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LEGISLATIVE ASSEMBLY.

Thursday, 10th September, 1925.

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

QUESTIONS AND ANSWERS.

REPLACEMENT BY INDIAN LASCARS OF EUROPEAN SEAMEN ON STRIKE IN SOUTH AFRICA.

Mr. A. Rangaswami Iyengar : (a) Has the attention of the Government been drawn to the news conveyed by Reuter some days ago that 700 lascars were sailing for South Africa to replace the European seamen there who had gone on strike ?

(b) Are the Government of India aware that the Indian community in South Africa disapproves of such action as unfair to them and likely to complicate the present Indian problem there ?

(c) Are the Government of India prepared to take such steps as may be necessary to keep Indian lascars from meddling in any way with this strike and to recall the Indian lascars who may have left for South Africa ?

The Honourable Sir Charles Innes : (a) The Government saw a report in the papers that it had been proposed to engage lascars to man the ships now detained in South African ports.

(b) Yes.

(c) The Government have already taken action which they believe will prevent lascars from going to South Africa for this purpose. No lascars have so far gone, so the question of recall does not arise.

Mr. Chaman Lall : Will the Honourable Member inform the House whether it is a fact that Indian lascars in South African waters on British ships are being utilised to replace European seamen on strike ?

The Honourable Sir Charles Innes : I have no information on that point.

Mr. Chaman Lall : Will the Honourable Member get us the information on this subject ?

The Honourable Sir Charles Innes : If the Honourable Member will speak to me afterwards and let me know what authority he has for his statement, I will consider the matter.

EXTENSION OF THE LEE COMMISSION CONCESSION TO OFFICERS OF COMPANY MANAGED RAILWAYS.

Mr. E. F. Sykes : Referring to the undertaking given by the Honourable the Commerce Member on 27th February 1925 (Debates page 1715), in the matter of the extension of the Lee Commission concessions to

officers of Company Railways, that when the question has been settled by the Government of India he would if necessary bring up a supplementary demand for grant in the September Session, will the Government be pleased to say :

(a) Whether a settlement has been arrived at ?

(b) Whether it has been found necessary to bring up a supplementary demand for grant ?

(c) If so, when he proposes to do so ?

The Honourable Sir Charles Innes : I must express my regret that I have not been able to bring this matter before the Assembly this Session. We are still in correspondence with Company Railways on the subject. I regret the delay very much and I hope that I will be able to bring the question before the Assembly early next Session.

Sir Purshotamdas Thakurdas : With your permission, Sir, I should like to put this private question* on the 15th September, as the Honourable Member in charge will prefer to reply to that question on that date.

EMPLOYMENT OF INDIAN LASCARS AS STRIKE BREAKERS.

Mr. N. M. Joshi : May I say, Sir, that I have given notice of a private question to which Sir Charles Innes has agreed to reply. It is practically the same question as Mr. Rangaswamy Iyengar's, but there is something else.

Mr. President : Is the Honourable Member's question very different from Mr. Rangaswamy Iyengar's question ?

Mr. N. M. Joshi : I want to know what steps Government are taking to prevent Indian lascars from being used as strike breakers ?

The Honourable Sir Charles Innes : If the Honourable Member will read his question I will let him have a reply.

Mr. N. M. Joshi : Is it a fact that Indian lascars are being used as strike breakers in the present strike of British sailors ? Are Government*prepared to take steps to prevent the lascars from being so used ?

The Honourable Sir Charles Innes : The answer to the first question is that as far as the Government are aware this is not the case. As regards the second part of the question, as I have already told Mr. Rangaswamy Iyengar, we have already taken action which we believe will prevent lascars being engaged to man ships now detained in South African ports.

Mr. N. M. Joshi : May I ask what is the case about the other ports ?

The Honourable Sir Charles Innes : My answer referred to South African ports. If the Honourable Member is making reference to any other ports, I must have notice.

**Sir Purshotamdas Thakurdas :* (a) Will Government be pleased to state the result of the total amount of Government loan converted under the conversion terms offered by the Government this year ?

(b) Will Government be pleased to state the extra premium aid under the conversion terms, and the saving effected by them in interest if any ?

Mr. N. M. Joshi : There was absolutely no mention of South Africa in my question. I do not want Indian lascars to be used as blacklegs in any part of the world.

Mr. Devaki Prasad Sinha : Are the Government prepared to give an undertaking that Indian lascars will not be used as strike breakers in any part of the world ?

The Honourable Sir Charles Innes : I am too old a hand to commit myself in that way.

Mr. K. Ahmed : What is the difference in salary between Indian lascars and the other lascars ? Is it a fact that the other lascars get four or six times the salary of the Indian lascars, though the latter work in the same place and for longer hours ?

The Honourable Sir Charles Innes : I do not know.

Mr. N. M. Joshi : May I know whether the Government are aware that there is already a great prejudice against the employment of Indian lascars and if they are to be used now as blacklegs the prejudice will increase.

The Honourable Sir Charles Innes : The Government recognise that that consideration has always to be borne in mind.

BILL PASSED BY THE COUNCIL OF STATE.

Laid on the Table.

Secretary of the Assembly : Sir, in accordance with Rule 25 of the Indian Legislative Rules, I lay on the table a Bill further to amend the Transfer of Property Act, 1882, which was passed by the Council of State at its meeting of the 8th September 1925.

APPOINTMENT OF THE COMMITTEE ON PUBLIC PETITIONS.

Mr. President : Under Standing Order 80 I have to appoint at the commencement of each Session a Committee on Public Petitions. The Standing Order provides that the Deputy President of the Assembly shall be the Chairman of the Committee. Diwan Bahadur T. Rangachariar is accordingly appointed Chairman of the Committee. The following Members will form the Committee :

Diwan Bahadur M. Ramachandra Rao,

Colonel J. D. Crawford,

Mr. Jamnadas M. Mehta, and

Maulvi Muhammad Yakub.

THE HINDU COPARCENERS LIABILITY BILL.

ADDITIONS TO THE SELECT COMMITTEE.

Sir Hari Singh Gour (Central Provinces Hindi Divisions : Non-Muhammadian) : I beg to move that Diwan Bahadur T. Rangachariar, Mr. K. C. Neogy and Sir Darcy Lindsay be appointed to the Select Committee on the Bill to define the liability of a Hindu coparcener.

The motion was adopted.

RESOLUTION RE GRANT OF PROTECTION TO THE PAPER INDUSTRY.

The Honourable Sir Charles Innes (Commerce Member) : I beg to move :

“ That this Assembly recommends to the Governor General in Council that assistance be given to the bamboo paper and paper pulp industry in India by the imposition until the 31st March 1932 of a specific protective duty at the rate of one anna per pound on all printing papers (other than chrome, marble, flint, poster and stereo) which contain less than 65 per cent. of mechanical wood pulp and on all writing paper.”

Sir, the agenda paper to-day is a very long one and I see from it that there are an unconscionable number of motions against my name and an unconscionable number of amendments to those motions. That being so, I hope the House will excuse me if I try to spare them as well as myself by being as brief as possible in moving this Resolution. I think that I can take it for granted that all Honourable Members present here have read the Tariff Board's Report on paper and that fact in itself will lighten my labours considerably. Before I get down to my task I should just like to make an apology to the House for the short notice which I have given them of this motion. I should like to say that we gave notice of my Resolution at the earliest possible date and if we gave short notice it was because we could not help ourselves. I hope that the House will not think that I am rushing them in this matter. I have put down a Bill to be introduced in the event of my Resolution being accepted. The reason why I have done that is that, as the House will see, we have disclosed our hand in this matter. We have made our proposals for protective duties on certain classes of paper. Therefore it will be very inconvenient for the paper industry if we have to defer that Bill to the beginning of the next Session, because what will happen is that the importers will lay in large stocks of the papers on which we wish to impose protective duties, and those large stocks will for a time at any rate render nugatory whatever measure of protection we propose. That is the reason why I am in the painful position of appearing to rush the House in this manner, and I hope that the House will accept my assurance that I have done so much against my will and without any desire to force them into a premature decision.

Now the Tariff Board's task of course was to decide whether the paper industry has made out a claim for protection. The paper industry may be divided roughly into two classes. There are the mills which make paper from grass, mainly *sabai* grass, and there are the mills, which make paper from bamboo. The latter class is at present a small one. There is only one mill in India which at present makes paper from bamboo grass, and that is the mill belonging to the Indian Paper Pulp Company which has a maximum output of 2,750 tons of paper a year. In addition there is another mill which I understand is in course of construction at Rajahmundry in the Madras Presidency. That mill aims at making paper from bamboo as well as from straw. Now in considering this question the first point that the Tariff Board were brought up against was the fact that the scope for the expansion of paper manufacture in India is comparatively limited. They devoted a good deal of time and attention to a careful analysis of the consumption of and demand for paper in India. The possibility of expansion can best be measured of course by the volume of imports of paper into India. For the last two years the imports of paper

into India have averaged about 80,000 tons of paper a year. That seems a large amount, but from it certain deductions have to be made. In the first place these imports include large quantities of old newspapers. These old newspapers are not imported for the purpose of satisfying the insatiable desire for information : they are imported solely as wrapping paper, and they come in so cheap that no Indian mill can possibly hope to produce wrapping paper at anything like the same price. Therefore, those imports of old newspapers have to be deducted. Similarly there is a very large import into India of what is called newsprint, that is paper on which newspapers are printed. It is made very largely from what is known as mechanical wood pulp, that is, pulp made by grinding wood fibre without the addition of any chemicals. The Tariff Board have excluded newsprint also from the market which the Indian manufacturer can hope to capture. I think that possibly one reason why the Tariff Board did that was that they considered discretion to be the better part of valour. I have no doubt Sir George Rainey, who like myself is a Scotchman and therefore a peaceful and cautious not to say a timid person, thought it advisable not to get the Press up against his proposals. But, however that may be, there was another much more serious and well-founded reason for this action. This newsprint, besides being absolutely necessary in India, is so cheap that Indian paper could not compete with it unless we put on a perfectly outrageous degree of protection. Then again there are certain papers, either paper of special kinds such as rag papers, and straw boards, mill boards and the like which are not made in India and have to be excluded, and if we make all these deductions, we find that the scope of expansion for the paper industry in India is not more than 20,000 tons a year. That is not a very large amount, but it is the maximum possible amount at the moment. No doubt as time goes on, in India as in other countries the consumption of paper will get greater and greater but we have to consider what it is now.

Then, Sir, the Tariff Board proceeded to distinguish between the two classes of mills to which I have referred, namely the grass mills and the bamboo mills, and to consider separately their claims for protection. They take first the mills making paper from grass, by which is meant from *sabai* grass. In regard to these mills they make one reservation. There is a mill projected but not yet built at Saharanpur in the United Provinces. The Tariff Board think that the prospects for a grass mill at that place may for special reasons be favourable. But subject to that reservation, they come definitely to the conclusion that the existing grass mills do not satisfy the conditions laid down by the Fiscal Commission. That is to say, in so far as the paper industry of India is dependent on grass for the manufacture of paper, its claim for protection fails. I have no doubt that that finding of the Tariff Board came as a great disappointment to a distinguished Member of this House, but the Government have no hesitation in accepting that finding. I do not know whether the House will expect me to go at any great length into the reasons which actuated the Tariff Board in arriving at that conclusion. I will deal with them very briefly. Their definite finding is that the existing paper mills using *sabai* grass as their chief paper-making material have no natural advantage, and that on the contrary they are at a disadvantage. Now first there is the quality of paper made from *sabai* grass. It has certain merits particularly as writing paper. It is a most excellent writing paper. On the other hand it has certain defects which militate against its usefulness as

[Sir Charles Innes.]

a printing paper. Efforts are made to minimize those defects by mixing imported wood pulp with the *sabai* grass. But even so the result is not entirely satisfactory : and the Tariff Board find that the *sabai* grass paper cannot meet all the reasonable requirements of consumers in India, that it has only a limited usefulness, and that there is no room for the extended use of this paper in India. Now that is one reason. There is another reason. I have mentioned just now that the Tariff Board find that *sabai* grass paper has no natural advantages but that on the contrary it is at a disadvantage. This is very largely due to the fact that, no doubt owing to internal competition among the mills themselves, they have had to go further and further afield for their supplies of grass, and moreover they have had to pay a heavier and heavier royalty for the right of collecting that grass, and the result is that grass is now an expensive material. The Tariff Board find that the claim fails because they see no reason to hope that the mills using *sabai* grass will ever be able to do without protection, and if we protect them, they will always be a burden round our necks. The case of bamboo paper is different. We have had sufficient experience of making bamboo paper in India now to know that excellent paper can be made from bamboo. For certain purposes it is not as good as paper made from *sabai* grass, but a special advantage of paper made from bamboo is this, that that paper approximates much more closely than paper made from *sabai* grass to the paper made from ordinary chemical wood pulp. That is to say, paper made from bamboo is likely to meet in greater measure the requirements of consumers in India and is likely to have a bigger market. Then again bamboo paper has a great advantage over paper made from grass in its supplies of raw materials. I have just mentioned that the mills have to go further and further afield for *sabai* grass but everybody knows that the supplies of bamboo in India are very abundant indeed and they are very widely distributed. Only a proportion, and a steadily diminishing proportion at that, of India's demand for paper can be met by *sabai* grass paper ; on the other hand, there is reason to hope that if we can develop the making of paper from bamboo in India, we shall not only be able to supply practically all our own demands for paper, but that also in the future we may build up a very important export trade in bamboo pulp ; and the Tariff Board find that as the cost of chemical wood pulp goes up, as imported paper becomes more expensive, there is reason to hope that bamboo paper will in time be able to dispense altogether with protection. I have just mentioned that chemical wood pulp, and therefore paper, is likely to go up in price ; and this brings me really to what is one of the most important factors in the case. The Tariff Board after inquiring into the matter and examining all the available literature on the subject came to the following conclusion :

" The world's supplies of coniferous woods are steadily diminishing, while the demand for such woods, whether as timber or for pulping, is increasing. As a paper-making material wood must become more and more expensive, and an increase in the price of paper seems inevitable. But it is impossible "

they say :

" to forecast the date when the price of imported paper will go up substantially and it may not take place for several years to come. "

I had recent confirmation of that statement of the Tariff Board in a report of which I saw a notice in a paper the other day, a report from Canada, where it was stated that the Canadian paper makers are getting seriously

alarmed at the rate at which supplies of coniferous woods in Canada are being diminished and that they thought that before very long—I think the actual period put was 10 years—there must be a very serious increase in the price of wood pulp and therefore of paper. Now, at this point the Tariff Board came up against a difficulty. The general lines of their conclusions were clear, but their difficulty was that the possibilities of bamboo paper have not yet been fully tried out in India. They are merely in process of experiment. As I said, there is one mill making this paper in India at the present time, that is, the Naihati mill; encouraging results have been attained. It is quite a recent mill, but it has already brought its works cost down considerably below the works cost of the very much older grass mills, and that is an encouraging sign. That mill is trying out one of the processes by which you can make paper from bamboo pulp, namely, the sulphite process, but it cannot try out the matter properly because though it is a mill which was designed and built and has a power plant equipped for two paper machines, so far only one paper machine has been installed; and the result of that is of course that costs must be high, because the overhead is so great. Then, again, there is another process, the soda process. That has not been tried at all in so far as bamboo paper is concerned, and moreover very important modifications of that soda process have been developed at any rate on a laboratory scale at Dehra. I refer to what is called fractional digestion.

Now the Tariff Board consider that both those processes ought to be properly tried out, the sulphite process and the soda process; and therefore they are not able to commit themselves at present to a final decision whether we should embark finally on a permanent policy of protecting the bamboo paper industry. Consequently, they make what I might call *ad interim* proposals. In the first place, their first proposal is that on writing papers and certain classes of printing paper the existing duties of 15 per cent. *ad valorem* should be raised to a specific duty of one anna. They suggest that those duties should be imposed for a period of 5 years and that they should be imposed on writing papers and on certain classes of printing paper. In addition they suggest that a loan or a guarantee of debentures should be given to the Indian Paper Pulp Company to enable them to instal a second paper machine at Naihati. The Tariff Board say that that second paper machine would cost Rs. 10 lakhs. I understand that the cost will be rather greater, but not very much. Thirdly, they suggest that an inquiry should be made into the prospects of the mill which is being constructed at Rajahmundry and that if that inquiry satisfies the Government of India that the prospects of that mill are really good, then a loan, or similar assistance, should be given to the Carnatic Paper Company which owns that mill to enable it to try out this soda process. The House will of course observe that that is a complete scheme, all the parts of which are interdependent. The tariff protection is intended to keep the industry alive, while these processes are being tried out. I do not propose to discuss the question whether the actual rates proposed by the Tariff Board are right or not. I think that we must accept the Tariff Board's opinion in that matter. I will not say that the protective duties which the Tariff Board propose are light duties, because they are not, but the Government are quite prepared to accept the finding of the Tariff Board that those duties are the minimum necessary for the purpose in view. I should also like to say that the Government quite accept the finding of the Tariff Board

[Sir Charles Innes.]

that we ought to make an effort to protect the bamboo paper industry for a period of years in order that these possibilities may be tried out. There is no difference between the Government and the Tariff Board in that matter and I can assure the House that we on these Benches are just as anxious to get ahead with this matter as any one in this House can be. But there is a difference of opinion between the Tariff Board and the Government and that is on the question of subsidies, and I should like to explain that it is because of that very difference of opinion that I have proceeded by means of a Resolution instead of putting up my proposals in the form of a Bill. I understand, Sir, that according to the rulings given by your predecessor in the Chair, it would not be in order for any private Member of this House to propose subsidies in a Government Bill which proposes only tariff duties. And it is because the Government were anxious that the whole matter should be open to the discussion of the House that we have elected to proceed by Resolution, so that we may discuss the whole matter.

I should like to explain—and I conceive that this is my main duty—very briefly the reasons why the Government have found themselves compelled to differ from the Tariff Board in regard to this question of subsidies. I will take first the proposed subsidy to the Naihati Mill. This mill is owned by the Indian Paper Pulp Company. I am quite prepared to admit that the proposal is in a way an effective proposal and it is a logical proposal. It is very important to have this sulphite process tried out. And it cannot be properly tried out as long as this mill has only one paper machine. Therefore, lend it the money and let it put up another machine. I quite agree that this is superficially an attractive and is a logical proposal. But there are certain difficulties in the way of this proposal which have impressed the Government of India very much indeed. The House will realise that we have to look at this matter from a slightly different angle of vision from that of the Tariff Board. Now, our first difficulty is this. The Indian Paper Pulp Company is not even a joint stock company. It is a private company consisting, I believe, of three or four shareholders. The second difficulty is that one of the owners of the company is the owner of the patent process which is now being tried in the mill. The Tariff Board's proposal, therefore, is that we should advance 10 lakhs of rupees to a monopolist in order to enable that monopolist to try out a process which is covered by patent rights. That seems to us a very great difficulty indeed. Our third, and possibly our greatest difficulty of all, is this. We feel that if Government does give financial assistance to industries, it should be the sort of financial assistance which is equal for all competitors in that industry. Now, you have here a number of mills. Some of them are making paper from grass and one of them is making paper from bamboo. They are competing with one another in the Indian paper market, and we feel very great difficulty in advancing money to one of those mills and thereby giving it an advantage over its competitors in the Indian market. We think that such a course on behalf of the Government of India would be extremely difficult to justify. Moreover, if we adopt this proposal, we doubt very much if we can stop the subsidy to the Indian Paper Pulp Company. As soon as the Tariff Board's proposal was published, we got applications from other companies in India making paper from grass. They told us that they were

considering changing over from grass to bamboo and they asked that if we gave financial assistance to the Indian Paper Pulp Company we should also give them assistance for installing machinery for making bamboo paper. I think the House will agree with me that we should have found ourselves in an extraordinary difficulty had we accepted this proposal of the Tariff Board.

