

17th February, 1926

THE

LEGISLATIVE ASSEMBLY DEBATES

(Official Report) .

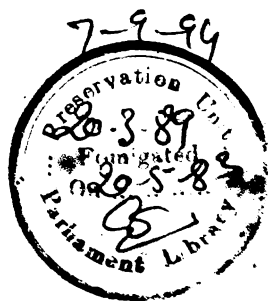
Volume VII, Part II

(10th February to 1st March, 1926)

FOURTH SESSION

OF THE

SECOND LEGISLATIVE ASSEMBLY, 1926



DELHI
GOVERNMENT OF INDIA PRESS
1926

Legislative Assembly.

The President :

THE HONOURABLE MR. V. J. PATEL.

Deputy President :

DIWAN BAHADUR T. RANGACHARIAR, M.L.A.

Panel of Chairmen :

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SIR DARCY LINDSAY, M.L.A.

LALA LAJPAT RAI, M.L.A., AND

MR. ABDUL HAYE, M.L.A.

Secretary :

MR. L. GRAHAM, C.I.E., M.L.A.

Assistants of the Secretary :

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MR. S. C. GUPTA, BAR.-AT-LAW.

MR. G. H. SPENCE, I.C.S.

Marshal :

CAPTAIN SURAJ SINGH, BAHADUR, I.O.M.

Committee on Public Petitions :

DIWAN BAHADUR T. RANGACHARIAR, M.L.A., *Chairman.*

DIWAN BAHADUR M. RAMACHANDRA RAO, M.L.A.

COLONEL J. D. CRAWFORD, M.L.A.

MR. JAMNADAS M. MEHTA, M.L.A.

MR. ABDUL HAYE, M.L.A.

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LEGISLATIVE ASSEMBLY.

Wednesday, 17th February, 1926.

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

MEMBER SWORN :

Mr. Joseph Baptista, M.L.A. (Bombay Central Division : Non-Muham-
madan Rural).

QUESTIONS AND ANSWERS.

RELEASE ON BAIL OF SICK UNDER-TRIAL STATE PRISONERS.

857. ***Sardar Gulab Singh:** (a) Are Government aware that several convicted or under-trial State prisoners now in jails are suffering from several maladies?

(b) Do Government intend to release on bail such prisoners?

The Honourable Sir Alexander Muddiman: I have some difficulty in understanding exactly the information which the Honourable Member requires. There are no convicted or under-trial State prisoners. If the reference is to prisoners detained under Regulation III of 1818, then I can say that I have recently examined the health reports of these prisoners and am satisfied that none of them is suffering from a malady which would at present justify his release.

RAISING OF THE STATUS OF INDIANS IN THE DOMINIONS.

858. ***Pandit Nilakantha Das:** Will the Government be pleased to state what, if any, are the measures (legislative or otherwise) adopted by the Dominions for the raising of the status of Indians in their territories after the visit of the Right Honourable V. S. Srinivasa Sastri on deputation? (The answer is requested to be given with the names of the Dominions and of the measures with dates.)

Mr. J. W. Bhore: Since the Right Honourable V. S. Srinivasa Sastri's visit to the Dominions of Australia, New Zealand and Canada, Indians have been granted the Commonwealth franchise in Australia by the passing of the Commonwealth Electoral Act, No. 20 of 1925. Certain minor administrative and legal disabilities on Indians, brought to notice by Mr. Sastri.

(1845)

A

have also subsequently been removed. For instance, the Queensland Government have approved regulations exempting Indian British subjects from the disqualification imposed on them under the Banana Industry Preservation Act.

PARLIAMENTARY FRANCHISE FOR INDIANS IN SOUTH AFRICA.

859. ***Pandit Nilakantha Das:** (a) Will the Government be pleased to state whether it is on record in the knowledge of Government, that when the South African Union was formed, Indians there were prevented from being enfranchised on the ground that they did not possess or exercise the same right in India?

(b) If the answer is in the affirmative, then by whom, when and on what occasion was this argument advanced?

Mr. J. W. Bhore: (a) and (b). The Union franchise was based on the franchise rights that existed in 1909 in the Colonies then amalgamated. So far as Indians were excluded from the Union franchise, this was due to their previous exclusion from the provincial franchise and not to the fact that they did not possess the same right in India. I may, however, explain that in the Province of Natal under the provisions of Section 2 of Act 8 of 1896, those persons, who (not being of European origin) were natives or descendants in the main line of natives of countries which had not before that date possessed elective representative institutions founded on the Parliamentary franchise, were disqualified from voting for the election of members of the Legislative Assembly, unless they were specially exempted from the operation of this Act by an order obtained from the Governor General in Council.

Mr. A. Rangaswami Iyengar: May I know, Sir, what the position of Indians in the Cape is in regard to electoral rights?

Mr. J. W. Bhore: I explained on a previous occasion, I think, that they do possess electoral rights in the Cape Province.

RAILWAY DISASTER AT HALSA ON THE EASTERN BENGAL RAILWAY.

860. ***Mr. K. C. Neogy:** (a) Will Government be pleased to make a detailed statement regarding the railway disaster at Halsa on the Eastern Bengal Railway, giving particularly the results of the departmental inquiry, and of the prosecution of certain members of the station staff?

(b) Has the attention of Government been drawn to allegations in the Press regarding suppression of facts specially about casualties, the delay in the arrival of the relief train, and the negligence of the railway staff in affording relief to the passengers? If so, what inquiries have Government made thereinto, and with what result?

Mr. G. G. Sim: (a) A statement giving the desired information is placed on the table.

(b) Yes. A copy of a letter from the Agent of the Eastern Bengal Railway to the Editor to the *Forward* replying to these allegations and a copy of the press communiqué issued by the Agent is placed on the table.

Statement regarding the railway disaster at Halsa.

At about 1.34 hours on the morning of 16th October, 1925, No. 8 Down Dacca Mail collided with the tender of Engine No. 118 of 37 Up Parcels Train which was standing near the Down Facing Points and foul of the Main Line at Halsa Station on the Eastern Bengal Railway. The collision was caused by the engine of 37 Up Parcels Train being backed along the Down Loop in the Up direction past the fouling mark and on the Down Main Line after all signals had been lowered for 8 Down Mail to run through the station. The tender of the Parcels Train engine was completely wrecked. The Mail engine and the three bogie coaches immediately behind it were badly damaged and derailed. Ten persons were killed and thirty-seven passengers injured, of whom two subsequently died in hospital. The damage to rolling stock was estimated at Rs. 1,08,038.

The Assistant Station Master and the Gunner who as the result of the enquiry were held responsible for the collision, were prosecuted and convicted, the former being sentenced to six months rigorous imprisonment under section 101 of the Indian Railways Act, 1890 (IX of 1890), and the latter to one year's rigorous imprisonment under the same Section.

