold of this Bill in both hands while he can. But these unworthy suspicions do not take us any further. (*Mr. Jamnadas M. Mehta :* “ They are historical.”)

I have expressed at short notice a few of the views that can be held in regard to foreign capital. It is a question which undoubtedly requires very careful examination. I am not sure, speaking for myself, that I should be willing to subscribe to either the minority or the majority report of the Fiscal Commission, and I know that a good many people hold different views on the subject. I have here a book by a man who I think was a member of that Commission—Professor Coyajee—which contains some very valuable thinking on this subject. The Government undoubtedly will have to introduce in due course legislation to deal with this subject, but I am inclined to agree with Professor Coyajee's conclusion. I will, if I may, read it to you because I think it sums up the subject very well :

“ Our conclusion is that there are strong reasons for pausing before adopting any course which restricts the free flow of foreign capital into India. We have to consider the fact that conditions essential to exploitation by foreign capital are a matter of the past so far as India is concerned ; that a vast amount of foreign capital is essential for anything like an adequate industrial development of the country ; that under present circumstances of the world's capital resources, nothing like this adequate supply of foreign capital is likely to be attracted to the country ; that artificial remedies for the nationalisation of foreign capital have not proved successful in any country ; finally, that the competition of foreign capital would lighten the

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burden of protection on the Indian consumer, would shorten the period of infancy of our industries and would give us the much needed experience, organisation and industrial environment. Nothing is to be lost by delaying the formulation of a policy of restrictive character until we can read the signs of the times."

I have no definite proposal to make. I cannot on behalf of Government promise that legislation of a particular character will be brought in at a particular date; but the Government would be very ready, I am sure, to consider—possibly in consultation with a committee of this House if the House desire it so, or in such form as might appeal to the House in general—the whole of this very difficult question with a view to legislation, if necessary, to amend the Companies Act. I would submit to this House that after the long discussion we have had to-day, and in view of the reasons for hastening the consideration of the Bill, that the House should be content with that assurance on behalf of the Government and should not press for the inclusion in this particular Bill of any particular amendment. I would point out that neither, as far as I can see, anybody in this House nor the Government have any suitable amendment even adumbrated.

Mr. W. S. J. Willson (Associated Chambers of Commerce : Nominated Non-Official) : Sir, the amendment before the House and the discussion thereon have brought out that there is a great deal of confusion of thought in this matter. Many Members seem to think that when you use the word "Protection" you mean protecting everybody and everything all the way as you go along. We should realise I think that the word "Protection" really means the opposite of Free Trade and we should not, when we bring in a Bill for the purpose of affording protection to the steel trade, try to protect a great many other things in the one Bill. For my part I am a great deal more in sympathy with the clauses which it was sought to introduce in regard to labour, than I am with the clauses which it is sought to introduce in restriction of "foreign" capital. The former, the protection of labour, seems to me to be in no way contrary to the spirit of the Bill. The protection of Indian capital and investors seems to me, however, to be decidedly contrary to the heading of the Bill which is :

"A Bill to provide for the fostering and developing of the steel industry in India."

To attempt to tack on to that Bill any clause circumscribing your capital is not to "foster and develop" the industry of India but to undevelop it and to hamper it. With the aspiration—or, as the Honourable Sir Basil Blackett says, the sentiment—underlying this Amendment I have a certain amount of sympathy; but I have a great deal more sympathy with the sentiment underlying a protection of labour which does not aim at the root of the Bill.

I oppose this amendment on the two grounds of principle and practice. I say that the principle is bad and I say that the practice is next to impossible. Think for one moment how you would carry it out. It is proposed that the capital should be proved—proved, mind you—to be two-thirds Indian and one-third anything else. Now, Sir, before the Government could pay out the bounties which by this Bill we seek to grant to the steel industry, the Government would have to be satisfied that the company contained either two-thirds—or any other figure you like to mention—of "Indian" capital. How could they possibly do

it? If they study the list of shareholders, they may see on it a gentleman by the name of "Cooper." How are they going to know if he is a Bombay Parsi or a European? Similarly, they may come across a Jewish name: is it a Baghdadi Jew, an Indian Jew, or a foreigner? Then there is the question of "Benami." I will not say anything of "Benami": you all know all about it and you know perfectly well that if any foreigner—a German or an American—asked an Indian bank to hold his shares in their name they would do it. If they asked a solicitor to hold shares on their behalf, he would do it. It would even be possible for them to float a company and hold the shares. It would be possible also to have trustees who can hold shares for them in any company they like. You cannot get at the root of the evil and the only time you really find it out, is when there is a war when it is a serious and a military offence to be holding a stock for a German. So much for practice. That much for the practical part of it. Or again you could have a company. The company might have a very small capital of ordinary shares. The Indian capital might be a very large proportion in preference shares, but with no vote. Therefore, that company, with two-thirds or more of the capital being Indian which would have no say in the matter, would have no practical control, would yet either come within the terms of the decision which Government have to take, or Government would take—they might take—one or two years to make up their minds! I feel confident that no Government Member would undertake to carry this out,—but the only person who would ever undertake to carry it out would be a lawyer, and his decision would be liable to appeal, and it would be decided five years hence in the House of Lords.

I would like to refer to some remarks which fell from my Honourable friend Pandit Madan Mohan Malaviya this morning in which, if I may say so, I think he sought to draw before the House a very unfair conclusion, a conclusion which might mislead a great many of the Members. He attempted to show that British legislation, especially the Trade Facilities Act, excluded foreigners. He quoted this section—I am not sure if he quoted the whole of it,—but he said that the Trades Act provided that:

"Provided no credit shall be granted by the Board under this section to an alien or a firm in which the majority of the parties are aliens or to a company whose British subjects do not form a majority of the Directors where a majority of the voting power is not in the hands of British subjects."

Now, was it fair to trail that before this House and represent to the House that Great Britain's legislation attempted to confine itself to Englishmen? It does nothing of the kind. There is nothing to stop Indians in quantities from going to England and starting Indian companies there to their heart's content, and any of you who have been to England recently know that the place is really flooded with Indians.