Then, again, much the same objections apply to the somewhat conditional proposal of the Tariff Board that we should give assistance to the Rajahmundry Mill. The soda process which it is proposed should be tried out in the Rajahmundry Mill is also a process which is covered by patent rights. Moreover, as soon as the Rajahmundry Mill begins to make paper, then, again, it will be competing with other mills in India. The Government of India are in a different position in this matter from a Provincial Government. A Provincial Government, quite legitimately I think,—because the development of industries is a transferred subject—may give special consideration to industries in its own province. And if there is one mill only, which is a pioneer industry of that province, then the Provincial Government no doubt can consider whether or not it should assist that mill. But the Government of India are in a different position. We have to take India as a whole and we have to consider the industries of the whole of India. Now, I hope that the House will agree with the proposal that I have put forward, namely, that, had we accepted these particular proposals of the Tariff Board that we should grant subsidies first to the Paper Pulp Company and then, in certain contingencies, to the Rajahmundry Mill, we should have found ourselves in an extremely invidious and difficult position. I hope the House will agree that in a matter of this kind the policy of Government should be that it should not discriminate unfairly between particular firms competing in an industry. Therefore, we devoted a great deal of time and care to try and find out an alternative solution. As I said we are very anxious to carry out the spirit of the Tariff Board's proposal. We are very anxious, in view of the Tariff Board's recommendation, to do what we can to help on this bamboo paper industry. That is why we have submitted this alternative proposal. The Tariff Board say : Give this protection for a period of five years. Our suggestion is that we should guarantee the protection for practically a period of seven years. The additional two years ought to give both to the Naihati Mill and the Rajahmundry Mill about just as much money as if we gave this subsidy. And we suggest that this is a much better way of achieving the end in view. We hope that, as we are offering the protection for a period of two years longer than is proposed by the Tariff Board, the shareholders of the Indian Paper Pulp Company and the promoters of the Karnatic Mills will be able to obtain from the public or put up themselves the necessary money for the trying out of this process. I have said that we are proposing to guarantee this protection for seven years, but I must make it plain that if after a reasonable period of time we find that no effort has been made to try out these processes, then we shall again have to come before the House and we shall have to consider with the House whether or not we should repeal this Bill. We shall not be able to take any action of that kind ourselves. It will be a matter for decision by the House.

I should just like to explain now why we have called the Bill the Bamboo Paper Industry (Protection) Bill. I have noticed that Mr.

[Sir Charles Innes.]

Kelkar and some others have got amendments down on the paper in regard to that point. We are following here the recommendation of the Tariff Board. They recommend that we should bank on the bamboo paper industry and that is the industry that we should protect. But I would draw the attention of the House to the fact that our import duties would protect all mills alike. The grass mills will get the benefit of these enhanced duties as much as the mills that are making paper from bamboo. That action, I think, is right, because here again all the mills which have invested money in this industry will compete on equal terms whether they are making paper from bamboo or from grass.

Now, Sir, that is my case and it is for this House to decide whether they are prepared to accept these proposals or not. The Tariff Board say that the burden on the consumer will amount to about 20 lakhs of rupees a year. It is for the House to decide whether they think it worth while to place that burden upon the consumer. We are prepared to accept what the Tariff Board say on that point. I should like to read an extract from paragraph 163 of the Report.

"The issue which the Government of India and the Legislature will have to decide is clear and well defined. If no assistance is given, it is probable that the manufacture of paper in India will cease, with a somewhat remote prospect of revival when wood pulp has grown very dear. The question for decision, therefore, is whether it is worth while to keep the industry going at what in all the circumstances is a moderate cost, or whether it must be left to its fate. For our own part we feel strongly that the disappearance of the industry at the moment when the use of bamboo opens up fresh avenues of development in the future would be very regrettable, and we believe that the proposals we have made are in accordance with the national interest."

I hope, Sir, that the House will accept the proposal that I have made. As I have said, we on the Government Benches are very anxious to make a start in this matter and that we should do what we can to help this industry to go ahead. If the House will pass my Resolution, I hope they will also agree to pass my Bill to-day because this is almost the last day on which, if we pass the Bill through the Assembly, we can pass it through the whole Legislature.

Sir, I move my Resolution.

Mr. President : It will clear the air if I were to explain how I propose to deal with this Resolution. I propose, in the first instance, to allow a general discussion to proceed for some time in order to afford an opportunity to those Members who want either to support or to oppose this Resolution. After that is over, I propose to take the amendments in the following order, of course, subject to the question of admissibility in each case. I propose to take the amendment standing in the name of Mr. N. C. Kelkar first. Next I propose to take the amendment standing in the name of Mr. K. Rama Aiyangar, which is 2 (a), and then I will take up the amendment standing in the name of Mr. Dumasia. After that I propose to take up the amendment standing in the name of Mr. Rangaswamy Iyengar, and next I propose to take up the amendment standing in the name of Mr. K. Rama Aiyangar, which is 2 (b), and also the amendment standing in the name of Mr. M. K. Acharya, both together. Lastly I will take the amendment standing in the name of Mr. Joshi.

Mr. K. Rama Aiyangar (Madura and Ramnad *cum* Tinnevely : Non-Muhamadan Rural) : Sir, the two parts of my amendment (a) and (b) practically go together.

Mr. President : The Honourable Member will be given an opportunity to move 2 (a) first, and when that is disposed of, he will move 2 (b) later in due course.

Mr. Devaki Prasad Sinha (Chota Nagpur Division : Non-Muhamadan) : Sir, may I ask you to say whether those Members who have an interest in the bamboo paper industry will be called upon to declare their interest in the industry before we discuss and decide this question. I understand, Sir, that on the last occasion when the question of protection to the steel industry was under discussion, some Honourable Members were good enough to declare what interest they had in the steel industry. Therefore, I request you, Sir, in the interests of fairness and the good name of the Assembly to say that those Honourable Members who have any interest, personal and direct, in the bamboo pulp industry, should kindly declare it and not take part in the discussion.

Mr. President : The Honourable Member will address this inquiry to those who have an interest in the industry and not to the Chair.

Mr. T. C. Goswami (Calcutta Suburbs : Non-Muhammadan Urban) : It is a well recognised Parliamentary practice, Sir.

Sir Willoughby Carey (Bengal : European) : Sir, I wish to declare the fact that I am interested in one of the paper mills, but I appear to-day to speak on behalf of the industry as a whole, and not for any particular mills.

Mr. Devaki Prasad Sinha : Including the special mills ?

Sir Willoughby Carey : Yes, certainly.

Sir, we have heard the proposal of the Honourable Member for the imposition of a specific protective duty of one anna per lb. on all printing papers, with the exception of a few special kinds, the supply of which are not at present obtainable from the factories in this country, and with the proviso that such printing paper shall contain less than 65 per cent. mechanical wood pulp, and on all writing paper. This proposed increase in the present duty is about 4 pies per lb. over the existing duty of 15 per cent. *ad valorem*, which, at the present price and exchange, is equal to about 8 pies. We have been told by the Tariff Board and by the Honourable Member that this proposal is made with the idea of fostering the growth of bamboo pulping in India, and paper made from bamboo, and I was very glad to hear from the Honourable Member's closing remarks, that it is with the idea of also supporting the present established industry both working this fibre and also as a matter of necessity to assist the mills working with other fibres that this tariff is proposed. This is essential, because, as at present constituted, the majority of the mills are not working bamboo ; some may never be able to work bamboo, but others will. There are at present eight mills in India, some of which have been shut down for considerable periods owing to the rise in exchange and increase in post war costs, but chiefly due to foreign competition assisted by the exchange. It is for this reason, they are unable to pay any dividends, that they have arrived at the

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present position. We have persistently applied for the protection of the industry, in fact ever since the Industrial Commission first sat in 1916. From the year 1910 onwards, Germany and Scandinavia both, but principally Germany, made a dead-set at the Indian market in all kinds of paper, and for 18 months before the war, and for some period after the commencement of the war, they were unable through this intensive foreign competition to show anything in the way of profits. I do not attempt to define "dumping". It is altogether too controversial, but the fact remains that the surplus production of mills in other countries was put down here in India and sold at prices which to the best of our information it could not be produced at, and below the price in those countries themselves. This gives rise to the belief that now, as then, the same position is being reproduced. The war assisted the Indian mills to make good profits for a time, out of which some of them were able to pay their shareholders for a short time dividends which gave them an average over the previous ten years of about 10 to 12½ per cent. thus compensating them for the years in which they had received nothing. This, I think, Sir, the House will agree, is after all a fair return. The balance of profits during this short period of prosperity was placed to reserve, depreciation, renewals on machinery, modernising plant, and generally attempting to put the mills in a position to meet competition as far as possible when this period of prosperity had come to an end, as it was anticipated it must sooner or later do and as a matter of fact it has done.

I think, Sir, it will be agreed that this was a reasonable method of dealing with these exceptional profits for the benefit of the industry's future. As a result—here I am venturing to differ slightly from the opinion of the Tariff Board—these larger mills are now to a great extent modernised and up-to-date as compared with paper mills of the same age in other countries. Hopes were entertained that post-war conditions would prevent the very keen competition which existed before the war. The general slump all over the world has proved that this is not to be the case, and for the past two and a half to three years the industry has again been faced with much the same sort of competition, assisted still further by depreciated foreign exchanges, which they suffered from before the war, with the result that the appeal for protection has been made in order to avoid the complete extinction of the industry, which otherwise—if the present recommendations of the Tariff Board had not been accepted by the Government—must have occurred. We are indebted to the Government for their referring our claim to the Board and giving us a chance of making our case, and on the principle of the half loaf for their accepting the Board's recommendations—at any rate as far as they have done. I should like also to say that the industry is indebted to the Tariff Board themselves for their very keen and earnest endeavours to get down to the situation, to the actual facts, and to deal with them in the best way, and for their very courteous and helpful methods of examination. (*The Honourable Sir Charles Innes* : "Hear, hear.") During the whole period when the examination was going on, I should like the House to realise that the industry has not been sitting idly waiting but has been continuously pressing forward with improvements, in qualities of paper, in modernising of plants, in new systems and methods tending to reduce cost,—some of which arose out of suggestions made.

by the Board during examination, but many of which were already in the programmes of the mills which had so far survived but which they had not had the funds to go on with, and some of which still remain necessarily to be completed. This line of action was taken in the confident hope that the Tariff Board and the Government and this House would recognise this industry as one essential for the country, and would make some recommendation to save it, such as this which now lies before the House. And I trust, now that the Government have made their recommendation, that the House will justify the faith of the industry and will accept it and put it into immediate force. India, no less than other countries, must have this essential industry firmly established all the time. There were 8 mills, of which 5 only are at present working, one of them only tentatively, and with their Local Governments' support, and the remainder working on reduced outturn and showing a steady monthly loss. This last condition, as I have already said, has been one of the regular features of the industry for the last two years or more and I am advised that, unless this protection is afforded by the Assembly, there will be no alternative but that the remaining mills also will close and the industry will be lost for ever to India. We have heard some remarks from the Honourable Member already on the subject of the possibility of this industry having to close down. I would like the House to consider what this would mean. Primarily it would throw many thousands of men and women out of employment—men and women of a class trained for the last forty years or so in paper-making and practically in paper-making only. It would mean a loss of wages to the country from this industry of 29½ lakhs per year, (which includes 8½ lakhs paid annually to labour upcountry for collecting the raw materials which the industry uses); a loss of 16½ lakhs direct revenue to the State in railway freights, 2½ lakhs loss to Government for royalties. It would also mean endangering the rosin trade, built up by the Forest Department, of which the paper mills are the best customers by a long way. It will also mean a certain loss from rates and taxes, and also the throwing on to the markets of large quantities of coal, lime and all sorts of other indigenous materials. There would be also an almost certain impossibility of being able to revive the industry if once the present mills are allowed to close. I say this because, even supposing India has a vast store of raw materials in the future, when the scarcity of wood supplies raises the price of wood pulp to a figure with which perhaps Indian pulp might compete, yet those who might otherwise have been tempted to come in will certainly think twice when once the industry has been allowed to die out. And even supposing capitalists bold enough might be found, yet even then the whole work will have to be done over again to re-establish the industry. Another danger which I think has already been pointed out but I think not clearly enough would be one which it is possible to read from the lessons of the war. I remember when giving evidence before the Industries Commission the question was raised as to why it was necessary to protect an industry of this kind. Why not let it die? It was agreed then, Sir, that paper must be one of the essential industries of the country, in the event of war. And there were two or three years during which the supply of paper from outside the country for military purposes, post and telegraphs, railways, hospitals, general administrative government work, and so forth, was almost entirely provided by the mills then existent in the country. Further than that, the mills then in the

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country supplied the Ceylon Government post and telegraphs and as far afield as Hongkong and even Australia, owing to the fact that, while transport was possible from India to these countries, transport from Europe was not. In the same way transport from Europe was so continuously interrupted that over and over again all these activities which I have mentioned, and the Press itself, would quite possibly have had to close down temporarily and the general administration would have been seriously interfered with, to say the least of it. In this way, I may claim that perhaps the paper mills are just as essential a part of the life of a country, particularly a large country like India, as steel works or any other industry.

There are two main objections which, as far as one has been able to see from objectors' evidence and from press reports, have been raised to this small additional tariff which is now being proposed—(Mr. Devaki Prasad Sinha : "Small ?")—and they are on the score of education

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being made to some degree more expensive, and secondly that the publishing industry in the country might suffer with a slight increase in the price of cheap literature. It is recognised by the industry that cheap literature and cheap education are both essential, but the incidence of the increased tariff is infinitesimal per head when you come to education, compared with the cost of the other essentials for educating the people, such as school buildings, land, furniture, teachers and all the other essentials. Apart from this I understand that a great deal of the primary education is conducted with the use of slates and black-boards, so that the argument with regard to education, when you get down to it, is really not a very strong argument. Then, with regard to publishing, the idea is not so much to raise the price of paper from the indigenous mills by this tariff but to suggest to the consumer that he should, as far as possible, use the product of those mills instead of foreign goods for his printing. What the industry wants is to regain its markets and get the quantities which will enable them to work at full output and so to reduce their overheads, which markets at present, without this small increased tariff, they cannot hold because of foreign competition.

As regards quality, improvements are taking place constantly with the introduction of the better methods which have become possible by the expenditure of the reserves on plant, and I have here with me a book of all the qualities of the mills which will show that there is very little indeed of ordinary printing or writing papers which the mills cannot make even to-day with the exception, of course, of specialised qualities made from fibres not existing in this country, and with which the industry cannot at present be expected to compete. The question of quality is one which is always receiving attention and I think I am not wrong in saying that it has in the last two or three years been vastly improved and with better processes will improve still.

As regards the Press, Sir, those presses which have always used or can use foreign mechanical paper will still be able to use it because we had a discussion with the Tariff Board and willingly withdrew the request for protection of this class of paper and of any other definite classes of papers with which we cannot compete. Those, on the other hand, of the

presses who have been in the habit of using Indian made paper will still be in a position to do so, perhaps even more advantageously than now, when it is clearly understood that it is market and quantity that the industry asks for, not so much an increase of price.

One further argument which may be fairly used in favour of this increase in tariff is, I think, the fact that the Directory of Tariffs of all the world shows that every country in which paper is manufactured at the present time has taken stringent measures by tariffs to protect its factories. If I might give a few figures, Germany at the present time protects printing paper and writing paper at specific duties varying from 18 to 32 per cent., America 14 to 59 per cent., Japan 10 to 16 per cent., Canada 25 per cent., and France, Belgium, Italy, Scandinavia and other competing countries have all in the same way large tariffs in protection of their own mills, so that India will be by no means singular in wishing to protect this industry and keep it alive. I think, Sir, this is probably evidence that these countries all feel that paper mills are an essential part of their national life and that is why they wish to keep them going. Free trade as a principle is no doubt very sound and it has been of the very greatest value to some countries, but in an industry such as this, where every other country protects itself, free trade is surely an anomaly to the country which does not.

I believe and hope, Sir, that I have said enough to convince this Assembly of the desirability of this measure as proposed by the Government, and I repeat that the industry is duly grateful for this consideration which, I hope, will to-day receive the imprimatur of the House. This, if done, will encourage the industry to expand, and revive hope in the minds of those responsible for conducting the industry, who are themselves so largely financially interested in seeing it expand. I would remind the House that this is an industry in which a preponderating proportion of financial interest is now Indian. Even in those mills which are apparently run by European firms that is the case. The majority of my own mills' shareholding is in Indian hands, and four of our Directors are well-known Calcutta Indian business men, and I believe that some of the other mills which are not entirely and absolutely owned and run by Indians have the same record to show.

It is also an industry in which there is a possible future for many Indian educated men to take part. The question has been raised by the Tariff Board and elsewhere as to how far the industry is prepared to teach Indians the trade. Well, Sir, ever since I have known it, there have been opportunities given to men to come and learn. The Indian mills, of course, have sent men abroad or had them taught in India and they are now doing work in those mills. In the other mills a great deal of technical work, such as Chemistry, which is most important, is already in the hands of Indian educated trained men. We have in the mills in which I am particularly interested 5 Indian apprentices in training now. I would recommend in this as in other technical subjects that it would be advantageous for young men of sufficient education and a good physique, which is necessary because it is a hard, damp and trying industry, to take a portion of their training in some other country where mills are more varied in type and where processes are more constantly being renewed than has been possible in India up till now, and where also they would have the very great advantage of first-rate technical schools and institutes

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within easy reach. A training of that sort would fit men of the right kind to come into the Indian mills and take the place of technical men whom at present we have to import. It may perhaps even be possible to suggest to the Government that they might provide facilities in the way of special technical training by scholarships abroad.

The Honourable Member and the Tariff Board both mention a possible expansion in bamboo. I should like to say that in addition to the sulphide process about which the House has been told the soda process has been worked in the mills with which I am connected and we have experimented with it for many years in fact ever since 1912. We have made considerable quantities of paper from bamboo by the soda process and have worked both for ourselves and for Government in pure pioneering work since that date, and have at the present time a plant ready in the country for erection. So far, the failure of markets has prevented the raising of capital to enable this to be gone on with. There might have been much further development in this direction perhaps in Burma but for the fact that the Burmese Government made conditions very difficult by not being willing to give a concession for longer than 21 years for the working of bamboo, which of course was a period insufficient to assure the return of capital even on a successful venture during that time. Also other difficulties existed in Burma in the direction of the riparian rights on the big rivers, the bamboo cutting rights, and so forth, which were vested rights and which it was very difficult indeed to overcome. The passing of the tariff will encourage those responsible undoubtedly to go on with it, possibly elsewhere, and to work it so as to get commercial results as soon as their finances permit. I think very likely that other mills in addition to those that have already touched it or those which are proposing to do so, will be encouraged by the increased security of markets to consider the use of bamboo in paper making in due time, by which time those who are at present working will have obtained a certain amount of definite commercial results. I would suggest that when the time comes these processes and the assistance of them may be taken further into consideration and if necessary some assistance given later in making this development easier. In the meantime, the pioneer work will go on, and if successful, must be a great asset to the country.