Copy of letter No. —^{1371-D-T.}_{155-2-25.}—, dated 30th October, 1925, from the Agent, Eastern Bengal Railway, Calcutta, to the Editor, "Forward."

My attention has been drawn to a letter which appeared over the signature of Mr. A. H. Ghaznavi in your issue of October, 24th on the subject of the recent accident at Halsa Station. This letter is so inaccurate in its statements of fact and so unfair in its comment, that I have judged it necessary to reply in detail to the allegations made in it, with a view to correcting the false and very painful impression which it must have created in the minds of your readers.

In the first place Mr. Ghaznavi alleges, practically in so many words, that information in possession of the Railway officials, was deliberately withheld from enquirers at Sealdah Station. A sentence in his letter reads "But no information of any kind could be elicited from anybody in the station." Incidentally, I may remark that the fact that early and fairly definite information had been communicated to him, is proved by his own words. He states that his brother was a passenger by the Darjeeling Mail on the morning of the accident, and that his nephew went to the station to meet him; the nephew returned to Mr. Ghaznavi's residence and informed him of the occurrence of the accident; Mr. Ghaznavi proceeded to the station and despatched a relief party to the scene of the accident by the Chittagong Mail. As the Darjeeling Mail is due to arrive in Calcutta at 6.5 hours and as, on the morning of the occurrence of the accident, the Chittagong Mail left Sealdah Station at 6.44 hours (the times which I quote in this letter are Railway times and are 24 minutes behind Calcutta time) it is clear, at any rate, that Mr. Ghaznavi's nephew had no difficulty in obtaining information both as to the occurrence and as to the site of the accident. And in view of what follows, I am not prepared to admit that it was the fault of the Railway Staff that the information which Mr. Ghaznavi and his nephew obtained was not more precise.

It is necessary to explain that the movement of traffic on the section Sealdah to Parbatipur is controlled by telephone. The first intimation of the occurrence of the accident was received on the telephone by the Control Officer at Sealdah at 2.40 hours. The report which he received correctly described the train (the Dacca Mail) involved in the collision and stated that six were killed (the bodies of the crew of the light engine had not then been discovered) and a number injured. This information was at once communicated to the Station Superintendent and his staff, and was readily available to all who chose to enquire in the proper quarter. I have the assurance of the Station Superintendent (Sealdah) that he spent the greater part of the day in answering enquiries, both personal and by telephone. Throughout the afternoon the Deputy Agent and the Deputy Traffic Manager, Transportation, were on the station platform, and answered all enquiries made of them. These two officers, who had previously visited the Control Office in order to obtain the latest information, were on the platform within sight of all from 1.30 hours (Mr. Ghaznavi with the lack of accuracy which characterises the whole of his letter states that "the Railway officials began to make their appearance at the station from 3 p.m.") until after the removal of the injured from the train by which they were brought to Calcutta.

Other officers who were present for the arrival of the train were the Deputy Chief Engineer, Open Line, the Personal Assistant to the Traffic Manager and those of the District Officers who were not absent from Calcutta.

The Chief Medical Officer was present at the station for the greater part of the day, making preparations for the reception and treatment of the injured. I can only express surprise that Mr. Ghaznavi did not see fit to seek information from one of these officers; his failure to do so before levying such charges as he has made against the officers of the Railway, merits condemnation in the strongest terms.

Mr. Ghaznavi then proceeds to say that on the arrival at the station of the officers mentioned in the preceding paragraph "the only thing they did was to barricade the place against the huge crowds of anxious relatives and friends who were waiting at the station to get some information." I admit that a section of the platform was barricaded off but this was necessitated by the attitude of a certain section of the crowd. It was obvious that it was necessary, in order to permit of the expeditious removal of the seriously injured from the train, to keep clear the portion of the platform opposite to which the bogie carriage in which they were accommodated was expected to be drawn up. It was at first thought by the officials on the spot that it would be sufficient to ask those who were not relatives or friends of passengers on the wrecked train to leave the platform, and the Staff were instructed to do this. This plan met with no success, and it accordingly became necessary to barricade the section of the platform mentioned. I wish to emphasise the facts that a portion only of the platform was barricaded off, and that, in the first instance, there was no intention of excluding friends or relatives of passengers on the Dacca Mail.

The next portion of Mr. Ghaznavi's letter is directed against the Medical arrangements made at Sealdah Station for the reception of the injured. It is pleasing to note that Mr. Ghaznavi admits, though grudgingly, that "arrangements were made for the wounded at the station." This effort to allow credit to the officers of the Eastern Bengal Railway for some thing done by them was, however, too much for Mr. Ghaznavi, and he goes on to observe that he is unable to say that "It (meaning presumably the arrangements) was as good as it should have been." Mr. Ghaznavi does not particularise as to the directions in which the medical arrangements might in his opinion have been improved, and I shall therefore confine myself to giving a brief description of the actual arrangements made, leaving it to your readers to judge of their adequacy or otherwise:

- (i) Four ambulance motor-vans were borrowed from the Calcutta Fire-Brigade. These were stationed under the platform portico, opposite to which the bogie carriage containing the injured was expected to come to a stand.
- (ii) A strong section of the Eastern Bengal Railway Ambulance Brigade with stretchers and other necessary appliances was detailed for attendance on the injured.
- (iii) One of the rooms at the Station was converted into a temporary hospital, and was equipped with the necessary medicines and surgical appliances.
- (iv) Special arrangements were made by the Chief Medical Officer for the admission of the injured into the Campbell Medical Hospital.
- (v) As stated above, a section of the arrival platform was kept clear to facilitate the removal of the injured from the train.
- (vi) Lastly, the Chief Medical Officer of the Railway, who as already stated had been engaged throughout the day in making the arrangements described, was in attendance at the station with a staff of Doctors and nurses.

With reference to Mr. Ghaznavi's remarks on the numbers of the dead and injured I enclose a copy of a communiqué which I have drawn up in connection with the enquiry held by the Railway Officers appointed for the purpose, and which I trust that you will be good enough to publish along with this letter. The communiqué states that the casualties were 10 killed and 37 injured; of the injured two died subsequently in hospital. I need hardly add that I deeply deplore the loss of life and injury to person that has occurred, and I assure your readers that everything in the power of the Administration will be done to render impossible the occurrence of similar accidents in future.

Although Mr. Ghaznavi's remarks as to the number of casualties are directed rather against the newspapers than against the Railway, I think it desirable, in view of the publicity which has been given to exaggerated reports of the casualties, to state here that the figures of killed and injured given above have been accepted as correct by the Magistrate who held an enquiry simultaneously with the Railway enquiry, and by the Senior Government Inspector of Railways, who occupies a position similar to that of a Board of Trade Inspector in England.