Then Mr. Patel and Mr. Mehta both had the idea that "Protection" meant the protection of Swadeshi enterprise. Now that is an entirely separate thing altogether and it must be separately dealt with. To attempt to do it in this Bill is to attempt the impossible, as I have just pointed out; and secondly, allow me to put before you the case from the industrialists' point of view. As an industrialist all my life, I may tell you that you cannot develop the steel or any other industry if you are going to put power into the hands of Government and enable them to control, cramp and limit it. You must allow your management to have

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an absolutely free hand to conduct the business in their own way. You should neither approach the Government for any help nor give the Government any right to interfere in your process. If you insert this clause in the Bill, you will be first of all casting upon Government a responsibility, which, in my opinion, they could not undertake, and in the second place, if they did undertake it, it would be extremely undesirable and it would affect the industry very adversely. On the principle whether it is desirable even to exclude foreign capital, there again I am under no misapprehension whatever myself. You have the Tata Company, which is admittedly an Indian Company, conceived and started by Indian brains, and floated with Indian money in the first instance. But if you are going to lay down the principle that all your protected industries should be the same, then you are going to get into the same difficulties as the Tata Company have got into. No matter what concern you are floating, you cannot guarantee its success. You have to take a trade risk in all your commercial ventures. If you take a trade risk in something and lose your money, as Tata's did, and if you become sufficiently hard pressed for money, it is useless to be told to go to Indians for the money, which you cannot get; you would, if you were sufficiently pressed, borrow from the devil. Therefore, Sir, what is the use of putting into the Bill any such restrictive clauses which will defeat your object when you really want money? You have now the very fine Tata Company. You have two other companies, one called the Indian Iron and Steel Company and the bulk of its capital is subscribed, I am told, by Indians. They can raise no more capital; that company cannot start work at all. Now is it better that you should have the Indian Steel and Iron Company with a certain amount of its capital paid up remaining stagnant, because it cannot do anything, it cannot develop the industries of the country, or would it be better that it should be allowed to go to the open market for money? In short, let us assume for the moment that the Tata Company was not an Indian company. Is it better that you should have all the iron ore lying useless under the ground or is it better that you should have 90,000 people living on it, of whom say 89,500 are Indians? Which is better? Do you want to develop the country or not? There is also another company which has been mentioned in the Tariff Board Report, the Associated Steel Company of Asia. I believe again—certainly I am told—that the bulk of their capital is Indian. They have not started work. I do not expect they will be able to start work, as far as I can make out for want of capital. So I say on principle this is an essentially bad idea.

Apart from that, speaking for the interests which I naturally represent, I feel strongly that if it is sought to tack on to this Bill any clause which to my mind has nothing to do with the Bill, then I say quite frankly, that if that clause is passed in this House, it is aimed at capitalists such as us and, if you aim at throwing such as us out, of the scope of the Bill, then I do not know how the Government are going to proceed with the Bill, or whether they will withdraw it but if this clause is passed this afternoon, then I shall cast my vote on the side of those who would throw the Bill out.

There is just one point more, Sir. Now let us assume that you are all Indian shareholders in an Indian restricted Company and nothing else.

The day will come when you will all die, a very cheerful prospect always open to every one of us. When you die, how is your money to be realised? Even if you do not die, you may want to sell your shares; you may always want to sell your shares. But if you have any such restrictions in your articles of association, you are cramping your own market and you cannot sell your own shares. To those of you who do not know it, I will give a concrete instance. I have shares in a Company which has restrictions on transfer. My honest belief is that those shares are worth Rs. 200 each as against their original value of Rs. 100, but I cannot get more than Rs. 125 for no other earthly reason than that the market is cramped. You must as investors have an open market for your shares.

These are the few remarks that I wish to make, and I think the House will do very well to bear them in mind from the practical point of view. As an investor, do nothing to cramp your own activities, always be free to realise your property whenever you wish to do so, and above all, do not tack on to what appears to me a straightforward Bill, a clause which will alienate such sympathies as my own.

Mr. President : Mr. Dumasia.

Mr. Bipin Chandra Pal (Calcutta : Non-Muhammadan Urban) : Sir, I want to ask you only one question, with your permission. Am I visible or invisible ?

Mr. President : I have called upon Mr. Dumasia to speak.

Mr. Bipin Chandra Pal : Thank you, Sir.

Mr. N. M. Dumasia (Bombay City : Non-Muhammadan Urban) : Sir, this amendment is not only impracticable but, considering the conditions through which the country is passing, it is positively injurious to the best interests of the country. We have heard about sentiment being against foreign capital. I can say, Sir, that that was not so during the post-war boom. The price of the shares of the Tata Iron and Steel Company were raised in the share markets by the reports that foreign capital was to be brought to this country in connection with this enterprise. So, Sir, the sentiment against foreign capital is not so very strong as it is made out to be. If it were not for foreign capital, India would have remained in an undeveloped condition. (*An Honourable Member :* "No.") Sir, that is a matter on which there can be a difference of opinion. Foreign capital, in spite of the drain, which nobody denies, has done a lot of good to this country. We do not need to go far to prove this. If it were not for foreign capital, if it were not for foreigners taking debentures of this very Tata Iron and Steel Company, the Company would have gone into liquidation, as is stated in the Report of the Tariff Board, in 1922. This is the hard fact, which you cannot deny, and, Sir, as I said, this amendment is impracticable because, how can you decide as to whether Indian capital is one-third or two-thirds ? Sir, those people who oppose this Bill do so on the ground that it imposes a burden upon the tax-payer and the consumer. Are you going to perpetuate that burden upon the tax-payers and consumers ? Sir, if you eliminate foreign competition, if you eliminate internal competition, then, as night follows day, you are going to perpetuate this burden upon poor consumers. So, Sir, those who are against imposing this burden must oppose this amendment. Monopolist interests are more injurious than protection. And, as my Honourable friend opposite said : "Are we going to put this noose round the neck of consumers, and give the rope into the

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hands of the Tata Iron and Steel Company ? ” Well, it will be an evil day for India when foreign capital ceases to flow into this country.

Sir, why is this company suffering ? It is on account of the want of capital. You could not get capital in India at 10 per cent. or 12 per cent. and that is the very reason why this company is throttled. In European countries you can get capital at 3 per cent. and 4 per cent. Why should India not take advantage of that cheap capital and develop her resources ? This is the one industry which will enrich the nation. This is the one industry which will change the industrial face not only of India but of Asia. If this industry is to thrive, then we must admit internal competition. We must welcome foreign capital,—if it is cheap capital and if our other interests do not suffer by the admission of this capital into India. Sir, everybody is agreed to give protection to the struggling industry, which I say has been kept alive by the tremendous sacrifices which the agent of this company has made. There have been mistakes in the past. There have been sins of omission and commission, but that is no reason why we should now handicap or kill an industry upon which the future of this country depends. But, if it is to be fully developed, then, Sir, we must welcome foreign capital. In India capital is not only shy, but at present there is no capital. That capital has been taken away from India by the currency legislation—I mean the muddle of the Reverse Council Bills. India has suffered much. But, Sir, India will be the greatest sufferer if it is deprived of the benefits of foreign capital. With these remarks I oppose the amendment.