If I may be allowed one criticism of the terms of the Bill, it is the omission of Browns and Badamis from protection. These are commonly used as writing papers, and are by no means only to be included under the heading of wrapping papers. Then also Manillas should have been included as these are the chief source of Indian postcards and also the Indian quality has a large general sale which will now probably disappear. Another point of criticism which I wish to make is that no provision has been made to protect the trade against rises in exchange. On page 30, paragraph 47 of the Tariff Board's report they state :

"The tariff machinery must, however, make provision to safeguard industries from the injury they may suffer by sudden fluctuations in exchange."

Sir, I submit that the Government Resolution and proposals do not provide this machinery. We have seen the pernicious effect of this omission in another case by which another industry has been forced to come again and again to Government in order to make up the necessary margin to enable them to live, which was anticipated when the tariff was imposed

they would have had, but of which they have been robbed by the successive rises in exchange. Sir, it seems to me that the present would have been a favourable opportunity for starting a machinery such as is mentioned, which would in this trade and in others have obviated this constant need for application for further assistance, with all the waste of time to the industry itself, to the Government, and to this Assembly, involved in each instance. I admit that there are very well known difficulties and that other countries which have attempted this automatic adjustment have found it difficult. But which is better—to face these difficulties now at the outset of a fresh tariff, or to face a possible and almost certain recurrence of these applications for assistance? It seems to me, Sir, that it should be possible, although those more versed in the special line of tariffs may possibly say that there are difficulties even in this—it seems to me that it should be possible to make a half-yearly adjustment, not retrospective, but covering the following half-year automatically by taking the average rate of exchange for six months and fixing a duty based on it as the rate for the following six months.

Mr. B. Das : May I know whether the Honourable Member wants to fix the exchange at 1s. 4d. or 1s. 6d. ? What is his idea about the fixity of exchange ?

Sir Willoughby Carey : I am not talking of fixity of exchange at all.

Mr. B. Das : Would you like to have a fixed rate of exchange for such periods of six months ?

Sir Willoughby Carey : No, Sir. I think the Honourable Member is not following me. I should be very pleased to discuss that with the Honourable Member at any time. An arrangement of this sort should not surely cause a great deal of trouble in the Customs, and would ensure that whatever the rises were in exchange, sooner or later the industry would recoup their losses. This industry has been driven very hard against the wall in the last two or three years, and is very nearly at the end of its tether, and therefore even if I trespass in making this suggestion I trust that I may be forgiven, and I recommend it to the consideration of Government if exchange rises. The Honourable Member when speaking of the grass mills said

Mr. President : Order, order. Considering the great importance of the subject I have allowed him sufficient indulgence. I hope that he will now bring his remarks to a close.

Sir Willoughby Carey : Very well, Sir, I will finish at once. I have now placed the case before the House. Owing to the peculiar circumstances of the case which have been explained to us, in order to prevent any possibility of the passage of the Resolution and the Bill being delayed until the next Session, with the certainty of the country being flooded with foreign goods, I would request the House to accept and pass this Resolution and in due course the Bill, to-day. I sympathise with many of the amendments on the paper but much of what the Honourable Sir Charles Innes has told us seems to me to deal with a good many of them and I accept his explanations. For the time, therefore, I trust that none of them will be pressed to the point of jeopardising the passing of the Resolution and the Bill to-day, and so at least give the trade the half loaf to keep them from immediate starvation.

Mr. Devaki Prasad Sinha (Chota Nagpur Division : Non-Muham-madan) : I rise to oppose this Resolution wholesale. Sir, for a long time we in this country have been accustomed to many kinds of epidemics. People suffer from the epidemic of plague, the epidemic of cholera, the epidemic of small-pox, but under the new regime of the Reforms Act a new epidemic has been let loose upon the people of this country in the form of an epidemic of protection. (*An Honourable Member* : "What about unemployment ?"). Sir, a year ago we were discussing whether to grant protection in the form of bounties and protective tariffs to the iron and steel industries in India or not. Some of us apprehended that once we encouraged the policy of protection we shall be flooded with applications for protection from all parts of the country. Well, Sir, our apprehensions have now proved true.

Mr. A. Rangaswamy Iyengar : It was a certainty all along.

Mr. Devaki Prasad Sinha : We have in this country an infernal nuisance called the Tariff Board which invites all people to come before it with a begging bowl and we have here a benign Government which listens to all applications forwarded to it through the Tariff Board for inflating the dividends of a few capitalists. Sir, I know that my humble voice of protest against this policy of robbing Peter to pay Paul will not have much effect here, but I feel that I shall be lacking in my sense of duty to my constituency and to my country if I do not in unmistakable terms declare that the present measure which is supported in the name of Indian nationalism is no patriotic cause at all but a measure for deceiving the large bulk of the nationalist population in this country who are guided by vague ideas of patriotism into doing things which are clearly against the interests of the vast bulk of our countrymen. (*Honourable Members* : "Question.") Well, Sir, my Honourable friends do question this, I know that, and I also know the reason why my Honourable friends question it. Well, Sir, the arguments which we have heard this morning advanced—I fully believe in the public interest—by my Honourable friend Sir Willoughby Carey are the usual arguments advanced in favour of protection whenever protection is demanded by any capitalist. We have been told, and very cleverly, that the first danger which faces us is that a large number of labourers will be thrown out of employment. Well, Sir, the concern which our capitalists show for the cause of labour and the interest which they manifest in labour employed in certain industries are well known to Members of this House. Capitalists in India more than capitalists elsewhere regard their own dividends and the profits of the middlemen as the first charges on their industry and the protection which they demand at the hands of Government is not protection for an industry which they describe as a national industry but protection for their own dividends and protection for the profits of the middlemen. We have been told that if the paper industry is allowed to sink down, it will be very difficult to revive it again. If it is an industry in which there is something intrinsically wrong, and is incapable of competing with industries in other countries, then it is the duty of the capitalists first to improve their machinery and to bring about a better method of production because after all when this industry prospers and when they are enjoying dividends they would not come to the State and return the money which they have taken from the State in times of necessity. The income and the dividend which they will derive if this industry prospers

will all go to fill their own pockets. If it is an industry which is described as a national industry and which, in the words of Sir Willoughby Carey it is necessary to preserve for the maintenance of the national life of our country, then I believe that the only effective remedy that can be applied to remove the present diseases in the industry is to nationalise that industry. If the capitalists want subsidy, there is no difficulty in finding money, but when we want to be given what really belongs to us in justice and in equity, then my Honourable friends the capitalists and the bogus capitalists of this House like Mr. B. Das and others raise the bogey of poverty before us.

Mr. B. Das : Is the Honourable Member entitled to call me a bogus capitalist ?

Mr. N. M. Joshi : Is "bogus capitalist" a Parliamentary expression ?

Mr. President : Mr. Devaki Prasad Sinha.

Mr. Devaki Prasad Sinha : I know, Sir, that capitalists are always adepts in the art of making their own material necessity appear as moral virtues for a country (*An Honourable Member* : "Like lawyers.") The demand for protection in this country is backed by the patriotic sentiments of a large bulk of educated opinion in our country. I admit that. I do not overlook that fact, but the fact that at present the majority of educated Indians are in favour of a policy of protection is due to the widespread propaganda carried on for securing their favour by the resourceful and unscrupulous capitalists of this country. (*Honourable Members* : "No.") I hope that some day we shall realise that the Indian capitalists are as much a danger to our country as the British Government itself.

Mr. B. Das : Mahatma Gandhi says so.

Mr. Devaki Prasad Sinha : Mahatma Gandhi says so and his interpreter Mr. B. Das explains his views to us. Protection, if it is necessary for any industry, should be given first of all to that industry which is the oldest industry in the country and which feeds all other industries, namely agriculture. If agriculture—which I do maintain, in spite of the laughter of my agriculturist friend Mr. Gaya Prasad Singh, is the largest industry—receives protection, the purchasing power of the community will increase and the demand for all articles produced in the country will consequently increase. The result will be that all our native industries would receive a natural stimulus which no State aid can provide. Although we listened to the speeches of His Excellency the Viceroy and His Lordship the Secretary of State about their proposed programme for an agricultural revival and an agricultural improvement in this country, when we come to concrete facts we find proposals for protection to be given to industries that are anything but national. In this case we are discussing whether we should grant protection to the paper industry or not. To put it plainly we are discussing whether we should impose a tax upon education or not. In my province at any rate, the average cost of educating a boy in the primary schools is about Rs. 3 per year. My Honourable friend Sir Willoughby Carey says that the rise in the cost of education of a boy will be very infinitesimal. Well, Sir, I do not know what experience my Honourable friend Sir Willoughby Carey has of primary education in the rural areas. In our

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province at any rate I find that whenever we make proposals for the expansion of primary schools and for educating more boys in the three R.'s we are faced with the difficulty of finding money, although any amount of money which can be spent on spreading primary education would be so much benefit conferred directly on our people. Here in this case, Sir, we are imposing taxes upon the spread of knowledge and the spread of democratic ideas in our country. Then again the tax on paper will also produce a very bad effect upon vernacular journalism in this country. (*Cries of "No, no."*) Yes, it will. If my Honourable friends will only have the patience, I shall explain what I have to say. It is well known that if one kind of paper receives protection and the price of that paper goes up in the market, then it has its effect upon other kinds of paper as well, and, Sir, I believe that the first industry to be affected on account of protection being given to the bamboo pulp paper industry would be the vernacular press in this country. (*Laughter.*) Well, Sir, I believe that in due course this Resolution will be passed and in a few minutes we shall also have on our Statute-book a law declaring the grant of protection to the paper industry, and I also believe that next year the paper industry will, like the Tata iron and steel industry, come up for additional protection from us. I believe that our patriotic leaders, like Mr. Jinnah and others, will say, 'what does it matter if we take 60 lakhs or 20 lakhs or 30 lakhs from the taxpayer? Let us pay that to the rich industrialists in Bengal or Bombay.' Well, Sir, I know that with many of our countrymen the demand for self-government is nothing but this: they want an unrestricted right to exploit the vast bulk of our countrymen undisturbed by capitalists abroad. (*An Honourable Member: "Question."*) (*Cries of "Hear, hear."*) I do hope that in the near future we shall realize the dangers from this mischievous policy which is being pursued by a section of our countrymen. To-day we have not got the resources with which the insidious propaganda that is carried on by capitalists in all parts of the country can be combated, but I hope that the conscience of the people of our country will soon be roused and they will realize that a demand for protection in the name of a nationalism is nothing but a demand for self-aggrandisement at the cost of the vast bulk of our countrymen. For these reasons I oppose this Resolution, which I submit is the first of a series of proposals for granting protection to various industries that do not deserve any protection at all. (*Applause.*)

Mr. Narain Dass (Agra Division : Non-Muhammadian Rural) : Sir, I would not like to give my whole-hearted support to the proposals of the Honourable the Commerce Member. The best that I can think of it is that, so far as the recommendations of the Tariff Board in favour of fostering the paper industry are concerned, the Honourable the Commerce Member has given but a step-motherly treatment. If we turn to page 93 of the Tariff Board's Report, we find their main recommendations in very clear terms. I will not read the whole of that, but I would refer to a very small passage :

"The two aspects of our proposals may be summed up in this way. In order that the manufacture of bamboo paper may be kept alive during the next five years and its possibilities thoroughly explored, two things are necessary, namely : (a) The raising of additional capital not exceeding Rs. 20 lakhs in all. (b) An average net price for white printing and writing paper of about Rs. 560 a ton at the mill. Neither of these remedies will suffice without the other."

The Tariff Board clearly say that the one recommendation, divorced from the other, if brought into operation will lead us nowhere, and I do not know, Sir, why one of the main recommendations has been left out. One will find from the interesting report that it is not only the protection of the paper industry that is required at the present moment ; there is a good deal to explore, there is a good deal to experiment with, and it has been definitely laid down that capital, at least for the paper industry, will be very difficult to raise. That is why they make it as one of the main recommendations. Sir, the inquiries of the Tariff Board not only in respect of this industry, but I should say, concerning all the industries that have been referred to them, are distinguished by a thoroughness which perhaps we do not find in other inquiries. I will just refer to the well-deserved credit given by His Excellency the Viceroy while speaking in general terms of the few inquiries entrusted to the Tariff Board. Such being the thoroughness, such being the level, the standard, of its inquiries, it is all the more regrettable that their main recommendation has not been incorporated in the Bill. Sir, many exemptions have already been made in this report. All the newsprint has been exempted from the operation of the duty and many more kinds of paper besides. No sort of restriction is going to be imposed upon them, and they have tried to meet the situation from every point of view ; and the minimum of help that they can think of, having in view all the factors of the situation before them, they have incorporated in their recommendations. Sir, when we have once committed ourselves to the principle of protection, the bogey of cost, small and trifling, need not stand in our way. If we keep in mind the words of the Tariff Board, "keeping the industry alive", then we will realize that it is not a question of stimulating their development ; it is a question of maintaining their very existence, their very life. If so, is the question of a small rise in prices going to stand in our way ? But they have not ignored that point of view also ; as I have submitted, they have exempted from the operation of their recommendations a very large volume of paper which is used by newspapers and known by the name of "newsprint".

I will not say anything, Sir, about the particular views given expression to by the Honourable Mr. Devaki Prasad Sinha. Those views, so far as we are concerned in this country, are chiefly outlandish. They may apply in the case of countries of established prosperity, but so far as our poor country is concerned, so far as our industries are concerned, I think it is a more or less parrot-like repetition of certain principles which are not at all applicable to our country. Sir, with regard to that propaganda, I do not know what messengers and what emissaries have gone to our Honourable friend Mr. Devaki Prasad Sinha and carried that tale. Sir, I am living amongst capitalists, I am living amongst industrialists, I am living amongst shopkeepers. Nobody came to me and made any insinuation. How does he lay such a charge at the door of the capitalists and industrialists ? Are they not going to foster the industries, are they not going to apply their experience to the good of the country ? Are they going to be scared away by the insinuation of a propaganda ? Who carries on the propaganda and what for ? Here is an important industry which is in a dying condition, and here are the findings of very disinterested people (the Tariff Board) to keep the bamboo paper industry alive, and I think that carries

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the idea that the bamboo industry is in a bad way, and that substantial help should be given to it, in the way of loans as well.

Sir, I believe the paper industry is one of those industries which if given substantial help will very soon become self-supporting. It is not the case, I think, with many other industries. We find that it is only a very small increased production that would suffice to meet the demand of this country, if it is not very fastidious in the use of fine paper so far as ordinary wants are concerned ; and it is all the greater reason why this industry should be given all possible help. Giving a loan should have been one of the proposals contained in this Resolution. With these words, Sir, I support the motion so far as it goes, but at the same time, I submit that it is a rather halting measure.

Mr. E. G. Fleming (Burma : European) : Sir, the Tariff Board in their Report at page 71, section 111, state :

“ Five sites were selected by Mr. Pearson and Mr. Raitt as being those where the exploitation of bamboo as a paper-making material could best be attempted in the near future.”

Of these, three sites were in Burma. Honourable Members may have seen an amendment which I have submitted and in view of this paragraph may have thought that that amendment was frivolous. I maintain that that paragraph of the Tariff Board is misleading and to those who are uninformed it will give a wrong impression. My Honourable friend Sir Willoughby Carey has already informed you of the experience his firm had when they attempted to start bamboo pulp making in Burma, Pegu district. Some 12 or 15 years ago, that is before the war, the firm I was connected with in Burma investigated the possibilities of starting the bamboo pulp industry on the reports received from the Forest Department, but the prospects of the venture proving profitable on a commercial scale appeared so unlikely that the consideration of the proposition was abandoned. I have it on reliable authority that recently the area in the Arrakan Division, near the port of Akyab, has been thoroughly investigated and nothing has materialised, if the propositions have not absolutely been abandoned. There are sixteen thousand square miles, according to Mr. Pearson's estimate of rustling bamboo jungle, which must be a wonderful sight, one of those places where every prospect pleases and only man is vile. To turn to Tenasserim Division near the port of Tavoy, I possibly am the only person present who has had the experience of residing in that delectable district for any length of time. My Honourable friend, Mr. Roy, may possibly have visited Tavoy district in the course of his duties and he will know something of the jungle there. It is admitted that bamboo is very prolific in that district, but in the Tariff Board's Report they themselves state that conditions are favourable, except that coal would have to be imported by sea and labour would also have to be imported. These two points I fully endorse, but there is one further point that the Tariff Board have omitted to lay stress upon. That is climatic conditions. With your permission, Sir, I will read an extract from Mr. A. W. G. Bleek's paper on some occurrences of Wolframite lodes and deposits in the Tavoy district, which was included in the Records of the Geological Survey of India, Volume 43, pages 48 and 49 :

"The field-work which furnish all data for this paper, was carried out during the months of August and September. Only those who have passed through a rainy season in Lower Burma can appreciate the difficulties and discomforts of outdoor work during these months. In a sparsely populated country, where rest-houses are few and far between, and where roads are either non-existent, or in a very bad condition, where the jungle is practically impenetrable, and finally where the ordinary conveyances such as bullock carts, boats and coolies are difficult to obtain, it was naturally impossible to go very far afield."

That note terminates with this remark on the climate :

"The climate is by no means all that could be desired. The jungles are infested with mosquitos, sandflies, etc., and every precaution must be taken to guard against fever. The rainfall is a very heavy one, close upon 300 inches per annum, and most of this falls between the middle of April and the end of October."

That, Sir, is the district in which you would have to import your labour to make the bamboo pulp industry. That is the district that the Tariff Board deem fit to express as a place where the conditions are favourable for the exploitation of bamboo and for making bamboo pulp. That statement, I maintain, is incorrect, nor will it be possible to develop the bamboo pulp industry in Tavoy district on a large and commercial scale until some means are found to combat the scourge of Tavoy fever in the jungles, and transport conditions are improved. On the whole, I submit that the prospects of developing the pulp industry in Burma still seem to be a long way off.

(Several Honourable Members rose in their places.)

Mr. President : Order, order. I think if the House desires to make any headway with the large volume of business that appears on the agenda, it should proceed in a businesslike manner. I propose now to take up the amendments and restrict the discussions to each amendment. Mr. Kelkar.

Mr. N. C. Kelkar (Bombay Central Division : Non-Muhammadian Rural) : Sir, I move the amendment which stands in my name, namely :

"That after the words 'the bamboo' the words 'and grass' be inserted."

On the general question I need not say anything. I have anxiously considered the advantages as well as the disadvantages of the duty that is going to be imposed, and I have come to the deliberate conclusion that it is in the interests of my country that this duty should be imposed. About the amendment, I will say this, that it is intended mainly to prevent obliteration of grass as raw material from the minds of the Government and the public. which obliteration, I am afraid, will be the result if the word "bamboo" alone is kept in this Resolution and no mention of "grass" is made. My purpose, if I may put it in another way, would be served if the word "bamboo" is omitted as an alternative. I will at once make my position clear. Not that I object to the word "bamboo" being there, but I insist that if the word "bamboo" be there, the word "grass" also as a companion raw material must be there. You should either take away both the words or keep both the words, for both of them are nearly of equal merits in the field of raw materials which have been having a trial for a long time. Grass perhaps had even a longer time of experience than bamboo. It is true that protection, that is now being given, is taking the form of an import duty, and therefore the possible benefits of the import duty will be automatically absorbed by all kinds of paper mills in the

[Mr. N. C. Kelkar.]

country. I can quite understand that argument, but that very argument militates, in my opinion, against the special and exclusive mention of bamboo. If by the present measure your only object is to give protection to the paper industries of the country then why should you insist upon keeping the word "bamboo" and insist at the same time upon omitting the word "grass"? If it were a case of giving a subsidy, as has been adverted to in the recommendations of the report, then perhaps there might have been some point in saying that, whereas a specific subsidy is being given to a particular industry, namely, the bamboo industry, therefore the word "bamboo" must be retained. But if, according to the admission of Sir Charles Innes himself, the relief to be given is in the form of protection only, then I do not think there is any harm in either inserting the word "grass" along with "bamboo" or omitting both the words from the Resolution as well as the Bill.