Lastly, Mr. Ghaznavi deals with the matter of the relief of the injured at the site of the accident, and here he makes two direct mis-statements of fact. He asserts firstly, that "the unfortunate victims were left to their fate until 7 o'clock in the

morning"; and secondly, that "no relief train reached there until 8 hours after the accident". Neither assertion has any shadow of justification, as the following statement of facts taken from the proceedings of the Committee which held the joint enquiry will show. First aid was rendered at the earliest possible moment by Travelling Ticket Inspector Climpson who was on the Dacca Mail, assisted by six Ticket Inspectors and a number of passengers, conspicuous amongst whom was Mr. Bireswar Lahiri, Mukhtear. I desire here to express my grateful appreciation of the part taken by these passengers in the relief of the injured; and have only to add that the work done by the Railway staff immediately after the accident has been generously acknowledged by Mr. Lahiri, who was good enough to record a statement before the Committee who conducted the enquiry. Two of the Railway staff, Mr. Climpson and a Ticket Collector, are fully qualified to render first aid to the injured. Further aid became available on the arrival of 7 Up Mail at Halsa at 3-30 hours and was rendered by Guard Hall, who is also qualified to render first aid.

The relief train from Paksey arrived at the scene of the accident at 5-59 hours with full medical relief, and accompanied by Lieut. Thipthorpe, Medical Officer in charge of Paksey, and his medical staff. The injured persons were again attended to by Lieut. Thipthorpe, who found that the first aid which they had already received had been very satisfactorily administered.

The last allegation made by Mr. Ghaznavi is to the effect that private telegrams despatched from Halsa on the subject of the accident were deliberately delayed in transmission. This matter is under enquiry; until my enquiries are completed, all that I am able to say is that it is possible that there may have been some delay in transmission owing to the congestion on the wires resulting from the large number of urgent service messages relating to the accident which had to be sent. In addition to this, Halsa is a small station, and is not equipped for dealing with a heavy telegraph traffic.

I regret that this letter has reached so great a length; I found it impossible, however, to deal adequately in shorter space with the many allegations made by Mr. Ghaznavi in regard to the conduct of officers of the Railway. I trust that your readers will agree that the facts as I have stated them above are a sufficient refutation of the charges of "callousness and inhuman conduct" levied by Mr. Ghaznavi against the Officers of the Railway.

Communiqué.

The Railway Officers appointed to hold an enquiry into the cause of the accident to No. 8 Down Dacca Mail on the morning of 16th instant at Halsa Station have now completed their investigations.

The decision arrived at by the Committee cannot for the present be made public as certain of the staff have been arrested and the matter is under Judicial Enquiry.

From evidence recorded it appears that the Down Mail collided with an engine with two wagons attached which was obstructing the Down main line during shunting operations at the entrance to Halsa Goods Yard.

As a result of the collision the two engines and three leading bogie coaches of the Mail train were badly damaged. Ten persons were killed including five Railway servants and 37 injured of whom 27 reported their injuries at Halsa. Two of the injured died subsequently in hospital. The District Magistrate of Nadia who also held an enquiry confirms these figures of dead and injured.

Immediately after the accident First Aid was rendered to the injured by Travelling Ticket Collectors and other Railway staff ably assisted by some of the passengers. That this First Aid was very efficiently performed has been certified by the Medical Officer, Paksey, who arrived with the Relief Train. The evidence shows that every possible effort was made to afford relief to the injured.

Information was given to the Public at Sealdah as soon as definite reports were received. Owing to the site of the accident being over half a mile distant from Halsa and to the night being very dark and stormy, little could be done in the way of getting detailed information as to the numbers of casualties until daylight. Many personal enquiries were replied to at Sealdah and the Associated Press was advised at 10-45, while the names of passengers killed and injured were given in the afternoon.

The Agent desires to express his deep sympathy with the injured and with the relatives of those who lost their lives in this unfortunate accident. He at the same time desires to thank those passengers who so ably assisted in rendering First Aid to the injured.

THE LOCARNO PACT.

861. ***Mr. Ambika Prasad Sinha:** (a) Has the attention of the Government been drawn to the comments in the Indian press on the denial to the Assembly of the expression of its views on the Locarno Pact?

(b) Is India an original member of the League of Nations?

(c) Do the Government propose to revise their judgment in regard to the treatment accorded to the Assembly apropos the Locarno Pact?

Sir Denys Bray: (a) and (b). Yes.

(c) No, Sir.

APPOINTMENT OF MR. J. G. COATMAN AS DIRECTOR OF PUBLIC INFORMATION.

862. ***Mr. Ambika Prasad Sinha:** (a) Are the Government aware that a large section of the Indian Press has taken exception to the appointment of an alien as the publicity officer?

(b) Is it a fact that Mr. Coatman has been a contributor to the English and the Anglo-Indian Press?

(c) Will the Government be pleased to lay on the table a few specimens of the articles of the new publicity officer?

APPOINTMENT OF MR. J. G. COATMAN AS DIRECTOR OF PUBLIC INFORMATION.

863. ***Mr. Ambika Prasad Sinha:** Was the appointment of the publicity officer made on the ground that the writing of good English is the essential qualification for that post?

APPOINTMENT OF MR. J. G. COATMAN AS DIRECTOR OF PUBLIC INFORMATION.

864. ***Mr. Ambika Prasad Sinha:** (a) Will the Government be pleased to state how the choice of the publicity officer is generally made in England?

(b) Is it a fact that such choice is made from the ranks of trained publicists?

(c) Was any attempt made to choose a public man for the post in question?

APPOINTMENT OF MR. J. G. COATMAN AS DIRECTOR OF PUBLIC INFORMATION.

865. ***Mr. Ambika Prasad Sinha:** (a) Is it a fact that one of Mr. Coatman's qualifications was his contributions to the Press?

(b) If so, did he pursue those activities while in service?

APPOINTMENT OF MR. J. G. COATMAN AS DIRECTOR OF PUBLIC INFORMATION.

866. ***Mr. Ambika Prasad Sinha:** (a) Has the attention of the Government been drawn to the following editorial remark of *The Leader*?

"If frequency of writing to the press is one of the qualifications of a publicity officer, Indian journalists can furnish the names of indefatigable writers who can beat down Mr. Coatman"?

(b) Was any attempt made to secure the services of any Indian journalist as publicity officer?

The Honourable Sir Alexander Muddiman: With your permission, Sir, I propose to give a single reply to questions Nos. 862 to 866. I am aware that Mr. Coatman's appointment has been criticised in the Press and I have seen the editorial remarks in the *Leader*. I should be the last to deny that there are many able journalists and publicists in India, but I am not aware that I have ever stated that journalistic ability and knowledge of public affairs were the sole or the main qualification for the post of Director, Public Information, and as I informed the House in reply to a supplementary question on February 2nd, in the opinion of the Government no Indian was available who was as well qualified for the appointment as Mr. Coatman. Government were not restricted in their selection to any particular source and chose the person whom, having regard to all the qualifications required, they considered most suitable. I may add that the writing of good English is only one of several essential qualifications.