Mr. Bipin Chandra Pal : Sir, it is a great relief to me personally to be assured that I have not already been transported to the realm of the unknown and the unseen. Now, Sir, coming to this amendment, it seems to me that, though some of us, if not most, fully agree with the spirit of it, the wording is difficult, if not impossible, to fully accept. We agree that Indian capital should be encouraged but we also know that, unless we encourage foreign capital to come to this country under such conditions as foreign capital is invited and tempted to go to other countries that are subject to a national government, it will be impossible for us to foster our industries. My friend Mr. Joshi has said that there is no distinction between foreign and indigenous capital. All capital, Sir, is one and all capitalists also are one, whether they are brown or white. They have their special interests and it would be prejudicial to the general interests of the country if we were to bind ourselves hand and foot and place ourselves at the mercy of indigenous capital. But what I want, at the same time, is this, that whatever capital receives protection from the State ought to be controlled in the interests of the general public by the State itself. With regard to this particular matter, it seems to me that we need not accept the wording of Mr. Patel's amendment, which will place serious difficulties in the way first of practical administration, for we should have to start inquisitorial examinations into the share list of every company that is started in India for the promotion of steel manufacture, and even then it will be difficult for us to calculate exactly whether two-thirds of the capital is Indian or not. The first difficulty will be the definition of the word “ Indian ”. Will Sir Basil Blackett be an Indian according to the terms of this clause if he were to lay out all his savings, taken from our pocket, for the development of the steel industry ? I think I should welcome him and all the Government Members who put by and lay out all

their savings in India instead of taking them home and laying them out in England. (Mr. V. J. Patel : " And not send profits home.") That will be one difficulty. Will he be an Indian according to the terms of this amendment or not ? Besides this, if Britishers send their money to this country, why should we reject them ? If Americans send their money here, why should we reject them ? All that we want is not the exclusion from India either of foreign money or even of foreign brains, but what I want is indigenous national control of whatever money comes from outside to India and whatever brains also are imported for our benefit and for their profit. That is what I want and in view of this it seems to me—I do not know, Sir, if you will rule me out of order, I dare not move an amendment unless you give me permission—but I would alter the wording of this amendment in this way. Pandit Madan Mohan Malaviya has pointed out what was known to most, if not all of you, the settled policy of the Government as recorded in the Minority Report of the Fiscal Commission. The settled policy of the Government is that no concession should be given to any firms in regard to industries in India unless such firms have a rupee capital. You might include this condition here " on being satisfied that whatever firms or companies or persons are engaged in the manufacture of steel have a rupee capital." That is the first condition. The second condition is that they have an Indian directorate, that is, that they have a certain percentage, a certain proportion, of Indian directors. And the third, which is the most important of all, is that they allow facilities for Indian apprentices to be trained in their works. I would therefore suggest, Sir, that in place of Mr. Patel's wording, we should have the following :

" On being satisfied that these firms, companies, businesses or persons satisfy these conditions, namely, that they have a rupee capital, that they have Indian directors and that they allow facilities for Indian apprentices to be trained in their works."

Mr. K. G. Lohokare : It is there.

Mr. Bipin Chandra Pal : Not in Mr. Patel's amendment.

Mr. K. G. Lohokare : It is there in my amendment. Exactly the same words occur there.

Mr. Bipin Chandra Pal : If it be there, then I support your amendment. I do not know if it has been ruled out of order or not.

Mr. K. G. Lohokare : It has not been ruled out of order.

Mr. Bipin Chandra Pal : If that is so, Sir, I appeal to the House to accept Mr. Lohokare's amendment to this extent only and no further, that is, incorporate the settled policy of the Government in this clause, namely, that the Governor General in Council shall be satisfied that any company or firms or persons engaged in steel and iron manufacture and receiving bounties from the State fulfil these conditions. This is all I wanted to say and I thank you, Sir, again for having given me this opportunity of hearing my own voice in this Chamber.

Pandit Madan Mohan Malaviya : Sir, the discussion has been very comprehensive and it is necessary that we should bring the attention of the House to the points that really arise in this debate. We have heard a great deal about the advantages of not restricting the flow of foreign capital into this country. We have also heard a great deal about the advantages which will result to this country if we invite foreigners to come

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and oblige us by starting factories and helping the rapid industrialisation of this country. But, Sir, that is not the point before the House on the amendment. The very limited question that arises in this case is whether taxes raised from the people in the shape of higher import duties on steel should be used in giving bounties to Indian companies or even to foreign companies that might be started to manufacture steel here. We are not shutting out foreign capital by the amendment which is now before the House. The amendment allows that 25 per cent. of the capital may be non-Indian. And beyond that, it limits its operation to the future. It does not prevent other companies coming and being established in this country. They are free to do so until we pass legislation to prevent it. But at present the amendment does not suggest that we should prevent the coming in of foreign capital into this country. All that it seeks to do is to ensure that taxes raised from the people shall not be spent in giving bounties to and either, directly or indirectly, encouraging foreign companies to establish themselves in this country. In that view, all the discourse that has been given to the House by Sir Basil Blackett becomes irrelevant. But, as he has been pleased to give it to us, and as Mr. Willson followed on the same lines, it is necessary to point out some truths, which though they may not be familiar to Sir Basil Blackett, are yet familiar to many an under-graduate of Indian universities who failed to obtain a degree. I think, Sir, the knowledge of such under-graduates is more real and their aspiration for the welfare of their country deeper than Sir Basil Blackett will claim is his for Indians. Now, Sir, there is a very important point that is overlooked when we talk of foreign capital. Foreign capital has already been invested in too large a measure in India. Is there any Member of this House who is unaware, is Sir Basil Blackett unaware, that foreign capital is invested in a large measure in India? Is not India paying enormously in the shape of interest on the foreign capital that is invested in this country? And is not England the richer for receiving all the interest which it has received during the last 75 or 100 years on such capital?

The Honourable Sir Basil Blackett : Is not India the richer also?

Pandit Madan Mohan Malaviya : India is richer not in the sense in which we Indians understand it, but in the sense in which Sir Basil Blackett or an Englishman understands it. India is not richer for the interest which it has to pay to foreign companies and foreign subscribers. There is a great distinction, Sir, between utilising foreign capital and handing over the management of one's country's enterprises to foreigners. The Japanese have seen it. They are willing to obtain as much foreign capital as they can on loan. We, Indians, are also willing to obtain foreign capital on loan when we need it and have the power to do so. But we refuse to be misled by the talk of the disadvantages which will result to this country from shutting out unrestricted foreign capital. If the Government becomes national, as I do hope it will become before long, we shall show to our English fellow-subjects that we too have a little sense and a little understanding of these questions. If India could borrow 500 crores for starting so many lines of railways, if India can borrow so much in order to help railways to be extended and improved in this country, why cannot a national Indian Government borrow to promote large industries, to supply cash and credit to them in order that they might flourish

and grow? If India had the power to keep all the cash balances which are at present held in England and to help merchants and traders in this country with a part of that cash, India would be richer than it is to-day. Sir Basil Blackett has asked if India is not richer for the investment of foreign capital in this country. I wish it were so, but he knows it is not and every schoolboy here knows it is not. I do not say every schoolboy in the world knows it, but every Indian schoolboy knows that it is not. Indians see a very realistic picture before themselves. Indians see that from the time when their British fellow-subjects took the responsibility of administering the affairs of this country, they have used their power to discourage Indian industries and not to encourage them. Indians know that in the meantime England has grown rich on the policy of protection which she pursued in her earlier years and on the policy of free trade which she pursued during later years. Indians also know that during this very period, every other great modern country has grown rich by pursuing a policy of protection which it has not been in the power of Indians to pursue. There is a passage in the Report of the Indian Fiscal Commission to which I invite attention and in which the matter is explained very fully. In paragraph 58 of their Report the Fiscal Commission say :