Now, I have tried to understand why the word "bamboo" has been retained. Possibly such a special mention may have been intended to express the advertence to the judgment passed by the Tariff Board upon the comparative merits and prospects of paper made from bamboo and grass. But if you go into the discussion of the merits of both these kinds of paper, which is contained in the Report itself, you will find that both these raw materials run almost close to each other in point of efficiency as raw materials. Any impartial reader of the discussion of the merits of the two raw materials in the body of the Report will find that, whereas the Tariff Board started and for some time even developed a scrutiny into the merits of the two raw materials with a sort of impartiality, as soon as they arrived towards the close of the Report and were on the point of making recommendations, the spear point of partiality was forced in favour of bamboo, and grass was allowed to drop through the fingers. The one thing that I have observed, in carefully reading the body of the Report, is this that, though it appears that the Tariff Board has expressed a favourable judgment for bamboo and against grass, the judgment is obviously tentative. And who knows that in course of time, even perhaps a very short course of time, if the Tariff Board were again called upon to revise its judgment, it would not revise that judgment? The reason is this. A very large number of variable factors necessarily enter into the production of both kinds of paper; for instance, the crop of the raw material, supply of coal or fire-wood, or the generation of electric power, or the rate of labour wages prevailing in the locality, the facilities of transport, etc., etc. Now, all these are so many variable factors which go either to make the industry economically advantageous or disadvantageous. For the moment perhaps it happens, according to the evidence placed before the Tariff Board, that the Tariff Board thinks that the paper made out of bamboo has a good prospect before it and its manufacture will be beneficial. But I submit that that judgment must be taken as essentially tentative because it depends mainly upon so many variable factors.

As for grass, you will find favourable references to it in the body of the Report itself. Sir Charles Innes has drawn your attention to some passages of the Report about bamboo. I would like to draw your attention to some passages in the body of the Report relating to grass,

The Tariff Board has assumed that there is an initial difficulty with regard to grass. It thinks that you cannot get clean grass. On page 64, however, you will find this passage :

“ This difficulty of obtaining clean *sabai* grass is only a minor disadvantage, which it should be possible to overcome.”

Then later on referring to Mr. Pearson's evidence the Report says :

“ In giving evidence before us Mr. Pearson said that he adhered to his previous statements, subject to the qualification that there was more grass in the Sewalika than he was then aware of.”

Here is an instance of an expert revising his own judgment and naturally, as evidence grows, experts will have to revise their opinions hereafter also. So my contention is that the opinions of these experts on a matter like this should not be regarded as conclusive and final. All such judgments are bound to undergo revision according to the evidence discovered. Then on the same page (65) the Tariff Board makes the following statement :

“ On behalf of the Bengal Mill it was said ‘ the supply of grass is largely dependent upon labour and transport ’.”

They have obviously been referring to the variable factors which I have mentioned. The Report continues :

“ Eliminating these two factors, there has never been a time when ample grass has not been available for our requirements, in spite of competition from other mills. Extension of the railway system opens up vast areas.”

—that is how unfavourable factors are eventually got over—

“ and we look upon the supply of suitable paper-making material in India as unlimited.”

Then on pages 67 and 68 you have the following statements. Before I read this statement I may say that it is generally agreed that grass has no inherent disadvantages as such. There are no inherent disadvantages but only extraneous disadvantages, which naturally can be got over under conceivable conditions of improvement. Paragraph 105 of the Report says :

“ We think the evidence justifies us in saying that, the conditions of the Indian paper market being what they are, and with pulping wood at its present price, the paper mills in India which use *sabai* grass have no natural advantage in competition with imported paper, but on the contrary are at a disadvantage. India may possess an advantage, however, in so far as it may be possible to erect paper mills in the immediate vicinity of the raw materials, provided a site can be selected where cheap hydro-electric power is available.”

That means that, if new coalfields are discovered, if fire-wood becomes suddenly and unexpectedly available, if electric power schemes are designed and constructed, and the whole scheme of local conditions improve, then what was at one time considered to be impossible would at once become possible. Therefore, Sir, I still contend that the expert's opinion or judgment in a matter like this ought to be accepted with caution and not in a cocksure manner. Here again in paragraph 106 of its Report, the Tariff Board says :

“ But the estimate that was placed before us ”

—speaking about the effort made by the Titaghur Paper Mills—

“ But the estimate that was placed before us of the cost of grass pulp in such a mill had not been sufficiently considered and is without value, without evidence. The success of the scheme depends entirely on whether cheap electric power is available, and on the local supplies of fire-wood. If the conditions are unsatisfactory

[Mr. N. C. Kelkar.]

in these respects, we are not satisfied that the scheme would reduce the cost of paper made at Titaghur."

That means that, if the conditions are favourable, what was found impossible would become possible. Therefore, again I contend that the judgment of the experts ought to be regarded only as tentative.

Then *per contra*, at page 69 we have got considerations set out against bamboo also. So the House will observe that the merits of bamboo and straw or grass are very nearly equally balanced, and it is perhaps I think only an accident that the merits of Bamboo as raw material have been regarded as predominant as between the two.

Then, finally, I will only say this, that by way of summing up as it were the merits, the Report says, on page 80 :

"It is clear, we think, that the grass mills in Bengal and the United Provinces could not continue production and would have to close down"

if timely protection were not given to them. Now supposing the recommendations of the Tariff Board were accepted as the best judgment that could be relied upon as coming from a body of experts, then we might have to take up the recommendation, which is now turned down by Government, of giving an actual subsidy of 10 lakhs to one mill. If that expert opinion were faultless, I ask, why did the Government turn down that particular scheme of giving a subsidy of 10 lakhs? Therefore, I think the opinion of the Tariff Board is not infallible, and in my opinion the Tariff Board has unconsciously shown a sort of undue inclination of judgment, I will not say partiality, against grass and in favour of bamboo.

There is one more delicate consideration which, however, I must mention. The scheme of subsidy which the Board has mentioned goes to benefit a company which has no Indian directorate; which has no Indian shareholders, and which has no Indian capital—precisely the conditions which have been laid down as guidance for us in affording any measure of protection to any industry when we passed the schemes of protection to the steel industry at one of the previous Sessions of the Assembly. That again shows, in my opinion, that the Tariff Board proceeded with a sort of undue inclination in their mind towards a particular company and a particular industry which, I think, was not quite fair. Has similar help been given to experiments made with grass as raw material for paper? If that could be pointed out, then perhaps I may acquit the Tariff Board of this undue inclination or partiality. Now the Board, I think, owes it to itself that ground for objection should arise to concessions to bamboo paper, or a concern which does not satisfy the conditions just mentioned.

One other point that I wish to make is that apparently the possibilities of grass paper have not been fully explored and have not been given up as hopeless. Some mills are at present going on with grass as raw material, and I think there is just a fair prospect of other mills also taking to the manufacture of paper with that material. The Saharanpur Mill has already been mentioned, but I would in this connection refer to a letter which I received the other day from a friend of mine who is an enterprising industrialist and is just going to launch a paper factory in my own province, the Maharashtra. He says this :

"You know, I am interested in a scheme for making paper from grasses in the Khandesh district. I have had experiments made in England from these grasses,

and very good paper can be made. I brought out an English paper expert to India at my cost, and after getting a favourable report from him, I submitted a scheme to the Bombay Government. The Bombay Government after satisfying themselves have given me an agreement in the name of the Secretary of State allowing me certain concessions to use forest grasses in the Khandesh district, near the Tapti river at concession rates. My scheme would require a capital of 30 lakhs."

—not a small sum—

"Now the Dehra Dun paper expert of the Government of India wants that my grasses, although they may have given satisfaction to the London expert, must satisfy the Dehra Dun test. I do not know what this means. However, we are confident that our Khandesh grasses will satisfy Mr. Raitt, the Dehra Dun expert, and I am asking this gentleman to put to the test these grasses as much as he likes. Meantime, the Tariff Board wants to give financial aid only to a European firm which wants to make paper only from bamboo. Bamboo is a good material, but it does not mean that you should shut out grass from Khandesh if it is found to be a good material."

That supports my point, that the possibilities of grass as raw material have not been quite exhausted, for different localities favour different raw materials. Burma may favour bamboo. In Khandesh perhaps you cannot have any bamboo, but you can get abundant grass on the river side. If grass is not in the immediate vicinity of industrial centres, then we can conceive of capitalists taking their concerns and mills right up to the place where you can get the raw material and if in course of time we get good control, as we want it, over the administration of Railways then we can make the Railways arrange for concession rates for the transport of manufactured goods from the factories to the markets. My point is that the industrial survey of the country from this point of view has not been completed, and who knows that the industrial survey, if it is pursued in the proper spirit, will not disclose new coalfields, new schemes or possibilities of electricity, new fields of labour and new facilities of transport. If all these are realised then what was impossible becomes at once possible, and you will find that grass has in its favour predominant advantages over even bamboo. We have seen that the owners of match factories, for instance, are already thinking of removing their factories from industrial centres to the forest where they can get raw material enough.....

Mr. President : The Honourable Member has exceeded his time.

Mr. N. C. Kelkar : And I have finished my speech, Sir. For all these considerations it would be unjust to confine the protection to bamboo and to condemn grass.

***Diwan Bahadur M. Ramachandra Rao (Godavari cum Kistna : Non-Muhammadan Rural) :** Sir, the only point that I would like to raise is whether this Resolution which says that there should be an imposition of protective duty should in its terms confine it to the bamboo paper and paper pulp industry. The Honourable Member who has moved this amendment himself referred to the contemplated construction of a mill at Saharanpur which would be really fed by grass. That being so, it is quite clear that the imposition of the duty may help not only the bamboo but also the grass industry and every other mill which manufactures paper in India. On page 82 Honourable Members will find that the evidence leads us to think that the manufacture of paper out of *sabai* grass would not be possible in any other region in India under a system of absolute free trade. Further, Sir, the only point for consideration in regard to this amendment is whether it is absolutely correct that the imposition of

* Speech not corrected by the Honourable Member.

[Diwan Bahadur M. Ramachandra Rao.]

protective duty would only help the bamboo paper and paper pulp industry. It is quite possible that some of this protection would also reach mills which are now using *sabai* grass and in that respect I think there can be no quarrel at all between the proposal of this amendment and that of the Honourable Sir Charles Innes, for after all what matters is the protective duty, and that duty helps not only mills which now manufacture bamboo paper but also those that use *sabai* grass. Otherwise, it would lead to difficulties. Honourable Members will also find that in the Title to the Bill my Honourable friend uses exactly the same words :

“ to provide for the fostering and development of the bamboo paper industry in British India.”

Therefore, Sir, this protection would be a help not only to mills which now use paper pulp but also *sabai* grass and it seems to me that he should bring the Resolution into conformity with the actual facts. (Mr. Devaki Prasad Sinha : “ What will be the cost ? ”)

Mr. Abdul Haya (East Punjab : Muhammadan) : Sir, I rise to give my whole-hearted support to the amendment of the Honourable Mr. Kelkar. In doing so, I want to examine the position that has been taken up by the Honourable the Commerce Member. I propose to examine this position in two ways ; one is with a light heart and the other is rather seriously. When I propose to examine his position.....

Mr. President : The Honourable Members already know what the position of the Honourable the Commerce Member is. I would ask the Honourable Member to restrict himself to the amendment. I do not want a general discussion on the whole Resolution now.

Mr. Abdul Haya : I will confine myself to the amendment, Sir, but what I want to say to this Honourable House is that the position of the Commerce Member, when he ignores our amendment, is not justified. What I want to say is that the Commerce Member, when he is out to give protection, would give it to the stronger and would ignore the weaker. I want to tell the Honourable Member that bamboo is strong enough to protect itself—rather it can protect the Honourable Member also. But, Sir, it would be a gross error to ignore the claims of grass and the grass industry will have its grievance against you. Sir, my Honourable friend has related all the grounds that the Tariff Board have put down in their report for ignoring the grass industry. But, Sir, there is another aspect of the question. He has told you that the existing mills that manufacture paper out of grass material have not made out a strong case and have not satisfied the conditions that have been laid down by the Fiscal Commission. Sir, I want to draw particular attention to a mill that has been erected or is being erected. (Mr. Devaki Prasad Sinha : “ Are you interested in it ? ”) No. I want to make it abundantly clear. Sir, that I am not interested in any paper mill and there is no likelihood of my getting interested in the near or the distant future. I want to draw the attention of this Honourable House to the Punjab paper mills that are being erected near Saharanpur. Sir, in drawing attention to that mill, I want to quote from paragraph 132 of the Tariff Board's Report. It says :

“ The existing paper mills which use *sabai* grass do not satisfy the conditions laid down by the Fiscal Commission, and their needs are therefore irrelevant in

considering the claim to protection. There is, however, one locality in the north of India where the conditions are unusually favourable for the manufacture of paper from *sabai* grass for sale in the markets of Upper India, and a moderate amount of protection at the outset might facilitate the establishment of the industry there."

Sir, the question is why should the Honourable the Commerce Member take into consideration those portions of the Report that speak of the existing mills that manufacture paper from grass. We have to take into consideration the condition of this mill also which is in its infancy, if not in embryo. We are proposing to give protection for a period of seven years. Does my Honourable friend mean to say that during the coming seven years this mill will not be able to manufacture paper from grass? Sir, you will allow me to quote a few passages.

The Honourable Sir Charles Innes : Might I interrupt the Honourable Member for once? I do not think he understands that all grass mills will get just as much benefit from the new tariff as will the bamboo mills. I think most of his speech is being made under a misapprehension.

Mr. Abdul Haye : Then why not include grass also?

The Honourable Sir Charles Innes : Read the Tariff Board's Report.

Mr. Abdul Haye : What will you do if my Honourable friend's amendment is accepted?

The Honourable Sir Charles Innes : Read the Tariff Board's Report; you will get your answer.

Mr. Abdul Haye : I want to draw the attention of this Honourable House to paragraph 128 of the Report, which says :

"The condition is clearly not satisfied in the case of the existing grass mills. But a mill erected near Saharanpur would have an advantage of Rs. 75 a ton in the cost of grass, and, provided its hydro-electric power costs no more than steam power does at Calcutta, it would have a very fair chance of survival. The evidence leads us to think that the manufacture of paper out of *sabai* grass would not be possible in any other region in India under a system of absolute free trade."

Then in another passage, while dealing with an analogous case, the framers of the Report have said this :

"It would be unfair to the Punjab Paper Mills Company to grant a State subsidy to one of its competitors, when paper can be probably made as cheaply from *sabai* grass at Saharanpur as it can from bamboo at Cuttack. In these circumstances we think that the two materials must be treated alike and left to fight their battles on an equal footing."

If in the case of subsidy they are to be treated alike, my point before you, Sir, is that in the case of protection they should also be treated alike. With these remarks, Sir, I support the amendment.

The Honourable Sir Charles Innes : Sir, I must confess that I cannot understand why we have spent the best part of an hour in discussing this particular point. The terms of my Resolution follow exactly the recommendation of the Tariff Board. The Tariff Board record a definite finding that *sabai* grass has not made out its claim for protection. The existing mills do not satisfy the conditions laid down by the Fiscal Commission. Their needs are irrelevant in considering the claim for protection. As I said in my opening speech, they make a possible reservation in favour of the Saharanpur Mill. That mill has not yet been started. It is merely a project at present. The Tariff Board consider that conditions there are favourable and that that mill may make good. I sincerely province at any rate I find that whenever we make proposals for

[Sir Charles Innes.]

hope—we all hope—that it will make good. But at present it is merely a contingency. The Tariff Board, therefore, say that the claim to protection depends entirely upon the possibility of manufacturing paper from bamboo. Now, Sir, that is the reason why I propose to entitle my Bill, if the House will pass this Resolution, a Bill for the protection of the bamboo paper industry. But, as Mr. Ramachandra Rao has pointed out, and as Mr. Kelkar has pointed out, the form of the protection we give to this bamboo paper industry is by increasing the import duties, and all mills, whether they are making paper from grass or whether they are making it from bamboo, get the benefit of these increased duties. Sir, I cannot see why in these circumstances the House should ask me to alter either my Resolution or the terms of my Bill. My Resolution is strictly in accordance with the recommendation of the Tariff Board, and if I were to accept Mr. Kelkar's amendment, I should be saying that we in this House and the Government do not accept the definite finding of the Tariff Board regarding grass mills. I think, Sir, the House ought not to ask me to do that. As I pointed out, it is not a matter of practical importance. We treat all mills alike and they all get the benefit of the protection. I therefore must oppose this amendment, and I hope the House will support me.

Mr. President : The question I have to put is :

“ That in the Resolution after the words ‘ the bamboo ’ the words ‘ and grass ’ be inserted.”

The Assembly divided :

AYES—40.

Abdul Haye, Mr.
Abhyankar, Mr. M. V.
Aiyangar, Mr. C. Duraiswami.
Aney, Mr. M. S.
Belvi, Mr. D. V.
Chetty, Mr. R. K. Shanmukham.
Das, Mr. B.
Dutt, Mr. Amar Nath.
Ghulam Bari, Khan Bahadur.
Gour, Sir Hari Singh.
Govind Das, Seth.
Hans Raj, Lala.
Iyengar, Mr. A. Rangaswami.
Kartar Singh, Sardar.
Kasturbhai Lalbhai, Mr.
Kelkar, Mr. N. C.
Lohokare, Dr. K. G.
Mahmood Schammad Sahib Bahadur, Mr.
Majid Baksh, Syed.
Malaviya, Pandit Krishna Kant.

Malaviya, Pandit Madan Mohan.
Mehta, Mr. Jamnadas M.
Misra, Pandit Shanbhu Dayal.
Misra, Pandit Harkaran Nath.
Murtuza Sahib Bahadur, Maulvi Sayad.
Narain Dass, Mr.
Nehru, Dr. Kishenlal.
Nehru, Pandit Motilal.
Neogy, Mr. K. C.
Purshotamdas Thakurdas, Sir.
Rangachariar, Diwan Bahadur T.
Ranga Iyer, Mr. C. S.
Samiullah Khan, Mr. M.
Singh, Mr. Gaya Prasad.
Singh, Raja Raghunandan Prasad.
Sinha, Mr. Ambika Prasad.
Sinha, Kumar Ganganand.
Syamacharan, Mr.
Venkatapatiraju, Mr. B.
Yusuf Imam, Mr. M.

NOES—49.

Abdul Mumin, Khan Bahadur Muhammad.
Abdul Qayyum, Nawab Sir Sahibzada.
Ahmed, Mr. K.
Aiyangar, Mr. K. Rama.
Ajab Khan, Captain.
Akram Hussain, Prince A. M. M.
Ashworth, Mr. E. H.
Ayyar, Mr. C. V. Krishnaswami.
Bajpai, Mr. B. S.
Bhore, Mr. J. W.
Blackett, The Honourable Sir Basil.

Burdon, Mr. E.
Chalmers, Mr. T. A.
Chartres, Mr. C. B.
Clow, Mr. A. G.
Cocke, Mr. H. G.
Cosgrave, Mr. W. A.
Dalal, Sardar B. A.
Datta, Dr. S. K.
Fleming, Mr. E. G.
Ghose, Mr. S. C.
Gordon, Mr. E.