2. I have no information as to the manner in which His Majesty's Government select publicity officers.

3. Mr. Coatman has contributed to the Press during the course of his service. His contributions have been of a purely descriptive character.

Mr. Gaya Prasad Singh: Sir, what are the other essential qualifications beyond the writing of good English?

The Honourable Sir Alexander Muddiman: It would be impossible within the limits of an answer to a supplementary question to indicate all the qualifications required for the post.

Mr. Gaya Prasad Singh: Will the Honourable Member kindly collect the information relating to the qualifications and lay it on the table of the House at a later date?

The Honourable Sir Alexander Muddiman: No, Sir, I will not.

Mr. Devaki Prasad Sinha: May I know if the claims of any Indian were considered before the appointment of Mr. Coatman was made?

The Honourable Sir Alexander Muddiman: Certainly, Sir; I gave very careful consideration to the claims of one Indian.

Mr. A. Rangaswami Iyengar: May I know whether previous connection with the Police Department is a necessary qualification?

The Honourable Sir Alexander Muddiman: The Honourable Member has had his reply to that question on several occasions.

Mr. Devaki Prasad Sinha: Am I to understand that the Government in making this appointment came to the conclusion that no Indian was fit for it?

The Honourable Sir Alexander Muddiman: If the Honourable Member had listened to my answer he would have known that I had already stated my position regarding that.

Sardar V. N. Mutalik: Is being an Indian a disqualification?

The Honourable Sir Alexander Muddiman: As I have previously indicated, no, Sir.

GRANT OF A PASSPORT TO DR. SUDHINDRA BOSE TO VISIT INDIA.

867. ***Mr. Gaya Prasad Singh:** (a) With reference to my starred question No. 297 of the 27th January last, regarding the grant of a passport to Dr. Sudhindra Bose, are Government aware that Dr. Bose went to America in 1904, and has not been to India since then; that he received the degrees of A.B. and M.A. from the University of Illinois, and Ph.D. from the State University of Iowa; that he has been teaching in the Department of Political Science at the State University of Iowa since 1913?

(b) Are Government aware that when the Great War broke out it was ruled that no alien should be a member of the instructional staff of the Iowa University; and that under these circumstances Dr. Bose had to become a naturalized American citizen through the prescribed legal process?

(c) Are Government aware that in 1920 Dr. Bose applied for a British visa to go to India, but the India Office did not grant him the permit? If so, why?

GRANT OF A PASSPORT TO DR. SUDHINDRA BOSE TO VISIT INDIA.

868. ***Mr. Gaya Prasad Singh:** (a) Are Government aware that when Dr. Bose again applied for a British passport to visit India in 1923, the British Consul at Chicago asked him to add his thumb impression to his petition; and on Dr. Bose's pointing out the indignity involved in the thumb impressions, which is demanded of convicts in India, he received the following reply:

"The form which was sent to you for making application to proceed to India is the one used in all such cases, and I have therefore to request you to add your thumb-prints thereto before returning it to me"?

(b) Are Government aware that when Dr. Bose inquired as to the meaning of "all such cases", he received the following reply:

"The application form which you were furnished with is the one used in all similar cases. I am unable to furnish you with the exact reasons which have led the authorities to request applicants to furnish thumb-prints"?

(c) Will the Government be pleased to state the exact significance of the phrase "in all such cases", and who the authorities referred to above are; and also lay on the table a copy of the rules on the subject?

(d) Are thumb impressions required of all persons, Europeans, Americans and Indians, who wish to visit India from America?

GRANT OF A PASSPORT TO DR. SUDHINDRA BOSE TO VISIT INDIA.

869. ***Mr. Gaya Prasad Singh:** (a) Are Government aware that the application of Dr. Bose to visit India was supported by Messrs. E. E. Seashore, Dean of the Graduate College, State University of Iowa, in his letters, dated 22nd December 1922, and 19th September 1923, and W. J. McChesney, President of the Farmers' Loan and Trust Co., Iowa, in his letter, dated 6th January 1923, to the British Consul at Chicago?

(b) Are Government aware that Mr. P. A. Korab, President of the Commercial State Bank, Iowa, in his letter dated the 17th September 1923 to the British Consul, Chicago, speaks of Dr. Bose as "a man of irreproachable character, true to the principles of the highest order of civilization, with a high degree of respect for law and order, in fact an ideal citizen of any modern and civilized country"?

(c) Will Government be pleased to state if any inquiry has been made in the matter, and what steps have been taken towards granting a passport to Dr. Bose to visit India?

The Honourable Sir Alexander Muddiman: With your permission, Sir, I propose to give a single reply to questions Nos. 867 to 869.

The Government of India understand that Dr. Bose left India in 1904 and was employed on the staff of the University of Iowa. They have no official information in regard to the following points:

- (1) the degree taken by him in America;
- (2) the reasons why he became a naturalized American citizen;
- (3) what passed between him and the British Consul at Chicago in 1923;
- (4) from what classes of persons wishing to visit India from America thumb impressions are taken;
- (5) what gentlemen supported Dr. Bose's application in 1922 and 1923 and what these gentlemen wrote.

Mr. Tonkinson informed the Honourable gentleman in reply to his question No. 297 on the 27th January last that further inquiries were being made in the case of Dr. Bose, and I have nothing to add to that statement.

LENGTH OF SERVICE OF MR. R. S. BAJPAI IN THE OFFICE OF THE DIRECTOR OF PUBLIC INFORMATION, ETC.

870. ***Mr. Gaya Prasad Singh:** (a) Will the Government be pleased to say how long Mr. R. S. Bajpai has been working in the office of the Director of Public Information; how long has he been Assistant Director; and how many times, and for what periods has he officiated as Director of Public Information?

(b) When is Mr. Coatman going to join his appointment as Director?

(c) Has Professor Rushbrook Williams resigned Government service, or have his services only been lent to the Patiala Durbar, and if so, for what period?

The Honourable Sir Alexander Muddiman: (a) Mr. Bajpai was originally appointed as Assistant to the Officer on Special Duty in the Home Department on the 23rd February, 1920, and continued as such till the 1st April 1922, when the designation of the appointment was altered to Assistant Director, Central Bureau of Information, and subsequently to Assistant Director of Public Information. He officiated as Director for the following periods:

11th October 1921 to 30th March 1922.

25th June 1923 to 17th December 1923.

11th July 1925 to 31st November 1925.