“ The protectionist feeling in India to which we have referred is strengthened by a consideration of the tariff systems prevailing generally throughout the world and the relatively backward condition of Indian industries under a policy of free trade. With the exception of the United Kingdom all the great industrial nations of the world shelter their industries behind a protective wall, and claim to owe their prosperity to the tariff protection which they enjoy. The general movement in Europe towards free trade, which appeared to be setting in with the conclusion of the famous commercial treaty between England and France in 1860, lasted only for a few years, and was followed by a strong reaction, never perhaps stronger than in recent years, towards protection. In 1879, Germany definitely adopted a policy of protection, from which she has never departed, and under which she had made up to the outbreak of the war astonishing industrial progress. In 1881, France turned her back on the free trade tendencies which had never really met with popular approval. In 1899, Japan, freed from the trammels of the treaty restrictions, utilised her autonomy to establish a protective tariff, which was considerably intensified in 1911. The United States, industrially one of the foremost countries in the world, has had ever since the time of the Civil War a very high protective tariff, and at the present moment appears to contemplate raising it still higher. The British Dominions too have without exception utilised the right of framing their tariff policies in their own interests to protect their industries by high duties.”

Now, Sir, if Indian were free to develop its industries by means of high protective duties, India would not be the poor country which it is to-day. I submit therefore that no one should be led away by the idea that we desire to shut out foreign capital altogether. But in the first instance we want to tap our own resources. If the Indian people can give 20 crores or 30 crores or 50 crores that is needed by the Government almost every year, is there any justification for any Government Member saying that capital will not be available in India for developing the few large industries with which we are at present concerned? I feel, Sir, that if India has found all this money, if India found a hundred millions to be given to the British Government during the time of the war, if India has found all the money that has been needed during the recent years by Government loans, we can very well expect that with a definite national policy of protection Indians will yet be able to give a sum which will not be inconsiderable for the development of their industries. Therefore, there are two points which should be borne in mind. The object is not to shut out all foreign capital. We have already said that we wish our English fellow-subjects to work together with us. If

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they will do so, they will find that we are absolutely fair to them. Even if they do not show any inclination at present to be fair to us, we desire, in the fond hope that they will yet become so in the future, that they should come and establish themselves in this country as partners with their Indian fellow-subjects in the firms which may be established in India. But, unfortunately, they want that they should have the whole show to themselves. That is where the trouble comes in. We refuse, as Members representing the people, to consent to a policy by which we shall invite foreigners to establish themselves and their industries in this country in which Indians will not have a share. The Fiscal Commission, therefore, holding the views to which I have made a reference, unanimously recommended three points. They fought shy of certain difficulties which have been mentioned in the debate. They were agreed that three things should be guaranteed, namely :

“ That in all such cases where the Indian Government is granting concessions or where the Indian tax-payers' money is being devoted to the stimulation of an enterprise, it is reasonable that special stress should be laid on the Indian character of the companies thus favoured. In all such cases we think it would be reasonable to insist that companies enjoying such concessions should be incorporated and registered in India with rupee capital.”

Not one word has been said either by Sir Basil Blackett or by any other Member who has spoken here, against the inclusion of this provision in this Bill. So this requires no further examination.

Secondly, they say :

“ That there should be a reasonable proportion of Indian directors on the Board.”

When there are three Indian Members, Sir, on the Executive Council of the Government of India, it is certainly time that Members on the Government Benches should drop the idea of urging that there would be any difficulty in accepting a proposition like this, particularly in view of the fact that one of their Colleagues, Mr. A. C. Chatterjee, has already said more than once :

“ That no concession should be given to any firms in regard to industries in India, unless such firms have a rupee capital, unless such firms have a proportion, at any rate, of Indian directors, and unless such firms allow facilities for Indian apprentices to be trained in their works. This has been mentioned more than once, and I can only repeat this declaration.”

We are disappointed that the Government have neither included any provision of this character in the Bill, nor have the Members of Government up to this time given any indication in the debate that they are prepared to include those provisions at least which were accepted on behalf of Government on earlier occasions. It is in this position that we have to discuss this question. Now, it has been said that it is not to help Tata's alone that the Bill is being passed. The Honourable Sir Basil Blackett spoke the truth, so far as the object of the Bill is concerned, when he said—I am not imputing any unworthy motives to Government—I take the words of Sir Basil Blackett and the Preamble as it stands before the House. The Preamble says, as Mr. Willson has drawn attention, that the object is to foster and develop the steel industry in this country, whoever may be the manufacturer. That is not the concern of this Bill. Sir Basil Blackett went further and said that the justification for the Bill was not that it would help Tata's, but that it would encourage and foster a policy of the development of the steel industry in India. It is exactly to this aspect of

the Bill that we raise an objection. Mr. Willson asked whether it would have been better that all our resources should have remained in the bowels of mother earth than that foreign capitalists came here and established themselves and gave employment to a large number of the population. I say definitely, Sir, that that is not a fair question to put. The fair question to put is, whether a fair and honest attempt has been made by the Government of the country to encourage the people to invest their money in the industries which are necessary in order that the resources of India may be worked out and Indians may find employment and earn profits. That is the point. Mr. Willson also complained that I have been unfair in making a reference to the provision in the Overseas Trade Act in which it was said that no bounties should be given to an alien or to a firm of aliens. He forgot that I read exactly as much of it as he has read. Now, Sir, the matter is very simple. Facilities were to be given to certain firms in England and Mr. Willson forgot what I had quoted from the debates in the House of Commons on the question. On the earliest occasion that the Overseas Trade Facilities Bill was introduced there, Sir John Butcher asked :

“ Do I understand that they (credits) are only to be given to British firms, or are they to be given to foreign firms as well, or are the credits to be given to foreign Governments ? ”

Sir Robert Horne replied :

“ It is perfectly clear that credits will only be granted to British firms.”

It was not said that credits would be granted to “ British subjects.”

The matter was made clearer by Mr. Bridgeman who spoke later in the same debate. He said :

“ The honourable and learned member for York asked whether this would be limited to British firms and sellers in this country. Yes, the advances will be so limited.”