Gordon, Mr. R. G.	Naidu, Mr. M. C.
Graham, Mr. L.	Panduranga Rao, Mr. V.
Gurner, Mr. C. W.	Raj Narain, Rai Bahadur.
Harper, Mr. K. G.	Reddi, Mr. K. Venkataramana.
Hira Singh Brar, Sardar Bahadur Captain.	Roy, Mr. G. P.
Innes, The Honourable Sir Charles.	Sim, Mr. G. G.
Langley, Mr. A.	Singh, Rai Bahadur S. N.
Lindsay, Sir Darcy.	Stanyon, Colonel Sir Henry.
Lloyd, Mr. A. H.	Sykes, Mr. E. F.
Macphail, Rev. Dr. E. M.	Tonkinson, Mr. H.
Maguire, Mr. L. T.	Vijayaraghavacharyar, Diwan Bahadur
Makan, Mr. M. E.	T.
Mitra, The Honourable Sir Bhupendra Nath.	Webb, Mr. M.
Muddiman, The Honourable Sir Alexander.	Yakub, Maulvi Muhammad.

The motion was negatived.

Mr. K. Rama Aiyangar : I beg to move :

“ That for the figures ‘ 1932 ’ the figures ‘ 1930 ’ be substituted.”

I have already submitted to you, Sir, that this is only one portion of the amendment which I propose, though in practice the two should go together. But since you have ruled that I should move only the first, I have no right at present to deal with clause (b) of my amendment.

The Honourable Sir Charles Innes : May I rise to a point of order, Sir ? Would it not be possible to take both parts of Mr. Rama Aiyangar's amendment together because they entirely hang together and it would be much easier for Government to deal with the matter ?

Mr. President : I have no objection if the Honourable Mover is willing to adopt that course.

Mr. K. Rama Aiyangar : My other amendment is :

“ That at the end of the Resolution the following be added :

‘ and by advance of capital or by the guarantee of capital and interest to the extent of Rs. 20 lakhs to the industries referred to in the ‘ Annexure ’ to the report on the paper industry subject to such conditions as the Government may feel fit to impose ’.”

I may say at the outset, Sir, that I have not been able to understand the attitude of Government in this matter. I have not been able to follow the discussion on the previous amendment. In fact, the previous amendment wanted grass to be included within the recommendation of the Tariff Board's Report and it was argued that if the bamboo pulp industry is to be protected protection to the other industry should also be given. In paragraph 132 they say :

“ The existing paper mills which use *sabai* grass do not satisfy the conditions laid down by the Fiscal Commission, and their needs are therefore irrelevant in considering the claim to protection.”

That is the view the Tariff Board have taken after examining not only the points read out by the Honourable Mr. Kelkar but also the cost of production on the estimates given by the Titaghur Paper Mills which is one of the greatest mills in this country and which will probably benefit the most by this protection if given. The reasons given by the Tariff Board are cogent and nobody here has got either the knowledge or the capacity to go into the question as well as they have done, and their conviction is that it is not possible that the paper industry can proceed to any extent with *sabai* grass so that the terms of the Fiscal Commission may be fulfilled and protection given by Government to it. That

[Mr. K. Rama Aiyangar.]

being so, it is clear that the protection now offered benefits the industry because they do not want that during the period that the other industry develops this should die away, as they seem to think that sufficient grass will be available for a number of years till the other actually takes the field. Therefore, the recommendation of the Tariff Board is quite proper and complete. But I am not able to understand the attitude of Government. I appeal to Government to see that the whole of the Tariff Board's recommendations are carried out in full. There is no point in taxing the consumer alone without any benefit to the country. The main point that is made by the Tariff Board is important. They discussed the question of granting a bounty to the bamboo paper industry and rejected it for the reason that the chances are that that kind of protection will practically kill an industry which has been in existence in India for 40 years. They say that the *sabai* grass mills have been working for 40 years, that they have been working as best they could and that they will get on for some years more. They say that they will be able to keep the field to a certain extent but not for any length of time. So that it will not be proper for Government to come to their rescue, but they do say that the industry ought not to be killed by the indifference of the Government, and therefore, while we give help to the other industry which has come into existence we should not fail to protect also the grass paper industry which could keep on if protection were given. That is the gist of the recommendation and I say that it is one of the most cogent recommendations that we can come across. For the Government of India the question that now arises is this. If you give protection it must be for the clear purpose of starting another industry which will capture the field and may later be able to export bamboo pulp from India, not only supplying the necessities of India but also of foreign countries. Now, can the Government of India place a proposition before the House saying that protection will be given for seven years and if by that time the whole thing dies let it die, and let the consumer pay at the rate of Rs. 21 lakhs per annum. That is the proposal that is now placed before the Assembly by the Government. This Rs. 21 lakhs is in respect of the imported stuff. It will actually mean another 18 or 21 lakhs in respect of paper manufactured in the country, so that in the aggregate the consumer will be charged at least at the rate of Rs. 40 lakhs in respect of the paper industry which helps education, one of the grandest things that ought to be protected from being trenched upon. Government say, "we shall impose Rs. 40 lakhs on the people for a number of years and then shall sit quiet. If other people come in to help the growth of this industry, let them come." At the end of 3 or 4 years they will have got 120 lakhs of the people's money and distributed it among the capitalists and if the industry cannot survive, they will allow it to die. That is the proposition that is placed before the Assembly. I appeal to Government to consider their position. It will not be in the interests of Government to say, "we will for some years levy a sum of Rs. 40 lakhs from the people, who as the House knows are as poor as poverty can make any class of people, and at the end of 3 or 4 years say, nobody comes forward with further capital and the bamboo industry is not progressing, we cannot help it." In the meanwhile the poor consumer has paid about Rs. 2 crores of rupees and loses the little bit of extra education one might like to have. The recommendations of the Tariff Board are given the

go-by. This is what they said in another paragraph. They say that if the bamboo pulp industry is to be sufficiently tested and the cost of production is to be reduced you must give to a certain private company, which happens to be an English private company, 10 lakhs of rupees for starting another machine. The Tariff Board have looked into that matter and they say that the flow of capital should be so arranged that Indian rupee capital might come in and take up the rest of the shares. Conditions may be put upon the company or a guarantee may be given for the ten lakhs advanced or it may be that the company is able to maintain itself. Whatever that may be, when protection is given to a company like that in some form or another, the principles of protection ought to require that they utilise it for the country's benefit. This is a matter which is now resting with the Foreign Capital Committee which has not yet reported. I dare say when they come to certain conclusions, conditions may be put on this company and a guarantee for another ten lakhs may be given, but certainly the attempt should be made to reduce the cost of production in the bamboo pulp industry and make it possible for India to stand on its own legs and see that future generations benefit by the sacrifices that the present generation makes in the matter. That is one point. That relates to the sulphite process. I think the cost might come below Rs. 279 or something like that per ton of paper. I am not sure. I think it is about Rs. 300 or 360. That does not matter.

Another point is in connection with the mill which is being formed in Madras. I have got a detailed letter relating to that company. I find that the Madras Government has also given 6 lakhs. It has already spent 20 lakhs on that and the Tariff Board only recommend that ten lakhs further may be advanced by the Government of India not for the purpose of really keeping up the company because I understand paper production from straw is ensured by the equipments. The bamboo paper production has to be further got by what is called the soda process. The experts of the Government of India have now introduced this fractional digestion process and that has also to be tried there. The Tariff Board say that if the Government start mills to try these processes on a large scale even as an experimental measure to enable the country to advance in this direction it will cost 45 lakhs if it has to start it in the Naihati mills ; it will cost a similar sum to start a plant at Rajahmundry. Instead of that you take 21 lakhs from the people and probably give 20 lakhs to the capitalist. If you do this you also give a guarantee for ten lakhs or provide ten lakhs to the Government of Madras if you like. Add to it a portion which will enable you to try this process and to give a practical demonstration to the people. The Tariff Board say that unless this is done it will not be reasonable to give any protection at all. Therefore to be consistent, as was mentioned by the Honourable Sir Charles Innes in his original speech, you cannot separate one thing from another. If you do separate them you go against the principles that you have adopted—to follow the Fiscal Commission's report in giving protection to any of these industries. I do want the Government to make up their minds. When they give such protection they must give it in a way that actually benefits the country in the long run. My friend Mr. Devaki Prasad Sinha will not then complain and it will not be proper to treat it only as money given away into the hands of the capitalists. It is protecting the

[Mr. K. Rama Aiyangar.]

interests of India but the proposition as set forth does not give this protection. I want the Government of India to consider their position and change their views in the matter. Already the protection that has been adopted has been freely used in the country as a thing that has been taken away from the country and given to the capitalists. We want to prove that it is not so. If the Government pass their Resolution they will prove beyond doubt that they are in the hands of some people in this particular case. I find that one mill produces 15 to 20 thousand tons of paper out of the 27 thousand tons produced in the country and that is not a thing which is not open to objection. In these circumstances it will be only deceiving ourselves if we say that we give protection in the interests of the country. The Tariff Board's arguments prove it completely and the Government have to do their duty either by adopting the principle wholesale or not pressing their Resolution for the acceptance of the Council.

The Honourable Sir Charles Innes : Mr. Rama Aiyangar has, I think, put the case for his amendment as well as it can be put. He said he was not able to understand the attitude of Government in putting up a different proposal. Well, Sir, I can only say that I am sorry that I was not able to explain myself better in my first speech and Mr. Rama Aiyangar's speech leaves me no option but again to restate as briefly as I may the objections which the Government see to this particular proposal. Now the proposal is, as I have explained, to give a subsidy of 10 to 14 lakhs in the first place to a particular mill in Calcutta. That particular mill in Calcutta belongs to a private company. As a matter of fact it belongs to three or four shareholders. One of these shareholders owes the patent rights for the process which they are trying out in that mill. That is the sulphite process. Therefore we are being asked to assist a monopolist to try out a monopoly process. We have been asked to intervene between various firms competing in the same market. Because one firm is making paper from bamboo, we are asked to assist that firm by a subsidy of 10 lakhs. Thereby we give that firm an advantage over the grass mills with which it is competing at the present moment. Now, that is our main difficulty. Does Mr. Rama Aiyangar or does any Member of this House think that it is right to overlook the grave objections to the Government of India intervening in this way to assist a monopolist to work out a monopoly process and to give that monopolist an advantage over his competitors? That seems to us a very real difficulty indeed. That is my first objection. My second objection is, I do not quite know how far this proposal is going to take us. As I mentioned before, no sooner had the Tariff Board's Report been published, some mills using grass wrote up to us and said "We too are thinking of changing to bamboo. What are you going to do for us?". If you give assistance to one mill it is very difficult not to give it to another. The same objections apply in the case of Rajahmundry. I have tried to explain in my first speech that we in this matter are in a different position from the Government of Madras. The Government of Madras considers the needs within its own Presidency and it may or may not consider the question of assisting this particular mill which I think is the only mill making paper in the Madras Presidency. The Punalur mills, as Mr. Rama Aiyangar knows, are in Travancore. I think the House will give me credit for wishing to do my best for the Madras Presidency, particularly for any industry in the Madras Presidency, because

for many years I was not only a Madras officer but I was also a Director of Industries in Madras.

Mr. A. Rangaswami Iyengar : The Punalur mills begged of you to support them but you did not.

The Honourable Sir Charles Innes : I do not know where my Honourable friend Mr. Rangaswami Iyengar gets his information from because when I was Director of Industries in the Madras Presidency, I used actually to run the Punalur mills through one of my officers and at that time they used to make a considerable profit, not, I may say, on account of my efficiency but on account of war conditions. At any rate I think Mr. Rangaswami Iyengar will give me credit for wishing to do what I can in this matter. But I hope he will also understand that the Government of India have considered this matter most carefully—we have gone into it very deeply and we are definitely of the opinion that if we give financial assistance in this way, whatever assistance we give to this industry, it ought to be assistance which does not discriminate between firm and firm competing in the same market : and that is why we put up to this House this alternative proposal. I hope that the House will agree with me that the alternative proposal is on the whole the right proposal to go in for. If I fail to convince the House and if the House accepts Mr. Rama Aiyangar's amendment, I can assure Mr. Rangaswami Aiyangar and the House that their views will be most carefully considered. I am afraid that I shall not be able to consider them this Session or to take action this Session, but they may rest assured that whatever decision the House comes to will be very carefully considered with a view to action being taken next Session. I hope, however, I have given sufficient reasons to the House for them to support me in this matter. I hope they will appreciate our difficulties, and that they will not accept Mr. Rama Aiyangar's amendment.

Mr. B. Das : May I ask the Honourable Commerce Member one question ? The Tariff Board recommended assistance to the bamboo pulp industry all over India. Amongst others Cuttack was mentioned as the best place where bamboo pulp can be manufactured at the cheapest rate, namely, about 200 rupees per ton. I find such assistance is going to be afforded to an industry in the Madras Presidency. But we have had no indication from the Honourable the Commerce Member whether such assistance will also be given to a Company in Cuttack if it is started.

(The Honourable Sir Charles Innes rose to speak.)

Mr. A. Rangaswami Iyengar : On a point of order, Sir,.....

The Honourable Sir Charles Innes : I was just going to reply to Mr. Das. I think what Mr. Das said bears out what I just said to the House, namely, that if we accept this proposal, we do not know how far it will lead us. No sooner had the words fallen from my mouth than Mr. Das rose to ask "What help are you going to give to the industry in Cuttack ?" I think my reply to Mr. Das is that if there are local patriots in Orissa who will put up the money themselves and start that industry in real earnest, then they will get the benefit of these protective duties.

Mr. A. Rangaswami Iyengar : On a point of order, Sir. I desire to ask the Chair whether it would not be possible to take my amendment as

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an amendment to Mr. Rama Aiyangar's amendment and if it is possible for Mr. Rama Aiyangar to accept my amendment, which is a milder request to the Government because.....

Mr. President : Order, order. The latter part of the question is not a point of order. It is for Mr. Rama Aiyangar to decide whether he will accept the Honourable Member's amendment to his amendment. With regard to the first part of the question, we have already fully discussed Mr. Rama Iyengar's amendment, and if the Honourable Member had made the proposal at an earlier stage, I would have considered it. I will put the amendment.

(Mr. K. Rama Aiyangar rose to his feet and several Honourable Members shouted : "The mover of an amendment has no right of reply.")

Mr. President : The question is :

"That the following amendments be made :

(a) That for the figures ' 1932 ' the figures ' 1930 ' be substituted.

(b) That at the end of the Resolution the following be added :

' and by advance of capital or by the guarantee of capital and interest to the extent of Rs. 20 lakhs to the industries referred to in the ' Annexure ' to the report on the paper industry subject to such conditions as the Government may feel fit to impose '."

The question I have to put is that those amendments be made.

The motion was negatived.

The Assembly then adjourned for Lunch till Five Minutes Past Three of the Clock.

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

Mr. N. M. Dumasia (Bombay City : Non-Muhammadian Urban) : Sir, in the first place, I beg to tender my thanks to you for allowing me to move the amendment, although notice was sent at a late hour yesterday afternoon. In the second place, I want to make it quite clear to Honourable Members of this House that I am connected with a newspaper and a printing press in India, which has been affected by the kind affection which under the able guidance of the Honourable Sir Charles Innes the Government of India are showing towards languishing indigenous industries. I hope that next week when the subject of the cotton excise duty comes up for discussion, he will manifest the same keen interest for that industry. (Hear, hear.) Sir, as I have said, I have made it quite clear that I am connected with a leading newspaper in India which is affected by the operation of this Resolution, yet, Sir, I base my amendment on the principle which has been recommended by the Tariff Board and which has been accepted by the Government of India that the newspapers are to be exempted from this increased tariff. Sir, the sole reason which prompted me to send notice for committing the Bill to Select Committee was a representation which I received from the lithographers of Bombay. In a covering letter forwarding that representation the lithographers say :

" Government is rushing through the recommendations of the Tariff Board on paper and giving no opportunity to the Assembly and the public to express opinion. These

protective measures generally throw hardship on the consumers, and the proposed protective duties will mean a tax on education and knowledge. If books printed in foreign countries are permitted to enter this country free of duty on principle that a tax of that nature would mean taxing education and knowledge, it is really difficult to understand the purpose of the proposed high duties on paper which would make paper and printed books dear for every school-boy."

But, Sir as my friend Mr. Devaki Prasad Sinha pointed out, under the reforms we are getting new boons from the Government of India and one of them is the proposal that illustrated newspapers and periodicals which use a particular kind of paper must pay extra duties as Indian mills cannot even with this protection compete in price with the imported article. A 40 per cent. tax on paper used for the distribution of news and the spread of knowledge—and on an illustrated weekly which paper has a distinct educative value is a thing unheard of and unequalled in any part of the world. Sir, the chief reason for this amendment is that super-calendered paper on reels is solely used for the purpose of newspaper production. As I have pointed out, the Bill already exempts newspapers from the proposed increased duty ; so it is only reasonable to include paper used in the production of illustrated papers in the exemption.

Mr. Devaki Prasad Sinha : What is the amendment ?

Mr. N. M. Dumasia : My amendment is that a certain kind of paper used in the production of illustrated papers should be exempted from the increased tariff, as it will amount to a tax on education and knowledge. I will read my amendment, Sir. It runs :

" That for the words ' poster and stereo ' the words ' poster and stereo and super-calendered paper imported in reels ' be substituted."

That is my amendment, Sir. It has not been circulated to Honourable Members as it was sent late last evening. The representatives of the Indian paper mills who are now in Simla have no objection to my amendment as the particular paper does not compete with the industry at all. The non-acceptance of my amendment will not benefit them in the slightest degree, this being a paper which they cannot make either in requisite quantity or of the proper quality.

Now, Sir, the only excuse for putting this tariff on the kind of paper which I have mentioned is the recommendation in the Tariff Board's report, paragraph 152, page 98. They say :

" It (this kind of paper) is in fact made by one mill "

and they point out that it is not from bamboo and this Resolution seeks to protect the bamboo paper industry. I, therefore, fail to see why it should be recommended for increased tariff. The Tariff Board report then proceeds to state :

" But the important point is that, if it remained subject to the present rate of duty, it would be more largely used instead of other papers and would thus affect the sale of Indian paper."

That is absurd and has no relation to realities. I have great respect for the opinion of the Tariff Board, but I am afraid they are labouring under a misapprehension. There is no ground for the fear that this kind of paper will be largely used if higher duty is not imposed upon it. There is no reason for such an unwarranted assumption. This paper costs £30 per ton, and no printer would cut his nose to spite his face and use this costly paper. The indirect effect, if the increased duty

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is placed upon this paper, will be that it will give such a death blow to the *Times of India*, *Illustrated Weekly* that the proprietors will have to dispense with this costly paper and use that kind of cheap paper on which no duty is levied. So, Sir, the object with which this item is included in the new tariff will be frustrated. Sir, there are two ways of importing super-calendered papers, one is imported in sheets and another is imported in reels, and what is imported in reels is solely used for the production of newspapers. A Member sitting on the Treasury Bench asked me, where is the guarantee that the papers imported in reels will not be cut and made into sheets? My reply to it is this. No printing press in India has got a machine for that purpose. It is a very intricate and costly machine and only the paper manufacturing mills have got such machines. We pay full duty on the papers that are imported in sheets. Sir, if Government have any doubt on this subject they can remove that doubt by emphatically stating that such paper as is used only in the production of newspapers will be exempted from the increased duty. That will obviate the difficulty which may be raised against it. So far as I can see, Sir, there is no other difficulty in the way of excluding this kind of paper from the high rate of tariff. I can understand Government's anxiety to protect this industry and give effect to the recommendations of the Tariff Board at an early date and therefore I am prepared not to press my amendment to refer the Bill to the Select Committee. But, Sir, in their anxiety to save one trade Government should not kill another industry. I entreat the Government not to injure another important trade. Printing is also an industry and a trade. It disseminates knowledge and education and this Government will be the first and only one to tax knowledge and education if it increases tariff on that kind of paper which is solely used for the production of a newspaper. I strongly appeal to the Honourable the Commerce Member to accept this amendment. After all, this tariff is not imposed for revenue purposes. It is only laid, as my Honourable friend Sir Willoughby Carey said, to enable the trade to hold its own against competition and to maintain the trade and regain the lost market. In fact, in this kind of paper there was no market and no competition, and I am sure the representatives of the trade will agree with me that this paper does not compete with them and I hope they will not object to my amendment. I once more appeal to the Honourable the Commerce Member and to all the Members on the Treasury Bench with all the earnestness at my command to consider this case very sympathetically. Do what you like, but do not injure another industry and do not put a tax on knowledge and education.