1st January 1926 to 29th January 1926.

(b) Mr. Coatman joined the post of Director of Public Information on the 30th January, 1926.

(c) Professor Rushbrook Williams has resigned Government service.

Mr. Devaki Prasad Sinha: Sir, do Government propose to bring Mr. Coatman to the Legislative Assembly so that we may have a sample of his English?

The Honourable Sir Alexander Muddiman: Doubtless this will be considered, Sir, when a vacancy occurs.

Mr. Gaya Prasad Singh: Is it a fact that Mr. Coatman had resigned Government service or that he was out of Government service for some time and has again been taken on?

The Honourable Sir Alexander Muddiman: The Honourable Member asked me that question before and I asked him then to put down a question in order that I might examine it. He has not done so.

Sardar V. N. Mutalik: Do Government propose at least to create a new post of Joint Director and appoint Mr. Bajpai to that post?

The Honourable Sir Alexander Muddiman: I really am not in a position to discuss it.

INCREASE IN THE NUMBER OF ACCIDENTS ON THE BENGAL AND NORTH-WESTERN RAILWAY.

871. ***Mr. Gaya Prasad Singh:** Are Government aware that the total number of accidents on the Bengal and North-Western, Railway, in Bihar and Orissa, was 153 in 1923; 156 in 1924; and 192 in 1925? What is the increase in the number due to?

Mr. G. G. Sim: The Bengal and North-Western Railway are unable to trace the figures quoted by the Honourable Member; the information available shows that the number of accidents on the whole railway in 1925 was less than in 1924.

Mr. Gaya Prasad Singh: Has the attention of the Government been drawn to the proceedings of the Bihar and Orissa Legislative Council of the 29th January 1926 in which in reply to a question it was stated that the number of accidents on the Bengal and North-Western Railway in Bihar and Orissa was 153 in 1923; 156 in 1924; and 192 in 1925? I can give you a copy of the reply if you like. I have it in my hand.

The Honourable Sir Charles Innes: I have not seen that statement.

Mr. Devaki Prasad Sinha: Can the Government say that there has not been any increase in the number of accidents on this Railway?

Mr. G. G. Sim: On the whole Railway, yes, Sir.

Mr. Devaki Prasad Sinha: Can the Government say what that is due to?

Mr. G. G. Sim: I said there was no increase, Sir.

Mr. Devaki Prasad Sinha: I am asking whether Government are satisfied that the measures taken on this Railway for the prevention of accidents are quite satisfactory.

The Honourable Sir Charles Innes: We have got a special officer called the Senior Government Inspector of Railways who specially looks to matters of that kind: we are quite satisfied on the point raised by the Honourable Member.

Mr. B. Das: Is it in any way due to the inefficiency of the Bihar and Orissa Government that there is this large number of accidents on the Bengal and North-Western Railway?

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
Mr. Abdul Haye.

MESSAGE FROM THE COUNCIL OF STATE.

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

"I am directed to inform you that the Council of State have, at their meeting held on the 16th February, 1926, agreed without any amendments to the following Bills which were passed by the Legislative Assembly on the 21st January and 1st and 3rd February, 1926:

A Bill further to amend the Code of Criminal Procedure, 1898.

A Bill to resolve certain doubts as to the powers, in regard to the attachment of immoveable property, of Provincial Small Cause Courts.

A Bill further to amend the Guardians and Wards Act, 1890.

A Bill further to amend the Indian Lunacy Act, 1912, and

A Bill to determine the liability of certain Governments to taxation in British India in respect of trading operations."

STATEMENT REGARDING NEGOTIATIONS WITH THE UNION GOVERNMENT OF SOUTH AFRICA.

Mr. J. W. Bhore (Secretary, Department of Education, Health and Lands): Sir, with your permission, I should like to make a statement in regard to the position in South Africa.

In his speech at the opening of the Legislative Assembly His Excellency the Viceroy outlined the general course which the negotiations with South Africa regarding the Asiatic question have taken and appealed to the House to continue to trust the Government while the negotiations were still proceeding. The Government of India and the Union Government of South Africa have now agreed that a stage has been reached at which the correspondence that has passed between the two Governments during the last year can suitably be made public. I am, therefore, placing in the Library of the House copies of the communications that have passed between the two Governments on the subject of the position of Indians in South Africa.

2. From this correspondence it will be seen that last April, with the approval of the Secretary of State for India, the Government of India took up with the Union Government direct the question of formulating a comprehensive Indian policy in South Africa which would be acceptable to all the parties concerned, and utilised the suggestion

[Mr J. W. Bhore.]

thrown out by Mr. Thomas, Secretary of State for the Colonies, to propose a conference on the subject preferably in South Africa, but if the Union Government so desired, in India, or on neutral ground such as Geneva. In the alternative, they asked the Union Government to make other suggestions to bring about a satisfactory settlement of the Indian question. The Union Government replied in June last that while they were quite ready to receive suggestions from the Government of India towards making their policy of repatriation more effective, they regretted their inability to agree to a Conference since it was the policy of all parties in South Africa, by means of strict prohibition of Indian immigration and of active repatriation, to reduce the Indian population in the country as nearly as possible to an irreducible minimum, and such a conference would be viewed with suspicion as an interference from outside. On July 14th, the Government of India renewed the suggestion for a conference on the ground that repatriation could not by itself provide an effective solution of the problem since 63 per cent. of the resident Indian population were born in South Africa and regarded that country as their home, and on the ground that in order to arrive at a satisfactory settlement, alternative measures of mitigating European and Asiatic competition in the economic sphere should be explored. In July the Areas Reservation and Immigration and Registration (Further Provision) Bill embodying the policy of the Union Government towards the Asiatic problem was introduced, and in September the Union Government replied regretting their inability to hold a conference on the Indian question unless its main object was more effective repatriation and unless it was limited to some definite and concrete questions connected therewith. They seemed, however, inclined to favour conversations both in connection with repatriation and with methods of reducing Asiatic and European competition. In October the Government of India replied to the Union Government that before entering into a discussion of the repatriation question or the general question of alleviating direct competition, they would like to send a deputation to South Africa to collect information regarding the economic condition and general position of Indians residing in the Dominion. The Government of South Africa agreed to this proposal on November 10th, and the deputation sailed from Bombay on November 25th. Its defined purpose was to inquire into and report on the economic condition and general position of the resident Indian community in South Africa and to form an appreciation of their wishes and requirements with a view to furnishing material to the Government of India for use in connection with their negotiations with the Union Government. That deputation has collected material and come to provisional conclusions which enabled the Government of India on January 10th to press once again on the Union Government the desirability of a round table conference on the whole question, or, failing that, a fresh inquiry, before the proposed legislation was proceeded with. The Union Government replied on February 6th, that they fully realised our anxiety to place the case of the Indian community in South Africa as fully as possible before them. They expressed their willingness, therefore, to propose the reference of the Asiatic Bill to a Select Committee before the second reading so as to enable the Committee to take evidence on the principles of the Bill as well as on its details, subject to the understanding that the Committee should be required to report to Parliament

within such limited period as would enable Parliament to deal finally with the proposed legislation during the present session. This offer the Government of India have accepted, but they have made it clear that their objections to the Bill are fundamental and that they are instructing their deputation to present the case before the Select Committee in respect of general principles. It will follow from the statement of their objections to principles that the Government of India are also opposed to the details of the Bill; but it is not proposed to discuss the latter because the Government of India cannot take any action which might be thought even remotely to imply that they are prepared to waive fundamental objections or acquiesce in the principle of the Bill. (Cheers.)