A third member yet asked :

“ Whether credit would be given to British firms even if they do not trade in the indigenous produce.”

Not content with this, the questioner further asked :

“ I should like to know, also, whether advances are to be made to British purchasers as well as to British sellers. If the British purchaser desires to get goods from a foreign country, can he have money advanced to him to enable him to purchase the goods ? ”

And the reply was that it could not be done.

Sir John Butcher said :

“ I am glad to learn that the credits are not to be given to British firms who want to purchase goods in foreign countries.”

Mr. Willson : Not “ Indian ”.

Pandit Madan Mohan Malaviya : Mr. Willson laid stress on the words “ British subjects ” and he said Indians were free to go and establish themselves in London to establish companies and trade. It is a fine proposal that Mr. Willson has put forward. Why is he not content to trade in his own country ? Let him go back to England. He is familiar with the country and will enjoy its bracing cold. Why should we leave our own sunny country and take up the burden of developing the resources of England ? Mr. Willson knows that we cannot go, and that if we did begin to go in large numbers, our fate will not be different from what it is in other parts of the British Empire. I therefore ask my English fellow-subjects to deal fairly with us. We have no ill-will towards British firms established in this country. We want all those European

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firms which are already established in India to continue to do their work on their present bases, but we desire that in future development, if any, of these firms which are manufacturing steel desire to manufacture steel on a larger scale and desire to raise larger capital they should as good fellow-subjects invite us to share with them the responsibilities and advantages of such expansion. In this view I should like, Sir, with your permission, to move as an amendment the following proposition. I beg to propose that the following be substituted for the amendment which is before the House, namely :

“ That no bounty shall be granted under the Act to an alien (I have taken the word from the Overseas Trade Act) or to a firm in which the majority of the partners are aliens or to a company where Indians do not form a majority of the directors or where a majority of the voting power is not in the hands of Indians, except in the case of companies or firms already engaged in the manufacture of steel in India to the extent of their present subscribed capital.”

The exception covers all British firms existing in India. I am not concerned with other firms, because I do not make any secret that, while willing to make some sacrifices for British firms, we are not under the same obligation nor in a mood to make sacrifices for other foreign firms. We are prepared that European firms which exist to-day in this country and which are manufacturing steel should not come within the exception of the earlier part of my amendment. The advantages of this amendment are that no bounty shall be given to any new firm which will be established to manufacture steel, unless it is a company where the conditions mentioned are fulfilled, that is, unless it is a company in which Indians form a majority of the directors, or where a majority of the voting power is in the hands of Indians. With this exception made in favour of English companies, I venture to think—I wish I could say with confidence—that my English fellow-subjects, who have established their business in this country, will regard this as a reasonable assurance that we do not mean to injure their business in this country, but that we do mean to protect ourselves from invasion by other capitalists. I hope this amendment gives at any rate a reasonable basis upon which to consider what should be the final shape in which this Bill should be passed.

I want to address a few remarks on the statement that the proposed amendment is not germane to the Bill. Sir Basil Blackett spoke with the high authority of a Finance Member and said that the question of foreign capital was accidental to this Bill and not a necessary part of it. Now, Sir, I was surprised to hear this. But I should not say surprised, because Sir Basil Blackett's ideas of political economy are those which I cannot understand. They are beyond my conception. I have said that we have the precedent of the English Act passed by the House of Commons. In that Act where certain facilities were to be granted in the way of bounties similar to those we are now considering to certain firms, it was clearly laid down that no such bounties shall be granted to a foreign firm or to companies in which the majority of the shareholders were not British. If for the word “ British ” we substituted the word “ Indian ” it becomes anathema. Is that political science, is that common sense ? The proposal is absolutely essential. What is the alternative thrown out ? It is always a matter of regret to me when I differ from my Honourable friend Sir Sivaswamy Aiyer. And in this matter I have the misfortune of differing from my friends Mr. Jinnah and Mr. Ramachandra Rao also. The Honourable Sir Charles Innes suggested that Government were willing

to consider what legislation we should undertake in order to consider how the wishes of a large number of Members of this House could be given effect to. It was said that the Companies Act might be amended. I fear my friends have not gone sufficiently deep into this question, and I fear they are labouring under a misapprehension. This is the Bill which says that import duties shall be raised from the people and that those duties shall be spent in a particular way. What the amendment asks is that we should say that in addition to the particular conditions under which the money should be spent there should be a third condition also attached. This Bill is the measure in which such a condition should be introduced, but we are told that this is not the place for it. No reasonable argument has been advanced to support that view. So far as the amendment is concerned I have said already that the language of the amendment will not matter. If we agree to the principle, then certainly there are Members on the Government Benches with long experience and a great deal of ability in dealing with questions relating to Indian and English fellow-subjects, who can arrive at a form which will be acceptable both to Government and to the House. Is it beyond their power? Is it beyond their ability to do so? I cannot accept that. The matter is a very simple one. This is a very important Bill and we are told that we should be content to let this Bill pass and take the earliest opportunity in September to discuss it; that the Finance Committee should be instructed to go into this question. But there are limitations under which we work under the Government of India Act. It is provided there that the Indian Legislature has not, unless expressly so authorised by Act of Parliament, power to make any law repealing or affecting any Act of Parliament passed after the year 1860. So that it has no power to repeal any provision of the English Companies Act of 1908. The Indian Companies Act, 1913, lays down that no company, association or partnership which has been formed here shall be recognised unless it is registered as a company under that Act or in pursuance of an Act of Parliament. If, therefore, a company is formed in England in pursuance of an Act of Parliament, we cannot pass any legislation by which that company would be affected, unless we get the consent of Parliament. Now, under the English Companies Act of 1908 an English Company can register itself in England, keep its registered office there and carry on business in India. There are many such companies carrying on business in India which have registered offices in London. Under section 34 of that Act:

“A company having a share capital, whose objects comprise the transaction of business in a colony, may, if so authorised by its articles, cause to be kept in any colony in which it transacts business, a branch register of members resident in that colony.”

And clause (3) of the same section says that:

“For the purpose of the provisions of this Act relating to colonial registers the term “colony” includes British India and the Commonwealth of Australia.”