The Honourable Sir Charles Innes : May I put a question to the Honourable Member? I understand that his reference is to super-calendered paper imported in reels; indeed he referred only to super-calendered paper.

Mr. N. M. Dumasia : Yes, Sir. I plead for super-calendered paper imported in reels.

The Honourable Sir Charles Innes : May I ask him to word his amendment "poster, stereo and super-calendered paper imported in reels"?

Mr. N. M. Dumasia : I am quite willing to do that.

The Honourable Sir Charles Innes : I do not wish to mislead the Honourable Member. What I want is to have the amendment in a correct form if it is carried by the House.

Mr. B. Das (Orissa Division : Non-Muhammadan) : Sir, I rise to support the amendment moved by my friend Mr. Dumasia. Sir, none of us can dare to oppose the Press in India or elsewhere. None of us dare oppose this amendment and specially those of us that read the *Times of India Weekly Illustrated* on Sundays over our morning cup of tea. Sir, if it were not but for this paper, we may have missed the picture of our Finance Member worrying over the gold exchange problem or the picture of the Honourable the Commerce Member, who is too much worried over the protection duties. The Tariff Board in the paragraph just now quoted by my friend Mr. Dumasia have found it possible to exclude litho paper, but they had some suspicion as to how they are to separate the kind of litho paper that is used for newspaper printing. One kind is used for the printing presses. Mr. Dumasia has explained to us that the paper that comes in reels is especially used for the newspaper printing. That is sufficient explanation and I hope the Honourable the Commerce Member will accept Mr. Dumasia's view.

Sir, before I sit down I owe an explanation to this House for the remarks that my friend on the right Mr. Devaki Prasad Sinha made about my being a bogus capitalist. Sir, I am not a capitalist. A bogus capitalist, to my mind, is one who promotes bogus companies and pockets the money. Sir, I am not a capitalist. I am a consulting engineer and industrial adviser in my private profession and I call it a link between the capitalist and the labour. If my friend, who occasionally poses as the representative of labour, or the representative of the agricultural classes or the representative of the socialists as it suits the occasion, instead of himself being a labourite or a socialist or a worker actually, forgets that he is himself a lawyer and yet talks of agriculturists and their non-representation and alleged grievances, I have a better right to speak on questions concerning capital and labour than a lawyer—who lives mostly on the agriculturist classes. Sir, lawyers, in order to continue their career, always realise money from the agricultural classes. Sir, I have given the explanation to the House to shew that I am neither a capitalist nor a bogus capitalist, but there are others who are bogus socialists or bogus communists.....

Mr. President : Order, order. Will the Honourable Member restrict himself to the amendment before the House ?

Mr. B. Das : Sir, I have nothing more to say. I heartily support the amendment moved by my friend Mr. Dumasia and I commend it to the Honourable the Commerce Member.

Mr. H. G. Cocke (Bombay : European) : Sir, I rise also to support this amendment. I think it is really a very simple business proposition. One of the objects of the Tariff Board was not to penalise newspapers but in the case of a certain newspaper they are going to do so, unless this amendment is carried. It is stated in the Tariff Board Report that this particular kind of paper is made in India. Actually that is true, but for practical purposes it is not. The quality, I understand, of the paper manufactured in India is not sufficiently good to enable this particular newspaper to use it. And, therefore, for practical purposes this paper is not made in India. It is further stated in the Tariff Board

[Mr. H. G. Cocke.]

report that it would be more largely used if the duty is not put on. The words are :

“ it would be more largely used instead of other papers and would thus affect the sale of Indian paper. For this reason it must be brought within the protection scheme.”

I am advised, Sir, that that is an incorrect statement in that the price of this paper is very much too high to enable it to be brought into general use. I should like to point out that the newspaper we are considering is one with which Honourable Members on the Front Bench opposite may not be entirely unfamiliar on Sunday afternoons, especially since cross-word puzzles came into vogue. If they were to transfer their activities to Bombay, they would find inside that paper new sheets containing the latest telegrams up to Saturday night. It is not merely a journal or a magazine in the local area, but it is a newspaper with all the latest news up to Saturday night and is bought in Bombay as a newspaper. It seems to me, therefore, that this particular kind of paper should be excluded and I understand that the trade have no objection whatever to this course. I, therefore, hope that the Honourable Member for Commerce will accept this amendment.

The Honourable Sir Charles Innes : Sir, I am rather in a difficulty with this amendment. I am not referring to the fact that I have lost my notes on this rather technical matter, but I am referring to what I consider to be rather a more serious difficulty. I am not insensible to the appeal which has been made to me by my Honourable friend Mr. Dumasia and which has been supported by Mr. Cocke. I must confess that I do not agree that this particular tax is a tax on knowledge and education. I am prepared to admit that it is a tax on the paper referred to by Mr. Bhubanananda Das and I should like to say that I personally have no desire to tax unfairly any paper whether it belongs to the *Times of India* or to any other newspaper in India. But my first difficulty is this. The House has got to realise that in any protective scheme particular interests are bound to be affected. This particular interest was considered carefully by the Tariff Board. I happen to know because I have seen the evidence. These points were put up particularly to the Tariff Board. The Tariff Board considered them and definitely turned down the application for exemption in favour of this super-calendered paper. Now, that is the first point I have to make. Secondly, I am not quite sure what the exact effect of this will be. In fact, the Commerce Department of the Government of India have not had really a proper opportunity of considering the matter. The point was brought to our notice three weeks ago. We asked at once that it might be put into writing. It was put into writing only three days ago and there the very important addition was made “ and super-calendered paper in reels ”. We were told that if we make the entry in that form, then the fears of the Tariff Board as expressed in paragraph 152 of their Report would not be valid. But we have got to remember that, if you exclude the super-calendered paper in reels from this protective duty, you reduce its price by Rs. 56 a ton. And we have not been able to ascertain whether reducing the price by that amount—Rs. 56 a ton—would not lead people to import this paper in reels and then cut it up into sheets in this country. Now that is our main difficulty in this connection. Mr. Dumasia has told us that there is no paper cutting machine in the country which could be

used for that purpose. I am quite prepared to admit that this is the first time this essential fact has been brought to my notice. Consequently, as I say, I am in a difficulty in this matter. But my solution of it is this. If the House desires to accept this amendment, I personally shall not object. I leave it entirely to the decision of the House.

Mr. President : The question I have to put is :

“ That after the word ‘ stereo ’ the words ‘ and super-calendered paper imported in reels ’ be inserted.”

The motion was adopted.

Mr. President : I do not know, in view of the decision on the amendment of Mr. Rama Aiyanger, whether Mr. Acharya wants to move his amendment.

Mr. M. K. Acharya : I am in the hands of the Chair, Sir.

Mr. President : It is entirely for the Honourable Member to move it or not.

Mr. M. K. Acharya : I do not move it, Sir.

Mr. A. Rangaswami Iyengar (Tanjore *cum* Trichinopoly : Non-Muhammadan Rural) : Sir, with your permission I am moving the amendment* which stands in my name.

I do not propose to trouble the Assembly with reading it, but I desire straight away to point out that my amendment is divisible into two parts—the first part of it takes objection to the manner in which the recommendations of the Tariff Board in regard to the grant of loans or subsidies have been turned down by the Government without giving us an opportunity to have our say ; the second part of it is an amendment which is much milder in form than my friend Mr. Rama Aiyanger's and which I cannot see how any reasonable person on the side of the Government can take any objection to. Sir, so far as that amendment is concerned, my case is already fully explained by the observations of my friends who preceded me and criticised the decision of the Government not to grant subsidies or loans. I find, Sir, that this is not merely a tentative decision but that it has been deliberately adopted and that it has been put into the Statement of Objects and Reasons of the Tariff Bill which is to follow this Resolution. There it has been stated, Sir, that the policy of granting subsidies or loans is open to grave objection. And now, when we come to the very lucid exposition, if I may say so, of the Honourable Sir Charles Innes of the conclusions of the Government, he pointed out to us that the Government's objection to the policy recommended by the Tariff Board in regard to the granting of loans or of guarantees or subsidies was three-fold. He said that the recommendation of the Tariff Board in this behalf was made

* “ That at the end of the Resolution the following be added :

‘ But this Assembly conveys to the Governor General in Council its regret that in regard to the recommendations of the Tariff Board for the grant of loans or subsidies to firms with a view to fully explore the possibilities of the manufacture of paper from bamboo by the sulphite, soda or other process, the Government should have come to conclusions without placing them before this House and taking its opinions thereon ;

And this Assembly further recommends that these recommendations be accepted in principle and that further investigations be made in accordance with the recommendations of the Tariff Board as to the most effective manner in which assistance may be given to all the companies or firms that are prepared to explore these possibilities on a commercial scale.’ ”

[Mr. A. Rangaswami Iyengar.]

in respect of a private company of three people and he said, in the next place, that they have a private patent and in fact the Government's assistance would be helping a monopolist to increase his profits ; and then he said that, if this policy of subsidies is accepted, then they must be applicable to all and that therefore they cannot resist the flood of applications for loans and subsidies that might be brought forward. Sir, that is all an imaginary picture entirely, because so far as the Tariff Board are concerned, I say, Sir, that their recommendation to impose a protective duty would be absolutely nugatory if it was not coupled with the other recommendation which they made as part and parcel of the same transaction, namely, that the whole of this import duty is intended to develop—not the grass industry upon which, wrongly as I think but rightly as the Government have thought, undue stress was laid, and which was assumed to have an established future before it—but with a view to develop the bamboo pulp industry and to make it exist in this country, as that is the industry that has a great future before it. Therefore, Sir, the primary object of this protective duty is—and that is the object upon which my friend Sir Charles Innes laid the greatest stress—that the bamboo pulp industry and the bamboo paper mill industry should grow in this country, and though the present Bill directly benefits the bulk of the grass mill industry, its intent and purpose is to protect and to start and maintain the bamboo pulp industry. If that is so, Sir, they must take all the steps that are necessary to bring this bamboo pulp industry into existence, to see that it is maintained properly and to see that it is an accomplished fact in this country. What does the Tariff Board say in this matter ?

“ For these reasons ”,—they say,—“ we consider that the assistance needed should be given primarily ”

—and I stress the word “ primarily ”—

“ by means of the advance or guaranteeing of capital to firms best equipped to carry out the work which has to be done.”

That is the primary recommendation which the Tariff Board make. The Government give the go-by, without giving us an opportunity to consider it, to that recommendation. (*The Honourable Sir Basil Blackett* : “ No.”) They say, so far as they are concerned, they will only levy a protective duty because it does not involve any expenditure out of their present funds but on the other hand it involves payment into their pockets of the tax-payers' money. It goes to fill their coffers. I think when that money has been got in, the Government will sit tight on it. That is the first offence.

Then, Sir, I am not one of those grass protectionists, and I think I am not like my friend Mr. Devaki Prasad Sinha, a kind of Rip Van Winkle waking up from the days of Richard Cobden and Bright in the days of Joseph Chamberlain and Robert Baldwin. I am one of those who know the dangers and difficulties of adopting a policy of protection and therefore, Sir, I do not say that, unless a proper case is made out, you should go in for indiscriminate protection. But what is the position in regard to this help by means of capital which I think is the form of protection here contemplated ? So far as concerns the Tariff Board, they have very definitely said this :

"We have laid stress on the fact that fresh capital must be secured by the industry if the possibilities of bamboo are to be fully investigated. But the question at once arises whether, if the assistance given by Government is limited to a period of five years with no guarantee of its continuance thereafter, there is any chance that capital could be raised in the open market. It seems to us extremely improbable that it could."

Therefore, Sir, we have the authority of the Tariff Board that by the mere fact of a protective duty being imposed, it is not possible to attract capital to this industry. And they say :

"Whether protection be given in the form of Customs duties or of bounties the danger that they might be withdrawn at the end of five years would be sufficient to deter the investor from incurring a very serious risk."

Therefore, they say :

"For these reasons we consider that the assistance needed should be given primarily by means of the advance or guarantee of capital."

That is the position that they take, and the Government have set aside and lopped off one side of the recommendations and have tried to give effect to the other side.

In regard to the specific objections of my Honourable friend Sir Charles Innes, I say, Sir, I do not want that the Government should immediately pay away without investigation to any particular firm. I will be the last man to go and defend any policy by which this is treated as a means of patronage in the hands of the Government. My proposal is not that. It is this. Why have you definitely stated that you are not going to have anything to do with the policy of giving any loans or bounties ? Why have you said that you will not make further investigation into this matter ? After all, the whole object of this paper industry protection is to explore the possibilities of establishing a big industry in this country, and in order to explore it, the bamboo pulp mills should be helped, and they could not be helped without capital coming in. How can you escape from that position by saying, "No, we will simply impose this duty and try and look on. If necessary, we will extend it to seven years." As Mr. K. Rama Aiyangar pointed out, you can go on doing it for 20 years, but unless you can attract capital to that industry, this protection will only serve to swell your coffers and you would not protect the industry. Therefore, I say, let us examine this matter further. I am not wanting Government to say that they will immediately pay away Rs. 10 lakhs to this company and another Rs. 10 lakhs to that company in my province. What I say is, examine this matter and then come to a decision. Impose proper conditions to prevent monopolists exploiting and to see that Government money is safe. After all, this is much fairer than taxing the people and taking the money merely into the coffers of the Government. Therefore, the proposal I make is eminently moderate. I merely want the Government to reconsider the hasty decision they have arrived at. My Honourable friend Sir Charles Innes apologised to the House for the short notice he gave. I think it must have been an extremely shorter notice than the Government had when they arrived at such definite conclusions, absolute conclusions, so soon. I ask the Government, therefore, to reconsider this matter and to accept the whole of the recommendations, and not merely a part of them, and to say that they will examine the applications for help in the way of advance of capital and that they will then come to their decisions.

There is one more serious position to which we have been driven by the attitude of the Government in this matter. The House will be aware—many Members in the provinces will be aware—that in the Provinces,

[Mr. A. Rangaswami Iyengar.]

Industries is a transferred subject, and by virtue of it, Ministers in charge of the Industries Department have become able to help industries—in my province, and I believe in the United Provinces and other provinces,—by granting loans and subsidies for the resuscitation of old or for the establishment of new industries. The declaration of the Government of India that the policy of giving subsidies or loans is open to grave objection merely means a kind of mandate to the Provincial Governments, a kind of censure as to their past policy upon Provincial Governments to the effect.....

The Honourable Sir Charles Innes : Will the Honourable Member refer me to the place where I have said that ?

Mr. A. Rangaswami Iyengar : It is in the Statement of Objects and Reasons, Sir, over your signature.

The Honourable Sir Basil Blackett : Read the whole of it.

The Honourable Sir Charles Innes : Read it.

Mr. A. Rangaswami Iyengar :

“ The Government have considered these recommendations and accept the proposal to impose a protective duty on those kinds of printing and writing paper specified in the Schedule to the Bill. They, however, consider that, as the grant of loans or subsidies in the manner suggested by the Tariff Board is open to grave objections * * ”

I understand Sir Charles Innes's point. He says that he has qualified the sentence by the phrase “ in the manner suggested ”. Shall I take it from the Honourable Sir Charles Innes that if subsidies or loans are proposed “ in any other manner ”, Government are prepared to consider the matter and to give these loans and guarantees which are wanted ? If that is the position, let us know it. Otherwise, his declared policy is that Government will not embark upon a policy of loans. I do not want that they should escape by a quibble on this matter. In the provinces—at least in some of them—the Ministers are committed to a policy of protecting Indian industries by means of loans and subsidies, and the Legislature in Madras has passed the State Aid to Industries Act for this purpose. That Act has received the assent of the Government of India, and after all this has been done, the Government of India turn round to-day and say that that policy is open to grave objection.

Mr. L. Graham : Not the assent of the Government of India.

Mr. A. Rangaswami Iyengar : Yes, I understand you, but still you have sanctioned that Act. Moreover, we, the Central Legislature, have guaranteed any amount of subsidies and paid bounties under the Steel Protection Act. That seems not open to grave objection. Sir, the position I was driving at was this. In my own province, a particular paper mill whose possibilities of success have been demonstrated and accepted in the recommendations of the Tariff Board themselves, has already been given Rs. 4 lakhs by the Government and they have borrowed Rs. 2 lakhs elsewhere. They require some more money urgently to start work. The Tariff Board say that not merely the sulphite process of the Naihati mills but also the soda process of this Rajahmundry mill as to its possibilities on a commercial scale, ought to be investigated and fully gone into. They say that after the Government experts examine the further data and requirements, they should immediately advance Rs. 10 lakhs to this company, not because it is the Carnatic Paper Mills Co., but because

it is in the interests of the country. There can be no doubt that the establishment of paper mills for making paper out of bamboo by the soda process ought to be an accomplished fact in this country. Therefore, Sir, even if the Madras Government was willing to advance further money under the State Aid to Industries Act, they will necessarily hesitate in view of this declaration of the Government of India and their policy will be materially influenced by this action on the part of the Government of India. I have put my amendment, as I said before, very mildly. I say, "please reconsider this matter ; please go into this matter and again come to us". I merely ask you to accept the principle that the industries can be protected also by this means. You accept that principle, and then you go and investigate whether particular cases could come under it. What is the difficulty in accepting it ? I say, again, I do not want that Government should pay away the money at once. I want the matter to be investigated. That is the recommendation. That is the basis of the whole of this report, and I call upon this House to accept my amendment without the slightest dissentient voice and to tell the Government that they have not done fairly by us in having concluded this matter without consulting us, that they have not treated fairly the Provincial Governments who have embarked upon a policy contrary to the policy that they have now hastily chosen to declare. It is our duty to ask the Government to reconsider this matter. Sir, I move my amendment.

The Honourable Sir Alexander Muddiman : On a point of order, Sir, before you put the amendment; which has been moved, to the House, I would ask you to rule out the first paragraph on the ground that it is not a recommendation.

Mr. A. Rangaswami Iyengar : I will alter the draft.

The Honourable Sir Alexander Muddiman : The first paragraph of the amendment which is on the paper is out of order as not being a recommendation. I take the point merely in the interests of the House. It does not affect the argument.

Mr. President : I think the Honourable Member himself will realise that the first part of his amendment is not a recommendation to the Governor General in Council and therefore is clearly out of order. He will therefore modify the second part to make it intelligible.

Mr. A. Rangaswami Iyengar : Sir, the reason why I put in the first clause of my amendment is.....

Mr. President : The Honourable Member need not explain the reasons why he put in the first clause.