3. From this very brief summary of the course which the negotiations have taken, it will be clear that the Government of India have obtained two important results. In the first place, they have, for the first time since Sir Benjamin Robertson's deputation, their own representatives on the spot in South Africa who are in a position to keep them informed of the progress of events and to present the Indian case on their behalf before the Select Committee, when it is appointed. While the Government of India have on their records a mass of evidence relating to the position of Indians in South Africa, they feel the necessity of keeping it up to date and abreast of the changing economic conditions of the Union and of relating it to the particular legislation under consideration. They are anxious moreover to establish closer touch with the wishes and needs of the Indian community in South Africa. It is in these respects that the presence of their deputation in South Africa is proving invaluable to them. Secondly, they have induced the Union Government to agree that the Asiatic Bill should be referred to the Select Committee before, instead of after, the second reading. The principles involved in this Bill are so grave and its effects on the position of Indians in South Africa are of such far-reaching consequence that the Government of India attach great importance to this concession. India naturally takes the strongest objection to measures calculated to relegate Indians to a position inferior to that of other classes of His Majesty's subjects. The Select Committee before the second reading gives a desired opportunity of stating the case and opposing the Bill on these grounds before the Legislature of the Union is committed to the principle of the Bill. The Government of India gratefully acknowledge the assistance that they have derived in the past from the attitude of the Legislature in regard to Indian affairs in South Africa and they trust that when the Members of the two Chambers have had an opportunity of studying the correspondence, which is now made public, they will approve of the line which they have taken.

Diwan Bahadur T. Rangachariar (Madras City: Non-Muhammadan Urban): May I ask, Sir, if when placing the correspondence in the Library, the Honourable Member will be so good as to arrange to have a copy laid on the table of the House, and also to supply a copy to each Member of the House?

Mr. J. W. Bhore: I would like to inform the House that the correspondence is being printed and that I hope to have copies of the printed correspondence ready during the course of the day when it will be possible for Members to have access to copies which will be placed in the Library of the House.

THE STEEL INDUSTRY (AMENDMENT) BILL.

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

"That the Bill to amend the Steel Industry (Protection) Act, 1924, for the purpose of increasing the total amount payable by way of bounties under that Act, in respect of railway wagons and of providing for the grant of bounties in respect of underframes for railway passenger carriages, be taken into consideration."

I do not think, Sir, that I need detain the House very long over this motion of mine. As I pointed out when I introduced the Bill, we have three objects in this Bill. The first is to carry out the Resolution of the House passed by the Assembly last September, that we should be authorised to pay not more than 21 lakhs in the three years ending March 1927 in payment of bounties on wagons. The second object is to authorise the Government to pay bounties in respect of underframes, and the third object of the Bill is to authorise us to pay bounties for one year longer than the Steel Act provides. The reason why we have to pay bounties for one year longer I have already explained. Briefly, it is this. We have to call for tenders and place our orders for wagons many months before they are delivered. In order to give Indian firms the maximum amount of time for collecting their material, we propose to call for tenders probably in May or June next, and we shall decide the tenders two or three months later. If this Bill of mine is not passed, in all probability we shall not be able to place any orders with Indian manufacturers, because we shall not be authorised to pay bounties. The reason of that is that the Steel Act expires on the 31st March 1927, and these wagons will not be delivered till 1927-28.

As regards underframes, the Indian manufacturers have up to date been able to supply underframes without protection, but they have represented that while the protective duties on steel have sent up the cost of underframes made in India, the duty on imported underframes remains at 10 per cent. as it was before the Steel Act was passed. The Tariff Board accepted that as a reason for including underframes in this scheme, and the Government of India have accepted the Tariff Board's recommendation.

Now, Sir, I do not think I need spend much time over the details of the Bill. The operative clause is clause 3 or new clause 4 in the Steel Act. Clause 4 (1) (a) authorises us to pay a sum not exceeding a sum of thirteen lakhs and sixty thousand rupees in respect of wagons ordered during the year commencing from the first day of April 1924. As soon as that Act was passed, orders were placed for wagons for delivery if possible in 1924-25 and orders were placed for wagons for delivery in the following year, that is the current year 1925-26. In those two sets of orders we incurred liabilities to the extent of thirteen lakhs fifty-nine thousand rupees, and that sum, as the House will see, was within the limits we were authorised to go up to. Clause 4 (1) (b) authorises us to pay in respect of iron and steel wagons and of underframes ordered after the 31st day of March 1925, and before the 1st day of April 1927, a sum not exceeding nineteen lakhs and forty thousand rupees. That section deals with underframes and with wagons required in 1926-27 and in 1927-28. Now, the Tariff Board propose that in these two years we should be authorised to pay bounties on wagons not exceeding 18 lakhs in each year. I must make it plain that that was the maximum sum they recommended. They did not say that bounties