So that an English Company may be registered in London; it may have its registered office in any part of the United Kingdom or Great Britain, and it can carry on business here. I hope this will make it clear to the Assembly that the idea that we can, by passing a law, prevent the establishment in this country of any company which does not answer the description which we wish to lay down with a view to promote the welfare of the Indian people, is not well based. If that is the position, Sir, that we cannot, by amending the Indian Companies Act, prevent the establishment of companies in this country if they have been registered under the

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English Companies Act, what is the other suggestion that has been held out in order that we might fortify ourselves against the disadvantages accruing from the present measure in its broad unlimited form? I am not aware of any. I shall be very glad to know if there is any definite proposal which can be put forward and which we can adopt in order to meet the evil which faces us. If there is no such proposal, then I ask my friends both on the Government Benches and on the other side most seriously to consider the situation in which we are placed. This is the first time that legislation for protecting an Indian industry is being considered by this representative Assembly. We are here representing the people. We are asked to support indirect taxation to the extent of a crore and a half every year, in order that we should save an industry which is valuable to us all, and which we wish to live and grow. We are all willing generally, the bulk of us are willing, to lend our full support to that industry. We are willing that we should be responsible with the Government for placing these burdens upon the people at large throughout the country in the hope that the large gain which will result to the country in future will compensate the people for the loss which they will at present bear. But we want a very simple, a very definite, safeguard and limitation for which we find a precedent in English legislation, for which we find the support of the Fiscal Commission, which was appointed by the Government of India themselves, and neither from the Government Benches nor from any other supporter of the Bill have I heard anything yet as to why the Government in framing the Bill, ignored the unanimous recommendation of the Fiscal Commission. It may be said there was a majority report and a minority report. The majority and the minority were agreed, Sir, on this point. I have quoted the portion where the majority made their recommendation, and the minority agreed to that recommendation, for they said on page 203 :

"We will at once proceed to state the conditions which we think should be laid down in regard to foreign enterprise with reference to manufacturing industries in India :

- (1) Such companies should be incorporated and registered in India in rupee capital.
- (2) There should be a reasonable proportion of Indian directors on the board.
- (3) Reasonable facilities should be offered for the training of Indian apprentices."

They go on to say :

"As a matter of fact, there is no difference of opinion as regards the conditions mentioned. The Government of India have themselves laid down these conditions under a free trade policy in regard to all companies which get concessions. Our colleagues have also made recommendations on the same lines, if any concessions such as bounties and subsidies are granted."

Up to that extent they were unanimous. But (the minority) went beyond it, and this sentence is pregnant with wisdom which I commend to Sir Basil Blackett and to those supporting the Bill. They say :

"There is in our opinion no distinction between direct concessions and the right to establish industries within the tariff wall. In the one case the Government tax the people while in the other Government permit the consumers to be exploited by means of higher prices due to protective duties."

That is the reason why the minority wanted to broaden the recommendation. Government have not merely not accepted the larger recommendation of the minority, but they have ignored, without assigning any reason for it,

the unanimous recommendation of the Commission. I submit, Sir, this is not fair to the people. The people are at present in a very unfortunate position. The Tata iron and steel industry is a national industry. We want that it should live, but we are put in this position, and my friends, some of them who have spoken, have spoken under a sense of the fear that if we press our amendment upon the Government, the Government might refuse to accept it and thereby the passing of the Bill will be imperilled. I hope, Sir, that this fear is misplaced ; I hope that every Member of the Government, English as well as Indian, will stand by the people of India and honestly do their duty by the people in putting in all the safeguards that are needed in this Bill. I have nothing more to add on that question than that I expect every Member of the Government to put himself in the position of the Indian consumer and see what he ought to do. I would ask my English friends to put themselves in the position in which they would be in the House of Commons if a measure like this were before that House. I would ask them to say how they would view it in that situation. Would they agree to be willing parties to support a measure which does not safeguard the interests of the general consumer ?

There is another aspect which has been pressed upon the House. The Honourable the Finance Member dwelt on it, and several other Members have dwelt upon it, namely, that you must promote internal competition. If you do not let foreign capital come in, you will give a monopoly to the Tatas. Now, Sir, if my friends would take a little more trouble and seek the light which English enactments on the subject give, they would find that they can introduce a provision in this very Bill to guard against the monopolist Tatas racking the country by the raising of prices. In the Overseas Trade Act, which I have referred to, there is a provision that no steps should be taken to lend any support to an industry unless it was proved to the satisfaction of a Committee that it was carried on with reasonable efficiency and economy. You need not be left to the mercy, as Sir Basil Blackett said, of the Tatas, the country need not be left to the mercy of the Tata Company. He misled the House when he said it. If you leave the country to the mercy of the Tatas, the Government and this Assembly will be responsible for it. The English Act provides that, where the Government helps any Company, it shall see that the companies work with reasonable efficiency and economy, and all questions relating to labour, the treatment of labour and of profits, can very properly be dealt with by the Government when the Government are taxing the people in order to bolster up the Tatas. The Government are entitled to put in a clause in this very Bill that, in addition to the other conditions laid down, the Government are to be satisfied further that the Company is being worked with reasonable economy and efficiency ; that would give the protection which is needed. Without taking charge of the works, the Government can put in a clause by which they can assure themselves that the country is not being overcharged by Tatas.....

Mr. President : The Honourable Member is travelling far beyond the subject before us.

Pandit Madan Mohan Malaviya : If that is your view, I must bow to it. I thought the previous speakers dealt with all these subjects, but I will bow to your ruling. Therefore, I say it is possible to guard against the danger of want of internal competition which some of my friends have dwelt upon, and that it is possible to do it by putting in a

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clause such as they have in the English Acts. That does away with the apprehensions of the evils of the want of internal competition. There is nothing else that I can think of that stands in the way of the Government accepting the amendment which has been proposed, or the amendment which I have proposed, or agreeing to a further modification of that amendment which would be acceptable both to the Government and the public. I submit, Sir, that many Members cannot make up their minds to vote for the Bill as it stands, and if the Bill is defeated, I say it with very great regret, the blame of it will not lie upon those Members who cannot support it in its present form, but upon the Government.

Lala Duni Chand (Ambala Division : Non-Muhammadan) : May I say one thing ? For more than five hours I have been trying my best to catch your eye, but I have not succeeded so far.

Maulvi Muhammad Yakub (Rohilkund and Kumaon Divisions : Muhammadan Rural) : I beg to propose that the House do now adjourn till to-morrow.

Mr. President : Order, order, the adjournment of the House is in the hands of the Chair.

The Honourable Sir Charles Innes : I must confess, Sir, that my heart sank when I saw the Honourable Pandit Madan Mohan Malaviya rise. When we are discussing a Resolution we have some safeguard in the Chair, but when we are discussing a Bill we are entirely at the mercy of the Honourable Pandit Madan Mohan Malaviya. But, Sir, I must be careful against falling into the same trap as my Honourable friend. I propose at this stage of the evening, when we are all tired, to be as brief as possible in my remarks.