Mr. A. Rangaswami Iyengar : I will move the amendment thus :

" And this Assembly further recommends that the recommendations of the Tariff Board for the grant of loans or subsidies to firms with a view to fully explore the possibilities of the manufacture of paper from bamboo by the sulphite, soda or other process be reconsidered and accepted in principle and that further investigations be made in accordance with the recommendations of the Tariff Board as to the most effective manner in which assistance may be given to all the companies or firms that are prepared to explore these possibilities on a commercial scale."

The Honourable Sir Charles Innes : I think I must object, Sir. The Honourable Member has entirely altered the whole character of his amendment. The amendment I have got now to deal with runs as follows :

" This Assembly further recommends that these recommendations be accepted in principle....."

[Sir Charles Innes.]

I submit that it is not fair to me that without giving me any notice at all the Honourable Member should alter the character of the amendment.

Mr. President : The Honourable Member (Sir Charles Innes) had sufficient notice because "these recommendations" means the recommendations mentioned in the above paragraph.

The Honourable Sir Charles Innes : As I understand the Honourable Member, he is not moving that portion now. He is moving the second part of his amendment on the paper which is an entirely different proposition.

Mr. President : I understand the Honourable Member from Madras moves :

"That this Assembly further recommends that the recommendations of the Tariff Board for the grant of loans or subsidies to firms with a view to fully explore the possibilities of the manufacture of paper from bamboo by the sulphite, soda or other process be accepted in principle and that further investigations...."

of which the Honourable Sir Charles Innes had sufficient notice.

The Honourable Sir Basil Blackett (Finance Member) : Sir, it is a little difficult to deal with the amendment in the form in which it has now been put after being prepared to deal with it in a somewhat different form. But I would submit that the amendment as it stands is in substance exactly the same amendment as that of Mr. Rama Aiyangar which has already been negatived, because it proposes that we should accept in principle the recommendations of the Tariff Board for the grant of loans or subsidies to firms with a view to fully, etc., etc. That is exactly what the Tariff Board recommended, that a loan of Rs. 10 lakhs should be made to a particular firm for the purpose of continuing its monopoly process in regard to bamboo pulp. The House has already decided that that amendment is not desirable. I am not clear what difference there is between that amendment and the amendment now moved. It is true that Mr. Rangaswami Iyengar has raised very broad questions on this narrow basis. He is, I would like to assure him, entirely mistaken in believing that the Government ever have conveyed or have intended to convey any kind of general decision in regard to the grant of loans or subsidies in the wording of the Statement of Objects and Reasons which has been quoted. What is said there is this. Government consider that as the grant of loans or subsidies in the manner suggested by the Tariff Board, that is, loans or subsidies to this particular firm which has a monopoly, which has, as a matter of fact, already put something like half a crore of rupees as capital into the working of this monopoly and which may require perhaps another ten lakhs to continue that experiment—Government consider that a loan in that manner is undesirable. Nothing whatever is said there or anywhere else in regard to the action of the Madras Government and other Governments in the matter of loans and subsidies to industries. This is not a question of bounty as I have already interjected, which is quite a different matter. It does not in any way suggest that the Government object to bounties being given in certain circumstances as they have been given with help of the Government vote in the matter of the steel industry. There is no suggestion here whatever of Government intervention in the action of the Madras Government in the matter of loans or subsidies to particular firms and industries. The promotion of industries is a transferred subject and it is entirely within the discretion of the

Madras Government what action it takes in regard to that particular question. I do not propose to-day to discuss the broad principle.....

Sardar V. N. Mutalik : Is the House to understand that it is outside the scope of the Government of India to give loans to any industries ?

The Honourable Sir Basil Blackett : I was coming to that point. One of the objections to the grant of a loan or subsidy in the manner suggested is that it would involve the transfer of the paper industry from being a transferred subject into a central subject. (*An Honourable Member :* " You can do it "). It can be done but it is one of the grounds on which the Government of India came to the conclusion that the particular proposal of the Tariff Board in this particular connection was an undesirable one for the Government to follow up. I would really put it to the Honourable Member that it is undesirable that we should suddenly raise a very big question of principle which is not germane. If the House desires it to be done, I would suggest that it must be done with due preparation and with thought. The Government of India have not in this connection made any attempt to deal with the general question. They have decided to recommend to this House that the particular method of making a loan to this particular firm be not pursued on this particular occasion. I am sure we can leave it at that. There is no suggestion of a censure on a transferred department of the Madras Government for its action. The whole question is entirely outside, irrelevant, I put it, to this matter here under discussion. If we are to raise the big question of principle let us do so in a manner and at a time in which the House may come prepared to deal with the general question. There is a great deal to be said, as the House is aware, on both sides of that very big question. It is very germane to the question of encouragement of Indian capital to take part in Indian enterprise. I do not wish at this moment to pursue the general subject at all because I put it to the House that we can here confine ourselves entirely to the particular question whether a grant of a loan to this particular company working bamboo pulp is desirable. The House has already decided that it is not, because it has negatived Mr. Rama Aiyangar's motion.

Mr. K. Rama Aiyangar : On the statement of the Government on the matter.

The Honourable Sir Basil Blackett : It does not matter on whose statement it was made. Mr. Devaki Prasad Sinha and Mr. Rama Aiyangar spoke and it was negatived. I submit that the House need not raise the general question here. If the general question is raised we shall want very much more time to deal with it than we can possibly have to-day and Government cannot quite clearly accept this amendment without a complete alteration being made in the whole situation. (*A Voice :* " We leave it to you to consider "). On the contrary, we are asked to accept in principle the recommendations. Those recommendations are that a loan of Rs. 10 lakhs be made to a particular company and the question of further loans to any other company be taken up later. We reject them on this occasion. We object to the grant of a loan to a monopolist firm which does not require it. The suggestion that a small group of capitalists, holding a monopolist process, who have already put something like Rs. 50 lakhs into it, will not go on with it if they find it desirable, when they have the additional inducement of a very large measure of protection for 7 years, is surely one which on the face of it does not carry conviction. I therefore

[Sir Basil Blackett.]

put it to the House that we should not raise the general question of principle at this stage, but that we should confine ourselves to the question whether or not it is desirable to grant this loan to this particular company. The Government have already said that there is such grave objection to that that they are unable to accept the recommendation in principle, and if this amendment is passed we are really in exactly the same position as if Mr. Rama Aiyangar's amendment had been passed. The matter cannot be left in the vague position in which it would then be. The Government would have undoubtedly to reconsider the whole matter and the Bill cannot be proceeded with. I do not want to take up the time of the House more but I put it to the Honourable Member once again that if he reads his amendment carefully it is that we should accept in principle the grant of a loan in the manner suggested by the Tariff Board. We have already said.....

Diwan Bahadur T. Rangachariar : Supposing that clause is omitted and the amendment reads "that further investigations be made", and so on.

The Honourable Sir Basil Blackett : We have just had an investigation. The Government are unable to commit themselves to any proposal.

Mr. A. Rangaswami Iyengar : The Tariff Board themselves ask for further investigation. I am only asking that these investigations be made and the Government do not commit themselves in any way.

The Honourable Sir Basil Blackett : There is no statement that the investigations will not be pursued. I am dealing after all with this point. The whole of this amendment depends on the words "that these recommendations be accepted in principle". I cannot deal with five or six different amendments as the course of the debate changes. I am dealing with the amendment now before the House and I put it to the House that the wording of that amendment does commit the Government and, if the House accepts the view that we should make a loan in the particular circumstances to this particular company, that is a recommendation which the Government regret that they are unable to accept.

***Mr. M. A. Jinnah (Bombay City : Muhammadan Urban) :** This is a question upon which I cannot speak with any great authority. I make that confession on the floor of this House. But there is one aspect of this question upon which I think I can speak and I hope to be able to convince the House as to my point. The Honourable Member who has just sat down very rightly said that this amendment if carried would commit the Government to give effect to the principles of the recommendations of the Tariff Board. Quite correct. And the Government have in bringing this Resolution before this House deliberately, advisedly, departed from the principles of the recommendations of the Tariff Board. Now, Sir, what is the Tariff Board, as a mere lawyer understands it? It is a body of expert men selected by the Government for the purpose of advising the Government what industries there are to which protection ought to be given and in what manner. That body of expert men have after careful investigation made certain definite recommendations. The Government in their superior wisdom, and I am not disputing the superior wisdom of the Government and I am

* Speech not corrected by the Honourable Member.

not suggesting that the Government were absolutely bound to carry out every letter or even the principle of their recommendations, were entitled to examine those recommendations with all the machinery and with all the assistance that they can call to their command. They did so and they came to certain conclusions and the result of those conclusions is the little Resolution of my Honourable friend the Commerce Member and this little Bill which is placed before this House. Now, Sir, this decision of the Government, I believe, was announced a week ago, and to-day what is this House, the Parliament of India (*An Honourable Member* : "Mock Parliament.") asked to do? It has been asked to listen to the Honourable the Commerce Member's reasons and his grounds for departing from those recommendations. Now, Sir, is this the position of this Assembly? What is our position in this House? Am I in a position now to sit here within a few hours of notice to examine what already has been very carefully examined from the point of view of the Government and say that you are wrong or right? Now, Sir, the only reason which the Honourable Commerce Member has given to this House for not giving effect to the recommendations of the Tariff Board with regard to subsidies and loans is that instead of imposing a customs duty for five years we are going to impose a customs duty for seven years and, according to the Government, it is a better proposal, it is more beneficial and it is more likely to achieve the object that we have at heart, namely, giving effective protection to this industry. That is the proposition which is placed before us. Now, if I or any Honourable Member of this House or any group of Members of this House had examined this point in connection with the recommendations of the Tariff Board and if we had made up our mind equally as the Government have, and if that proposal had been brought here, would the Government have accepted it? No. They would have said, as the Honourable the Finance Member says, it requires thought and due consideration. I know that we are here held by a silken string and that silken string is the convention. And what is the convention? If we do not agree with the Government and if this House says "we reject your proposal", what happens to us? The Bill will be withdrawn and we shall be relegated to that great lord and master of us all who is sitting at Whitehall, the Secretary of State for India. I am told that he does not come in here. I have got to learn that he does not come in here. I ask my Honourable friend the Commerce Member a question upon the statement that I have made before this House. Is this going to be our position in this House for ever so long as the Government of India Act of 1919 is going to last? The Commerce Member will probably tell me that after all the Government cannot take individual Members into their confidence, nor can they have any discussions with individual members of this House, and that after all this is a measure which has got to be kept secret. I concede that point; but, Sir, anomalous as this situation is under which we are working, I ask the Commerce Member, has he got any proposal to make by which at least sufficient notice should be given to this House, a procedure by which at least some Members of the House may be appraised of the position of the Government after their decision is taken, and that we might sit in some sort of a Committee? We have got many Committees, and I think we might establish one more Committee for the purpose of discussing the decision of the Government, so that

[Mr. M. A. Jinnah.]

we come to some definite conclusion so far as that particular Committee is concerned. I ask the Commerce Member and the Government of India carefully to consider whether with regard to this policy and programme which we are pursuing and giving effect to, namely, protection to certain industries, the Government must at least place their proposals before this House in due time and give them opportunities for the purpose of discussing these proposals. Sir, this is the point which I want to press upon the House. It is exactly the same—if I may divert for a moment—it is exactly the same with regard to the next Resolution about steel. There again the Government have departed from the recommendations of the Tariff Board. The Honourable the Commerce Member will probably, when he makes his speech, come out with different data. It may be that he has better data than the Tariff Board data, and we shall be asked here on the floor of this House to examine those data. How is that possible? I do appeal to the Government to try and find some procedure by which under this anomalous constitution you should give a fair opportunity to the Members on this side to examine your proposals, and then there will be more consideration and there will be more reason than what the Honourable Finance Member thought there was.

Mr. President : Mr. Acharya.

Mr. Chaman Lall : We are rather in a difficulty on this side of the House. We do not know which amendment is being discussed at the present moment—the one on the paper or.....

Mr. President : If the Honourable Member was here when the amendment was read, he could have known what the amendment was. The first part has been ruled out, and the second part is under discussion.

Mr. M. K. Acharya (South Arcot *cum* Chingleput : Non-Muhammadan Rural) : Sir, I am very very thankful to you for letting me come back to the land of the living. I shall read for the benefit of the Members of the House the final form of the amendment of my friend, Mr. Rangaswami Iyengar, who in proposing that amendment has become a moderate in his own words. It is in this form :

“ This Assembly further recommends that the recommendations of the Tariff Board for the grant of loans or subsidies to firms with a view to fully explore the possibilities of the manufacture of paper from bamboo by the sulphite, soda or other process be accepted in principle..... ”

Mr. President : No, no : “ be reconsidered and.... ”

The Honourable Sir Basil Blackett : Sir, I have not got “ reconsidered ”.

Mr. President : In the copy handed in to me by Mr. Rangaswami Iyengar I find the words “ reconsidered and accepted ”.

The Honourable Sir Basil Blackett : That is not in the original Part II.

Mr. President : It does not make the slightest difference.

Mr. M. K. Acharya : I will go on :

“ reconsidered and accepted in principle and that further investigations be made in accordance with recommendations of the Tariff Board as to the most effective

manner in which assistance may be given to all the companies or firms that are prepared to explore these possibilities on a commercial scale."

That, Sir, is the amendment, which I also believe to be a very reasonable amendment.

The Honourable Sir Basil Blackett : May I rise again to a point of order ?

The amendment as read is certainly not the amendment that I was dealing with, Sir.

Mr. President : That is the amendment in question. If the Honourable Member wishes to speak on it, he may do so.

The Honourable Sir Basil Blackett : This amendment is a new one and contains words that are not in the original draft, and we have not had notice. I understood that what was being moved was the second part, with just sufficient emendations to make it read correctly.

Mr. President : The Honourable Member will realize that it does not make the slightest difference—because you cannot accept the recommendations in principle unless you have reconsidered them. You have already rejected them, and unless you reconsider them you cannot accept them. It does not make the slightest difference. If the Honourable Member wants another opportunity of speaking, he will be allowed to do so. **Mr. Acharya**.

Mr. M. K. Acharya : Sir, the House has had plenty of discussion to-day on a matter which has latterly assumed some interesting proportions. We have heard the oracular utterances of the Commerce Member, we have heard the commercialistic view of the Member from Bengal, and we have heard the socialistic view of the Member from Bihar. We have also had the dialectic dreadnoughts of my friend, Mr. Rama Aiyangar, the pleadings on behalf of the Press, of my publicist friend behind supported by our Orissa friend who claimed to be something between a bogus capitalist and bogus labourite. (*An Honourable Member* : "And lastly?") And lastly, with a view to pouring oil on troubled waters, I think Mr. Rangaswami Aiyangar came forward for the benefit of the ordinary non-expert Members of the House like myself to suggest something which we can understand easily from some point of view other than that of the expert. I forget we have also had some statements made to us by Sir Basil Blackett on the financial difficulties that may lurk somewhere underneath these suggestions, and we have had also from Mr. Jinnah the legal implications of the attitude taken by the Government. Sir, as I say, I desire to speak on behalf of what I may call the man in the street whom I am supposed to represent. I look at the whole matter in this way. Here has been put into our hands the Report of a Board of experts appointed by the Government. We tried to read—I for one in my own humble way tried to read—that Report very carefully, we have tried to understand what the Tariff Board has recommended; and after reading those recommendations without any specialist's assistance, we have come to the view that the chief object of all the recommendations put together is this that the paper industry in India should be protected. The Tariff Board suggest to us the ways and means for establishing, and if not for establishing, at least for helping towards the better establishment of, a very very useful industry in India, namely, the paper industry from bamboo either by what

[Mr. M. K. Acharya.]

is called the sulphite process or the soda process or any other process. The whole object of the recommendations comes to this, namely, that we want this industry to be established on a sound commercial basis in India ; we want that several firms devoted to that industry should come into existence in India, and we want in the initial stages that Government should give all possible help towards the establishment of firms devoted to this industry. And there are two ways suggested by the Board—by the imposition of a protective duty of one anna per pound, and also by giving some kind of financial help in the form of loans or subsidies in the initial stages, in the experimental stages, in order to make this a thoroughly proved and demonstrated profitable commercial industry. Now, when an expert Board has made these recommendations, after it has investigated the matter thoroughly, or when it has come out with the suggestion that further investigations are necessary before anything can be decided upon, we laymen have a right to expect that Government, especially if they want to vary the recommendations of the Board, will give us sufficient data upon which we can judge as to whether the recommendations of the Tariff Board or the decisions of the Government are the more reasonable. As it is, Sir, I am unable to understand the Government position. There is nothing except the short and simple statement that “ the Government consider that the grant of loans or subsidies in the manner suggested by the Tariff Board is open to grave objections.” Excepting this very short and very epigrammatic sentence, which I say I am unable to understand, there is nothing before us. Therefore, without other and further data, it is difficult to throw out altogether the recommendations of the Tariff Board. The Honourable the Commerce Member gave us one or two additional reasons in the course of his speech. He said that his reasons were, firstly, that the Government were not prepared to recommend that any assistance should be given to any monopolist concern; and that the Government, secondly, were afraid where it will lead them, once they begin to give loans or subsidies or other forms of assistance to any one company. Where it will lead the Government, he said, he did not know ; and he was not prepared to find out. Now we say, let us have further investigations. Verily we do not want you to commit yourselves to anything. I see this difference between the amendment of Mr. Rama Aiyangar and this amendment. Mr. Rama Aiyangar wanted that a definite amount should be, here and now, marked out to be utilised for some definite purpose. The amendment of my friend Mr. Rangaswami Iyengar on the other hand does not commit the Government to any definite proposal of the kind, except to approve the general principle contained in the recommendations of the Tariff Board. Now if we are not going to accept the principle underlying the recommendations, I do not see why, Sir, that report should have been put in our hands at all. If the recommendations made by the Tariff Board are unsound, then Government should have come to us with another report stating all the reasons and considerations, all the various grounds upon which Government have chosen to reject any portion of the Board's report. At present we have only got the Tariff Board's report and we have a right to claim and we do claim that if we are to reject the proposals contained therein, it must be after due consideration and for reasons placed before us by some other report. And I for one, with all my respect for the unquestionable infallibility of the Commerce Member, am not convinced by the arguments placed before us to-day either by the Honourable the Commerce Member or by

the Honourable the Finance Member. Therefore, I say, Sir, we find ourselves in a difficult position. This Tariff Board is a body of experts and they have made some recommendations. That is after all the common-sense point of view. We are very very anxious that this paper industry should be established; we are very very anxious about it, and I hope that Government are equally anxious. If the Government are not as anxious as we are, then the very proposal of giving protection need not have come up for consideration. The only question therefore is how best to give this protection. There is no use in giving it grudgingly; there is no use in giving a little bit of help; it may not help at all. It is like the man in a story current among the orthodox sect, to which I belong. A man, it seems, said about performing the *Sandhya*, that if he did it in time it would go to the Gods; if he did it out of time, it would go to the demons; therefore it seems he said he would perform it neither in time nor out of time. Here is something like that. If help were given to one person or one firm, it would raise all sorts of difficulties; and therefore—let us give to nobody whatever! That kind of argument does not convince us. I want Government seriously to consider this matter. Of course there are difficulties. What on earth is there that has not got difficulties—what indeed under the sun? In every proposal there are difficulties; but we have ample faith and confidence in the very ample talents of the Commerce Member and the Finance Member to take us out of these difficulties. We want that this industry should be helped decently, it should be helped very opportunely and it should be given all the necessary help required to start it and put it on its legs. After some time it may not require the help. It is only in the initial and experimental stages that help is required. Some firms want financial help to demonstrate the possibility of the undertaking. Otherwise where is the very need for protection? Otherwise I say my friend Mr. Devaki Prasad Sinha will be quite right. The very justification for the protective duty is that it will add to the large economic possibilities of the country. If it is not going to add to the economic possibilities of the country, then there is no use giving protection to the industry; and I for one do not see why I should pay any additional cost for the paper which I want to write my letters on. If I am going to pay more from to-day than I was paying till now, I must do it with a definite object, for a tangible purpose, namely, that the industry will be established in India; and unless you are going to do that by all the means in your power, there is no use in asking us to pay more. Now, a loan or guarantee of interest is certainly one of the means; exceptional means it may be; but we are dealing with the initial, experimental stages. It will not be required afterwards. As a general principle it may be very objectionable to give any subsidy to a monopolist concern. But there are exceptions. And what should be the form of the assistance, I repeat, should be explored by you with the help of experts. I am not here to suggest the form. I only beg of you to explore with the help of experts the way in which this industry ought to be helped, in order that it may become a national industry; and that is all that this amendment asks. If anybody thinks that the industry ought not to be helped, that its possibilities should not be explored with the help of an expert committee, that an expert should not investigate into this matter, then he may vote against the amendment, and not till then. I therefore appeal to this House, for the reasons that I have put forward in my own very humble way, to accept this amendment. I do appeal to the House to pass it whole-heartedly, and I appeal to the Government to accept it. The amendment does not commit them in any

[Mr. M. K. Acharya.]

way. Government will be only accepting the principle of protection, to which they are already committed. They cannot get out of it. That is all that I am asking. You are committed to the principle of protection. Therefore having committed yourself to the principle of protection, do investigate the matter thoroughly and give protection in full if you are going to render any assistance at all in order to put this industry on a proper basis. If not, drop the whole thing altogether. Let us not needlessly be taxed more for the paper that we are going to use hereafter. I appeal once more to the House that it is very necessary to give some such assistance as an expert committee may recommend, and in such form as the Government and the experts may decide upon. This is a very reasonable amendment, and I repeat the words of my friend Mr. Rangaswami Iyengar that no reasonable Member can raise any opposition or seek to reject this amendment.