should necessarily be paid to that extent, but they did say that we should be authorised to pay bounties up to that limit, and they also put in about 4 lakhs of rupees for underframes. They further suggested that in all we should be authorised to pay bounties on wagons and underframes together up to a limit of 40 lakhs. But we have cut that figure down to nineteen lakhs forty thousand rupees and the House no doubt wishes to know the reason why we have taken that action. The first point I wish to bring to your notice is that the Tariff Board have found that conditions have not changed for the worse in respect of the wagon industry. The only reason why they have proposed increased bounties is this. Our policy has been very much more successful than the Tariff Board ever anticipated. They expect, therefore, that we should be able to place orders in India for far more wagons than they thought would be possible when they made their Report in 1924. That being so, they think, that since we have brought this industry into existence, we must keep it in existence by giving liberal bounties. Their actual forecast was that this year we should be able to place orders for wagons to be delivered in 1926-27 to the number of 3,000, and they thought that on those 3,000 wagons we might have to pay a bounty of as much as Rs. 600 per wagon. That is how they arrived at the figure of 18 lakhs. And they thought that for wagons required in 1927-28, which would be as many as 3,600, we might have to pay a bounty of as much as Rs. 500 a wagon. That is how they arrived at the figure of 18 lakhs for that year. In arriving at these two figures of bounty payable, namely, Rs. 600 and Rs. 500 per wagon, they went on the results of the orders we placed in January 1925. We had to give bounties then at a high rate per wagon. The Tariff Board Report was received in the beginning of October last. By that time we had already, anticipating the recommendations made by the Board in paragraph 97 of their Report, called for tenders, and those tenders were opened in the beginning of November. We had in hand 7.41 lakhs of the 21 lakhs of rupees which the House authorised in September last for bounties. The balance amounted to seven lakhs forty-one thousand rupees. With this amount we were able to place orders in India amounting to 3,200 wagons. That is to say, we were able to fill up all the wagon firms in India with orders to their maximum capacity and we were able to do it on an average bounty amounting to Rs. 228 per wagon. Thus we have not got to go nearly as far as the Tariff Board thought necessary when they suggested bounties of Rs. 600 and Rs. 500 per wagon, and we need not consider 1926-27 at all. We have already placed all the orders we required at a cost of Rs. 7,41,000. The House will see that for 1927-28 we have provided bounties to a maximum limit of Rs. 12 lakhs. We are doing so because we are quite satisfied as a result of the orders that we have placed in November last that these 12 lakhs will enable us to place all the orders that Indian manufacturers can supply. We shall not require any provision for bounties for underframes in the current year. We have made the provision, suggested by the Tariff Board, of 1.8 lakhs for 1927-28 and the balance amounting to Rs. 10½ lakhs we have got in reserve for bounties on wagons. As I say, we are quite satisfied that this is all that is required. Sir, I move.

Mr. B. Das (Orissa Division: Non-Muhammadan): Sir, I have very often observed on the floor of this House that India's salvation lies in being a protectionist country. India can never prosper without protection. Since

[Mr. B. Das.]

1918 we have travelled far. India's fiscal policy was not determined in the Montagu-Chelmsford Report, but since then, a Fiscal Commission has sat to inquire into and to establish the principle of protection for India and every time we hear the speech of the Honourable Member for Commerce we find that he always has the interest of India at heart and how day by day he advocates the principle of full protection to Indian industries. Sir, in the Steel Protection Act of 1924 Rs. 7 lakhs per annum for three years was sanctioned. The Honourable the Commerce Member held that these Rs. 21 lakhs might not be spent within the period specified, and he wanted to see that adequate protection even to the extent of those Rs. 21 lakhs should be given to the wagon industry. So, in September, 1925, he brought in an amendment and wanted power from this House to spend the Rs. 21 lakhs eventually. To-day, we find that in this Bill he wants these Rs. 21 lakhs to be increased to Rs. 33 lakhs. Well, it may not go far, but 33 lakhs is a bigger sum than 21 lakhs.

The Honourable Sir Charles Innes: It is for one year more.

Mr. B. Das: One year more now. I hope it will be followed every year thereafter.

Mr. Jamnadas M. Mehta (Bombay Northern Division: Non-Muham-madan Rural): If necessary.

Mr. B. Das: Yes, if necessary. From what I know of the wagon industry it will seek protection for a long time, and indirectly we have to thank the Honourable the Finance Member for this need of protection. The policy of exchange is so manipulated by him that Indian industries will always suffer and will need protection. My Honourable friend the Commerce Member is like the "busy bee" trying to collect duties and tariffs to the full and saving a little of customs duties and a little of other things for the Government in order that my Honourable friend the Finance Member spend it and manipulate the currency so that it will remain at 1s. 6d. This increases the work and makes my Honourable friend the Commerce Member move so many Resolutions and pass so many Bills so that the Indian industries may be protected bit by bit. I have full sympathy with the Honourable the Commerce Member because I find that he wants to collect as much money as possible for the Government and he also wants to protect Indian industries. But the manipulated currency policy of Whitehall wipes away all that and nothing is left. The protection is nowhere and the steel industries cry for more and more protection. My Honourable friend on my right, Mr. Neogy, says that there should be protection against the Finance Member. I hope the Government of India is not run on such lines that the Honourable the Commerce Member will seek protection against the Honourable the Finance Member. Sir, I wish that every industry should be protected and that the wagon industry should be protected.

One must inquire two years after the passing of the Steel Protection Act whether some of the observations that were made on the floor of this House have been carried out. One of the observations was how the external capital that has been invested on Indian industries is being controlled. The Committee brought out a report and I find they recommend that wherever any company seeks assistance by protection from the Government of India

or any concessions from the Government of India, they will at least fulfil these two obligations, namely, (1) that reasonable facilities are granted for the training of Indians and (2) in the case of public companies, unless they have been formed and registered under the Indian Companies Act, 1913

The Honourable Sir Charles Innes: May I interrupt the Honourable Member? May I point out to the Honourable Member that these points are already provided for in section 5 of the Steel Industry (Protection) Act which is still in force? I am merely amending section 4.

Mr. B. Das: I am glad to be assured by my Honourable friend Sir Charles Innes on that point, but I was under the impression that the Government of India had so far taken no action on the External Capital Committee's Report. If they have taken it, so far so good and I am very glad of it. I am very glad that action has been taken on the External Capital Committee's Report. What this House wants is that whenever any subsidiary industry wants protection or concession from the Government, it should carry out those obligations that have been laid down by the External Capital Committee. I hope in his subsequent reply the Honourable the Commerce Member will clear up that point.

Diwan Bahadur T. Rangachariar (Madras City: Non-Muhammadan Urban): Sir, in making a few observations now on this motion, it is not my intention either to criticise the policy of protection which we have embarked upon or to criticise the proposals now before the House. From the lucid speech made by the Honourable Member for Commerce in support of this motion I notice that he is keeping a strict watch on the growth of this policy. It is a policy we have embarked upon deliberately for the protection of the industries of this country, but at the same time this policy is likely to lead us to financial commitments year after year, and too strict a watch cannot be kept upon this. I notice here that there is a tendency to go to the fourth year though we granted protection only for three years. I am sure that the Honourable Member for Commerce is being kept informed of the condition of the industry to which protection is given. I do not know if he is getting quarterly or monthly reports of the profits this industry is making. Once an industry is making enough profits to keep it going on its own strength the necessity for protection ceases. I should like the Honourable Member for Commerce also to keep the House informed, at any rate the Committee of the House which he has appointed to advise the Commerce Department informed from time to time as to how far this policy is successful and how far this policy is required to be kept up. Unless such a strict watch is kept I am afraid that we shall be landing ourselves in financial troubles. Moreover, there is a tendency, when protection is given, for the management itself to be lax and the industry may try to keep up a lax management, or rather run it at an extravagant cost and we know that at any rate one industry to which we have granted protection had the reputation which was broad and widespread that they were very extravagant indeed, so much so that many of us were not at all inclined to grant protection, but on account of the magnitude of the industry which was involved in that connection we were inclined to support it. That is a factor which I am sure the Honourable Member will keep in view. It may perhaps be open to the objection that you may be interfering too much in the internal affairs of a concern. But without trenching upon that domain

[Diwan Bahadur T. Rangachariar.]

it is possible to expect those companies and undertakings to keep Government informed of the real state of affairs and the state of management. With these observations I support the motion.