The main charge, as I understand it, that I have to meet is this. It has been pointed out that in paragraph 292 of the Fiscal Commission's Report the Fiscal Commission made certain recommendations in respect of bounties. They said that, when bounties or other concessions were given, it would be reasonable to make certain stipulations regarding capital, that the companies enjoying concessions should be incorporated and registered in India with rupee capital, that there should be a reasonable proportion of Indian directors on the board, and that reasonable facilities should be offered for the training of Indian apprentices. And it has been quite correctly pointed out that Government on one occasion did say that that was their policy in granting concessions to firms. I have been asked quite definitely why, when that is our policy, when we have said so, in so many words, when a recommendation of that sort has been made to us by the Fiscal Commission, we have not embodied it in this Bill. The answer, Sir, to that is quite simple. The first point is that there is a very great difference between a policy which the Government frame for their own guidance and a policy which you propose to incorporate in the law of the land. The policy you frame for your guidance can be adjusted to the particular circumstances of the case. When you incorporate that policy in the law of the land you have to define with great precision and indeed you have to stereotype all the incidents of that policy. If, for instance, you are prepared in any way to limit the amount of foreign capital, you have got to decide what proportion of foreign capital you are going to allow. If you are going in any way to interfere with the composition of the board of directors and to limit the proportion of foreigners

on that board, you have got to define that proportion. Now, Sir, obviously before you can take action of that kind, it needs the most careful preparation and the most careful thinking out; and indeed I feel that in the whole of our debate to-day we have been on delicate and very dangerous ground. I claim that the course of the debate is entirely in favour of what I have just said, namely, that before you can incorporate a policy of this kind in a Statute, you must have the most careful preliminary study and investigation, for there has been no unanimity among Members of the Assembly as to what the exact incidents of that policy ought to be. Mr. Lohokare suggests that half the capital should be held by natives of India, and half the directors should be natives of India. He has an alternative suggestion that the company should be a rupee company. Mr. Patel has a suggestion that two-thirds of the capital should be Indian. He has also got an alternative suggestion. Mr. Pal has made another suggestion. Mr. Duraiswami Aiyangar has made another suggestion, and the Honourable Pandit has made yet another suggestion. It is perfectly clear that nobody in this House has got any clear ideas as to what the incidents of this policy, if it is adopted, should be; and that, I claim, is the main justification for the position that I am about to take up. I have already assured Honourable Members that, acting on the recommendation of the Select Committee, we are prepared to take up this question; we are prepared to investigate it at once; and, as the House knows, there is attached to my Department an Advisory Committee of the Indian Legislature. I am quite prepared to go into the question at once with that Advisory Committee; but at the present stage I must make it perfectly clear that I am not prepared to go further. We are not prepared, as at present advised, to agree to the introduction of clauses limiting foreign capital and prescribing a proportion of Indians on the boards of directors into this Bill—in the first place, for the reasons I have already given, and in the second place, because I think that these clauses would be futile and illogical. It would be futile for the reasons that I pointed out this morning to insert these provisions in regard to the clauses about bounties on rails, and I repeat again with absolute confidence it is impossible that any firm other than the Tata Iron and Steel Company could make rails during the lifetime of this Bill. That being so, I see no necessity to insert these provisions into that clause. In the second place, I say it is illogical. These bounties are after all merely a form of protection. If you are going in for a policy of the kind which has been impressed upon us by Mr. Patel, by Mr. Duraiswami Aiyangar, by the Honourable Pandit Malaviya and by others, that policy should apply throughout, and should apply to duties as well as to bounties. It would be impossible for us to work into this Bill, in so far as duties are concerned, the policy adumbrated by those Honourable Members. You could confine it only to the bounties.

And now, Sir, before I sit down I should just like to make an appeal to the House. The Honourable Pandit has said that we are coming to a serious situation. If that is so, I ask the House to be guided in this matter not by the Honourable Pandit Madan Mohan Malaviya but by practical businessmen like Mr. Willson and by economists of European reputation like my Honourable Colleague on the right. I ask the House to remember this. We have come before them with a fair offer and an offer which many people have acknowledged to be far in advance of anything done in India in this line before. I ask the House to remember that in a matter of this kind there must be some give and take, and I do

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ask the House not, by insisting on amendments of this kind, to put the Government of India into a very serious difficulty, and not to imperil not only a great industry existing in India but also the future of the steel industry of India. I appeal to every moderate minded man in this House to be satisfied with the assurance I have given that I am prepared to take up at once the examination of this question, and to support the Government in rejecting Mr. Patel's amendment.

Pandit Motilal Nehru : Sir, I have no intention at this late hour to inflict a speech on this House. I have been watching this debate with the keenest interest and I can assure the House that all the time there has been a struggle going on in my mind between two principles— the principle that indigenous industry should be protected against foreign invasion, and the principle that foreign capital is as much necessary for the development of the country as Indian capital. During the continuance of that conflict, I have tried to solve my difficulties by the help of the speeches that have been made. That is the reason why I am the last person to stand before this House in this debate. My difficulty is that, while there is a genuine desire, and a very natural desire, on the part of this House to protect Indian industries from foreign invasion, there is the alternative that, if they insist upon it, the effect will be that the Government will not accept the amendment and the Bill will practically be thrown out. I have been considering all this time as to what my plain duty is under the circumstances. It is true that we are entirely in the hands of the Government so far as this Bill is concerned, if we do not want to throw it out. Mr. Dumasia indulged in an appropriate figure of speech when he said that the noose was round the necks of the consumers and the string in the hands of the Tatas.

Mr. N. M. Dumasia : I only borrowed the metaphor used by my friend Mr. Devaki Prasad Sinha.

Pandit Motilal Nehru : I think at the present moment that metaphor applies more to this House and the Government than to the Tatas and the consumers. The noose is round the neck of the House and the end of the string is in the hands of my friend the Honourable Sir Charles Innes. Now, it is said that it will be difficult to include in this Bill the complex provisions that would be necessary to attain the desired result, and indeed we are ourselves not quite clear as to what it is that should be included in the Bill. I admit that there is great force in this contention. But there is nothing, in my humble judgment, to prevent this House from committing itself to the principle without going into any details whatever. Assurances have been given from Government Benches that a new Committee or the old Advisory Committee or the Finance Committee will at once be called upon to consider this matter and then the Government will see what steps to take. That, I submit, is not a committal to any policy whatever. The very least that I expect the Government to do is to commit themselves to the principle underlying all these amendments without committing themselves to any particular amendment or the details of it. Now when I am asking that, I am not asking anything new, because we have it in the Fiscal Commission's Report at page 161 where a Member of this Government, the Honourable Mr. Chatterjee, on behalf of Government stated :

"The settled policy of the Government of India, as I think we have mentioned more than once in this Assembly, is that no concession should be given to any firms in regard to industries in India, unless such firms have a rupee capital, unless such firms have a proportion, at any rate, of Indian directors, and unless such firms allow facilities for Indian apprentices to be trained in their works. This has been mentioned more than once, and I can only repeat this declaration."