Sir Hari Singh Gour (Central Provinces Hindi Divisions : Non-Muhammadan) : Sir, if I intervene in this debate, it is because I feel convinced that the Honourable Mr. Rangaswami Iyengar's amendment will not serve the purpose for which he has asked the vote of this House. I ask, Sir, Honourable Members of this House to read the summary of recommendations of the Tariff Board and they will have no doubt whatever that the Tariff Board are not formulating any general recommendations for the purpose of subsidising the paper industry in this country, but have formulated their recommendations in favour of a single company. Let me read to Honourable Members their specific recommendation. At page 186, they say :

“ The Government of India should provide the capital required—about Rs. 10 lakhs—in order to enable the Indian Paper Pulp Company to increase the output of its mill at Naihati from 2,500 to 5,000 tons a year.”

A specific recommendation that the Government of India should present to the Indian Paper Pulp Company a sum of Rs. 10 lakhs with a view to increase their output is the first and I submit the only recommendation of the Tariff Board. My Honourable friends from Madras seemed to think that when reference is made to the Carnatic Paper Mills, the Tariff Board have formulated any recommendation.

Mr. A. Rangaswami Iyengar : They have.

Sir Hari Singh Gour : If that be their meaning, they will be sadly disillusioned when I read to them the specific recommendation of the Tariff Board as regards the Carnatic Mills.

Mr. A. Rangaswami Iyengar : Please read page 106, sub-section (3).

Sir Hari Singh Gour :

“ The Carnatic Paper Mills, Limited, apparently intend to make paper from bamboo by the soda process, but at present their equipment is incomplete and they are not in a position to commence manufacture.”

—Now, mark these words :

“ At the stage which this project has reached, it is not possible for us to make a definite recommendation.”

Honourable Members will thus see that no recommendation is made as regards the Carnatic Paper Mills and the sole recommendation which

the Tariff Board have submitted to the Government of India is a recommendation to subsidise the Indian Paper Pulp Syndicate. Is this House prepared to force the hands of the Government to adopt that recommendation and subsidise that Company? I said "that company", but it is not a company; it is a firm of three or four European gentlemen who are acting, if my information is correct, for firms overseas stationed in Edinburgh and New York.

Now, Sir, a process which is on experiment in this country for the manufacture of paper from bamboo pulp is being tried at Naihati. And if you ask the Government of India to subsidise this experiment, the result of it would be that the country will not benefit to the extent of one pice. And, if the process is successful, the pulp will be exported to the larger markets of Europe and America. Let me assure the House that not a single pice of the capital of this company is Indian; not a single Director is Indian and not a single pice has been subscribed by Indian capital. Indeed, it is not a company, but a private concern. Does Mr. Rangaswami Iyengar with these facts and figures try to support the Resolution and ask the Government that this private concern should be presented with a cheque of 10 lakhs of rupees? Well, Sir, the Honourable Sir Charles Innes has pointed out to this House that the Government of India were unable to accept the recommendation of the Tariff Board and I submit that, if all the reasons which I have disclosed to this House are considered in their true perspective, I think the Honourable Mover of the amendment should hasten to withdraw his amendment. His amendment is not only industrially wrong but, I submit, it is unpatriotic. He is trying to force the hands of the Government of India to subsidise foreign exploiters of the raw produce of this country and I submit, therefore, that no Member of this House, whether elected or nominated, if he is free to vote, should vote in favour of the author of this amendment. The Honourable Mr. Acharya said that he wants the Government of India to subsidise such industries as will show promise. If that were the recommendation of the Tariff Board and if that were the amendment of the Honourable Mover of the amendment, I would be the first to vote for it.

Mr. M. K. Acharya : Will the Honourable Member read the first sentence of paragraph 140 of the Tariff Board Report?

Sir Hari Singh Gour : My learned friend has drawn my attention to paragraph 140. Has he not seen the summary of the Board's recommendations? After writing *pro* and *con* generally on the whole question, on the prospect and future of the paper industry in this country, the Board have formulated their final recommendation in the Annexure which they describe as a summary of the Board's recommendations.

I now see the secret of why my friend Mr. Acharya and why my friend Mr. Rangaswami Iyengar have gone astray. They have been misled by stray passages which occur in the Report. The Report is not their recommendation. Their recommendation occupies a separate page (page 106) and it is with reference to that recommendation that this amendment of the Honourable Mr. Rangaswami Iyengar appears to me in order and I submit, Sir, that it is with reference to that recommendation that you have allowed my friend the Mover of this amendment to amend his amendment.

[Sir Hari Singh Gour.]

Now, Sir, I am obliged to my Honourable and learned friend Mr. Chaman Lall for drawing my attention to paragraph 140 which, he says, supports my case. I have not stood here to urge any case at all. I may point out to the House that when I stood up to speak on the subject, I felt in duty bound that the House must be clear as to what it is voting for. Speeches have been made asking us to set up a committee for the purpose of formulating new plans. A very pious thing to say ! But this is not the time nor the place to say it. Resolutions have been moved to assist the Indian paper industry. A very substantial and good thing to say. But here, Sir, we have met for the consideration of a limited Bill and a Resolution limited to giving effect to some of the recommendations of the Tariff Board and it is in that light that I regard both the motion of the Honourable Sir Charles Innes and the amendment moved by the Honourable Mover.

Now, to hark back to the point. I was saying that my friend Mr. Chaman Lall, to whom I am much obliged, has drawn my attention to paragraph 140 of the report of the Tariff Board, which supports my contention. They say :

" If the results of the inquiry we have suggested are satisfactory, it would be reasonable, we think, that the Carnatic Paper Mills, Limited, should receive either a loan or a Government guarantee of the extra capital required for the manufacture of bamboo paper at Rajahmundry. What the amount necessary would be we are unable to say."

What they have said was that they suggested a loan, but when they came to the conclusion and formulated a recommendation they said that the Carnatic Mill is at present in such a state of incompleteness that they formulated no recommendation at all. And the only recommendation that they formulate in the Chapter dealing with recommendations is a recommendation to subsidise the Indian Paper Pulp Company. Is any Member going to do it ? I ask even the author of the amendment : Is he prepared to subsidise the Indian Paper Pulp Company ? Then they go on to say once more :

" What the amount necessary would be we are unable to say, but the assistance given should be limited to Rs. 10 lakhs as a maximum, as in the case of the Indian Paper Pulp Company."

Now, Sir, I wish to summarise my arguments. I submit we are here dealing with a specific question and specific recommendations and if my reading of the recommendations of the Tariff Board is correct, then this House in voting for the amendment would be voting for a subsidy of 10 lakhs to the Indian Paper Pulp Company. As regards the larger question, namely, that the Government of India should examine the possibilities of the development of the manufacture of paper in this country, it is, I submit, under the Resolution of the Honourable the Commerce Member, wide of the mark.

Mr. C. B. Chartres (Associated Chambers of Commerce : Nominated Non-Official) : Sir, I am very surprised indeed to see the amendment moved by the Honourable Member. I presume that it is suggested with a view to helping the Carnatic mill.

Mr. A. Rangaswami Iyengar : No, Sir, absolutely not. I deny it.

Mr. C. B. Chartres : It seems to me that the amendment is going to do the very reverse of helping that mill.

Mr. A. Rangaswami Iyengar : May I say, Sir, by way of explanation, that I have nothing to do with the Carnatic paper mill at all either as a shareholder or in any way.

Mr. C. B. Chartres : I accept the explanation, Sir. But the amendment coming from Madras I was misled to that extent. But it seems to me that that mill would be very much better without the amendment, because the amendment recommends Government to give assistance to all companies or firms that are prepared to explore these possibilities on a commercial scale. Well, Sir, I think if this amendment were adopted by the House and accepted by the Government, we would have 20 or 30 firms in Calcutta jumping at the opportunity, probably 4 or 5 in Madras and an equal number in Bombay, and I think the amendment would do very much more harm than good to the existing paper mills. I would therefore recommend that the Honourable Member withdraw it and let us get on with the Bill which will really help the industry and do good to the existing mills.

The Honourable Sir Charles Innes : Sir, I should like first to refer to the remarks of my Honourable friend, Mr. Jinnah, who I see is not in his place. Mr. Jinnah, I think, pointed out what I myself feel to be a real difficulty. I mentioned it in my opening speech. I do feel that I have put the House in some difficulty because only a week ago I gave notice of this Resolution and here I am to-day asking the House to pass that Resolution and not only pass the Resolution but also to pass the Bill. But I do not agree with Mr. Jinnah or Mr. Rangaswami Iyengar that we should have consulted the House before we came to a decision. That is a position I do not accept. It is for the Executive Government to formulate its decision. It then brings its decision to this House and it is for this House to criticise that decision. (*Mr. Rangaswami Iyengar :* "And not alter it?") It is exactly what happens at Home. The only difference is that, if I were Commerce Member in England, I would come to the House with a great party behind. Here it is different. I am one of the small but happy band of pilgrims on these Benches, and in front of me are all the hosts of Midian, and all I can do is to try to persuade those hosts to agree to my proposals. But I think that Mr. Jinnah's objection really was that we were giving such a little time. Well, that is really not my fault. Were this the Delhi Session, then this Bill might be referred to a Select Committee or it might be given longer consideration. But the trouble is that in this Session there are only a few days left and that is why I am asking the House to come to a decision to-day. Mr. Jinnah suggested that some machinery might be devised by which, after we had arrived at our decision, we should take some Members of the House into our confidence and explain the reasons for arriving at our decision. That machinery exists already in the departmental committee. (*An Honourable Member :* "We have not heard anything about it.") I think that on another occasion, when we have more time, we might certainly either discuss our decisions when we have arrived at them with the departmental committee or issue a Resolution giving our reasons in detail for the decision we have come to. At any rate, I can promise the Honourable Member that the Government will consider the suggestion that he has made.

[Sir Charles Innes.]

I then come, Sir, to Mr. Rangaswami Iyengar's amendment. I must say that, when I saw that amendment on the paper, I was much more afraid of it than I was afraid of Mr. Rama Aiyangar's amendment. Mr. Rama Aiyangar makes a direct frontal attack. Mr. Rangaswami Iyengar is much too clever to do that. He attacks one on every side. I regard his amendment as a much more insidious attack on my Resolution. But, Sir, I would like to know what exactly Mr. Rangaswami Iyengar is driving at. Is it that he objects to what he considers pronouncements against subsidies in the Statement of Objects and Reasons to my Bill? If that is his objection to my Resolution, then I think that my Honourable colleague, the Finance Member, has removed whatever objection he may have. The Honourable the Finance Member has explained the position and he has explained that the Government of India had no intention and have never had any intention of dictating to a Local Government in a matter of this kind. I say now that it is entirely open to the Government of Madras, if they so desire, to help the Carnatic paper mill at Rajahmundry either by a loan or in any way they like. But I cannot help feeling that Mr. Rangaswami Iyengar had another end in view. I see before me a serried phalanx of Madras Brahmins. I have known these Madras Brahmins for many years; I know how they stick together and how strong their sense of local patriotism is. I cannot help feeling, though I know that Mr. Rangaswami Iyengar would deny this, that what they really have in mind is that sooner or later they are going to get something out of the Government of India for this Rajahmundry mill. And, Sir, if that is so, are we going to end there? Already we have had Mr. Das asking what we are going to do for Orissa. As I was going to lunch to-day I had another gentleman coming to me and saying confidentially: "Sir Charles, cannot you give a loan to the Punjab mill?" And so it will go on. Once we accept this principle, it will not stop with the Rajahmundry mill, it will not stop with the India Paper Pulp Company; we shall have to give these loans to mills in all parts of India, and that, as I have explained, is one of my main objections to this amendment. Now, Mr. Rangaswami Iyengar's amendment does not—as Sir Basil Blackett has pointed out—differ in substance from the amendment moved by Mr. Rama Aiyangar, but, as I have said, it is more insidious in form. Mr. Acharya said: "What are we asking you to do? We are simply asking you to accept this in principle. That is nothing at all." Sir, I remember two years ago I was representing India on the Imperial Economic Conference. I was having rather a difficult time because one or two subjects came up on which I had to play a lone hand. I had to play a lone hand against all the representatives of the Dominions all round. And I remember one of these Resolutions—I said that I could not accept it for India. And I remember a prominent politician, whose name I will not divulge, leaning across the table and saying to me: "Mr. Innes, cannot you even accept it in principle?" And I said "No, I cannot." Now, if I had accepted the Resolution—it had something to do with the purchase of stores in India—if I had accepted that Resolution on behalf of India and told you that I had merely accepted it in principle and had no intention of keeping to it, what would you all have thought of it? As I have said, this amendment has really been turned down by the House when they refused to accept Mr. Rama Aiyangar's amendment. I hope the House will take the same view now that they have taken before and

that they will see that it will put me in great difficulty if this amendment is accepted.

Mr. President : The question I have to put is :

“ That at the end of the Resolution the following be added :

‘ And this Assembly further recommends that the recommendations of the Tariff Board for the grant of loans or subsidies to firms or companies with a view to fully explore the possibilities of the manufacture of paper from bamboo by the sulphite, soda or other process be reconsidered and accepted in principle and that further investigations be made in accordance with the recommendations of the Tariff Board as to the most effective manner in which assistance may be given to all the companies or firms that are prepared to explore these possibilities on a commercial scale ’.”

Mr. Chaman Lall : Sir, may I ask your ruling on this point ? I rose to address the House on this amendment before you put the question. Since the question has been put.....

Mr. President : Order, order. The Honourable Sir Charles Innes has already replied to the debate.

Mr. Chaman Lall : There is no definite ruling on this point, Sir.

Mr. President : No ruling is necessary. The Honourable Member has no right to address the House after the debate is closed.

The Assembly divided :

AYES—36.

Abhyankar, Mr. M. V.
Acharya, Mr. M. K.
Aiyangar, Mr. C. Duraiswami.
Aiyangar, Mr. K. Rama.
Aiyer, Sir P. S. Sivaswamy.
Aney, Mr. M. S.
Badi-uz-Zaman, Maulvi.
Chetty, Mr. R. K. Shanmukham.
Das, Mr. B.
Das, Pandit Nilakuntha.
Duni Chand, Lala.
Dutt, Mr. Amar Nath.
Govind Das, Seth.
Gulab Singh, Sardar.
Hans Raj, Lala.
Iyengar, Mr. A. Rangaswami.
Kazim Ali, Shaikh-e-Chatgam Maulvi
Muhammad.
Kelkar, Mr. N. C.

Lohokare, Dr. K. G.
Majid Baksh, Syed.
Mehta, Mr. Jannadas M.
Misra, Pandit Harkaran Nath.
Murtuza Sahib Bahadur, Maulvi Sayad.
Nehru, Dr. Kishenlal.
Nehru, Pandit Shamlal.
Neogy, Mr. K. C.
Phookun, Mr. Tarun Ram.
Purshotamdas Thakurdas, Sir.
Ramachandra Rao, Diwan Bahadur M.
Rangachariar, Diwan Bahadur T.
Ranga Iyer, Mr. C. S.
Samiullah Khan, Mr. M.
Sarfaraz Hussain Khan, Khan Bahadur.
Sinha, Kumar Ganganand.
Venkatapatiraju, Mr. B.
Yusuf Imam, Mr. M.

NOES—52.

Abdul Haye, Mr.
Abdul Mumin, Khan Bahadur Muhammad
Abdul Qaiyum, Nawab Sir Sahibzada.
Ahmed, Mr. K.
Ajab Khan, Captain.
Akram Hussain, Prince A. M. M.
Alimuzzaman Chowdhry, Khan Bahadur.
Ashworth, Mr. E. H.
Ayyar, Mr. C. V. Krishnaswami.
Bajpai, Mr. R. S.
Bhore, Mr. J. W.
Blackett, The Honourable Sir Basil.

Burdon, Mr. E.
Chalmers, Mr. T. A.
Chartres, Mr. C. B.
Clow, Mr. A. G.
Cocke, Mr. H. G.
Cosgrave, Mr. W. A.
Crawford, Colonel J. D.
Dalal, Sardar B. A.
Datta, Dr. S. K.
Fleming, Mr. E. G.
Ghulam Bari, Khan Bahadur.
Gordon, Mr. E.

Gordon, Mr. R. G.
Goswami, Mr. T. C.
Gour, Sir Hari Singh.
Graham, Mr. L.
Gurner, Mr. C. W.
Harper, Mr. K. G.
Innes, The Honourable Sir Charles.
Langley, Mr. A.
Lindsay, Sir Darcy.
Lloyd, Mr. A. H.
Macphail, Rev. Dr. E. M.
Maguire, Mr. L. T.
Makan, Mr. M. E.
Mitra, The Honourable Sir Bhupendra Nath.

Muddiman, The Honourable Sir Alexander.
Naidu, Mr. M. C.
Panduranga Rao, Mr. V.
Raj Narain, Rai Bahadur.
Reddi, Mr. K. Venkataramana.
Roy, Mr. G. P.
Sim, Mr. G. G.
Singh, Rai Bahadur S. N.
Singh, Raja Raghunandan Prasad.
Stanyon, Colonel Sir Henry.
Sykes, Mr. E. F.
Tonkinson, Mr. H.
Vijayaraghavacharya, Diwan Bahadur T.
Webb, Mr. M.

The motion was negatived.

The Assembly then adjourned till Eleven of the Clock on Monday, the 14th September, 1925.