That being the settled policy of the Government of India, if nothing has happened to induce the Government to change that policy, where is the difficulty and where is the harm in putting in a very innocent provision in this Bill declaring that that is the policy? Now as to how that may be done, we might consider the alternative proposal of my friend Mr. Patel—I know it is not before the House—but I am just referring to it as my own suggestion. I put it in my own way, and I would beg the attention of my Honourable friends opposite to the alternative amendment that I propose. It would run something like this :

"Provided that nothing in sections 3 and 4 shall apply to any company, firm or other person who starts the business of manufacturing steel rails, fish-plates or iron or steel wagons after the passing of this Act except under such conditions as to the proportion of Indian capital and the Indian element in the management as may be determined by the Governor General in Council in concurrence with the Indian Legislative Assembly."

You have here the recognition of the principle leaving everything else in the hands of the Governor General in Council to be given effect to by rules to be made by him with the concurrence of the Assembly. It is a suggestion which I make with the concurrence of my Honourable friend Mr. Patel who will be willing to adopt it as his own amendment. And when I put it forward as an amendment, I do not ask the Government to go in the least out of their way, but to concede a principle to which, in my humble judgement, they have been committed all these years. While the control of this House is preserved, the amendment is flexible enough to give the Government their proper share in the determination and selection of the companies which will be entitled to the benefit of these provisions, and what is more important it recognises the principle on which the House insists. Beyond that, it does not go. If necessary, I will move this as a formal amendment, but I hope that my Honourable friends opposite will see their way to accept it.

Now, there is one thing which I wish very clearly to bring to the notice of my Honourable friends opposite. The one predominant note of the whole debate has been suspicion, suspicion, suspicion ; distrust, distrust, distrust. On the one side, there is the suspicion of the Tatas, on the other side, there is the distrust of the Government. Now I cannot say that such suspicion and distrust is wholly unjustifiable. On the contrary, there is good ground for it, as has been pointed out by speaker after speaker, in the past history of this country. So far as Tatas are concerned, that suspicion ranges round the question of labour, its treatment and management. But, that is not the point now before the House. As regards the Government I do not at all mean to convey that I agree with those Members who suspect that the real object of this Bill is to introduce foreign companies into this country. That is an extravagant assumption to make and I cannot be any party to it. But that the Bill leaves a very wide door open for such companies to come in, there is not the slightest doubt. Not that I will not welcome them when they come, if they will let us also have a finger in the pie, but not otherwise. All I ask the House to do is to acknowledge this principle for the present and leave the rest to the rules to be made by the Governor General in Council in concurrence with this House. That

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is my suggestion. Sir, and I hope and trust that it will be adopted by my friends. I am willing to make any verbal alterations in my draft to suit them ; but if they do not see their way to accept it, then I really will be placed in a very difficult position because I cannot honestly ask the House to forego this principle altogether and rest content with the promise that the matter will be considered in a particular committee. I could accept even that if it involved a recognition of the principle—I do not mean that I do not take that assurance such as it is—but what does it come to ? It simply comes to this that you say to us : “ You people have taken so much time over this question : all right we will discuss it with you on some future occasion.” A non-committal sort of thing. I want this House, including the Government Members, to recognise and declare a principle only and leave the rest of the matter to be settled in the best way in which it can be done. That is my suggestion. Sir, and I formally move this amendment :

“ That at the end of clause 3, the following proviso be added, namely :

‘ Provided that nothing in this section and section 4 shall apply to any company, firm or other person who starts the business of manufacturing steel rails, fish-plates or wagons after the passing of this Act except under such conditions as to the proportion of Indian capital and Indian element in the management as may be determined by the Governor General in Council in concurrence with the Indian Legislative Assembly.’ ”

The Honourable Sir Charles Innes : Sir, may I just say a few words in regard to the amendment of which the Honourable Pandit Motilal Nehru has just given notice. I understand that this is an amendment not to the actual amendment which we are now discussing, that is, Mr. Patel's amendment, but to the alternative amendment which, I understand, we are not discussing at all at the present moment.

Mr. President : Pandit Motilal Nehru's amendment will take the place of all amendments on this subject. That is the suggestion. If it is accepted, all the other amendments will go out.

The Honourable Sir Charles Innes : It is rather difficult for me, Sir, to agree to amendments being moved on the floor of the House on a very controversial and difficult matter of this kind. The Honourable Pandit has asked the Government to commit themselves to a principle and policy. It has already been stated publicly in the Fiscal Commission's Report that Mr. Chatterjee, on behalf of Government, made this statement :

“ That no concession should be given to any firms in regard to industries in India unless such firms have a rupee capital, unless such firms have a proportion of Indian directors, and unless such firms allow facilities for Indian apprentices to be trained in their works.”

Pandit Motilal Nehru : We want nothing more.

The Honourable Sir Charles Innes : But why should Pandit Motilal Nehru not be content with a declaration which is already stated ?

Pandit Motilal Nehru : The statement is not connected with the steel industry and does not appear in the Bill.

The Honourable Sir Charles Innes : The amendment of which he has given notice goes beyond that ; it goes beyond anything that Government have ever committed themselves to.

Mr. President : I understand the Pandit is willing to adjust the wording of the amendment to suit the views of Government.

The Honourable Sir Charles Innes :

“ Except under such conditions as may be determined by the Governor General in Council in concurrence with the Indian Legislative Assembly.”

I could not possibly agree straight off to an amendment of that kind. moreover, all we have ever agreed to is that such concessions should be given to firms with a rupee capital, that is to say, the Indian investor is given an opportunity of investing. We have never attempted to prescribe a certain proportion of Indian capital and that introduces a new principle as far as we are concerned which we must examine. We could not possibly agree to that. I think the best plan would be, Sir, since I cannot possibly agree to this amendment as it stands, that, if the House agrees, we should adjourn till to-morrow.

Dr. H. S. Gour : Sir, may I make a suggestion ? I am just making a suggestion which I am sure my friend Pandit Motilal Nehru will accept. Instead of tacking this clause on to the provisions of clauses 3 and 4, which are transitory, I would suggest the addition of an independent clause at the end of the Bill to the effect that nothing herein contained shall apply to bounties except to cases covered by the Fiscal Commission's Report, section 292. In other words I want a separate declaration.

Mr. President : It can only apply to bounties and nothing else.

Mr. Chaman Lal : May I suggest, Sir, that the House might now adjourn ?

The Honourable Sir Alexander Muddiman : Sir, before the House adjourns, may I suggest that this subject has been thoroughly discussed to-day and there should be no further discussion of it to-morrow morning ?

Mr. President : We had a full discussion of this subject and we adjourn now in order to enable the Government to consider how far they are prepared to meet Pandit Motilal Nehru's suggestion, whether in its present form or in some other modified form that may be agreed to. Otherwise we will proceed to the voting on this amendment.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 5th June, 1924.