Mr. Devaki Prasad Sinha (Chota Nagpur Division: Non-Muhammadan): I will begin by confessing that I have now ceased to take as much interest in the reports of the Tariff Board as I used to take some time before. I know, Sir, that there is no use wasting my time over the pages of such reports because the House stands committed to support all the recommendations of the Tariff Board (*Some Honourable Members*: "No, no.") however absurd and extravagant they may be. My Honourable friends cry "No.". Perhaps when a report of the Tariff Board comes up for discussion before the House they like to propose that a more liberal grant should be made to industries than the Tariff Board itself recommended. I have no quarrel with objections such as these. They have their own idea of their responsibility to the electors and I have my own. (*Mr. Jamnadas M. Mehta*: "That is all. Not to the country?") I only wish to raise my voice of protest against this ruinous policy which is being followed from year to year, ruinous to the poor tax-payers of the country. It may be that this policy brings great prosperity to a handful of capitalists who pride themselves upon the fact that they are running their industries by sweating the labour of a few thousand workmen in this country. I am glad that my Honourable friend, the Deputy President of the House, has raised a voice of caution, I will not say a voice of protest, against this policy. I shall be content to draw the attention of the House to two passages from the last report of the Indian Tariff Board on the steel industry. At pages 51 and 52 in paragraph 79 they say:

"The Indian cost of construction has also come down substantially but not to an extent sufficient to counterbalance both the fall in the British sterling price and the rise in the exchange. The position of the Indian manufacturer has therefore become somewhat precarious and it does not seem probable that he will be able to obtain orders except at a price which leaves him no margin of profit and involves an actual loss. In these circumstances we think that a case for State assistance has been made out."

A beautiful enunciation of the principle on which the State is asked to lend its helping hand to an industry! But I submit that if this principle were to be followed by any Government any industry will have a claim to receive State aid or bounty. In this case the Indian tax-payer is asked to compensate the Indian manufacturer for two things, one his own inefficiency in competing with firms in other countries and secondly loss arising from rise in exchange. There is another interesting passage in the report of the Tariff Board at page 66 to which also I wish to draw the attention of the House. It runs as follows:

"Under the system recommended by the Board, and accepted by the Government of India, the Indian wagon building firms themselves decide what the amount of the bounty is to be, for the bounties sanctioned are ordinarily equal to the difference between the lowest Indian and the lowest British tender for each type of wagon. In a scheme of this kind it becomes unnecessary to determine costs, for the wagon building firms are themselves in the best position to decide what is the lowest price which makes an order worth acceptance."

It virtually asks us to be guided by the judgment of persons whose direct interest it is to demand as much money from the poor tax-payer as they can get.

I am aware, Sir, that a weak voice of protest such as mine will not have any effect in this House, but I feel that if the Government are allowed to follow a policy of this kind and there is no check imposed upon their magnanimity we do know where we shall land the Indian tax-payer. At present the Government may boast of a few crores surplus in their revenue and may afford to give away crores of rupees to certain manufacturers in India. But I submit, Sir, that the position of India's finances is not likely to remain as rosy as they are to-day if a policy like this is persistently pursued by the Government. It goes very much to the credit of the manufacturers in India that they have been able to enlist not only the sympathy of prominent public men in the country but also of members of Government such as Sir Charles Innes. But I hope that in his magnanimity the Honourable Sir Charles Innes will not forget that the Government of India have some duty to those whose voice is not strong enough to be heard by members of the Government and who have not got the resources to carry on a propaganda in as effective a manner as the capitalists in India have been carrying on theirs. With these words, I am afraid I cannot lend, at any rate, my support to the Bill which has been brought before the House by the Honourable the Commerce Member.

Mr. N. M. Joshi (Nominated: Labour Interests): I rise to oppose this motion. I have placed my views on this subject before this House several times. I shall not therefore take up much time by making a long speech, but I feel it is my duty to place my views before this House again very briefly. My first objection to this Bill is that although this Bill tries to protect the interests of certain classes of people, it refuses protection to that class which deserves protection most—I mean, Sir, the labour engaged in the industry to which this protection is being given. I have been suggesting to this House that whenever they give protection to any industry they should make it a condition that the labour in that industry must be properly treated and I had suggested several times that, when any conditions are laid down for giving protection, one of these conditions must be that the employers getting that protection should secure a certificate from Government agency that labour in that industry is properly treated. In Australia when they give subsidies to an industry they make such a certificate absolutely necessary but it is only the Government of India that refuse to lay down this condition. I do not know why the Government of India should not do this. Secondly, when you give protection to any industry, you give protection only to capital. Some Members have referred to the decisions of the External Capital Committee. They are anxious that Indian capital should be protected. They are anxious that the condition should be laid down that when any protection is given to any industry it should be necessary that that industry should be started with Indian capital. But, Sir, I do not know why Government should not insist that that industry should also be managed by Indians and nobody else before they get protection out of Indian revenues. I do not understand why Indian revenues should be spent in giving help to an industry which does not employ only Indians as workers and as officers. Unfortunately, neither this House nor the Government of India care for Indianisation when it is Indianisation in an industry. There are many Members of this House who will talk of Indianisation when it is only employment in Government but they do not care for Indianisation in an industry which is helped with the revenues of India. I do not understand the attitude of many Members of this House who do not raise their voice on a question like this. Lastly,

[Mr. N. M. Joshi.]

I have been suggesting that when any industry is helped by Government with bounties, they should be considered as loans and not as free gifts. I do not understand why Government should go on giving gifts to rich people in this country. After all a bounty is a gift or charity out of public revenues, and I do not understand why charity should be given to people who do not deserve that charity. After all charity is given only to the poorest classes of people who cannot maintain themselves. I cannot understand, therefore, why any Government money should be spent in giving charity and gifts to people who do not find it difficult to maintain themselves but who only want to become richer. Let Government make out a case why charity and gifts should be paid to people in order that they may become richer than they are to-day. I have suggested to Government that the best way of helping these industries, if they want help, is to give the money as a loan, and there are precedents for this course. I have pointed out several times that there is an Industry Protection Act in Madras. The Madras Government make it a condition that, when they give subsidies, the subsidy will be paid back when the industry is prosperous. Why do not the Government of India insist that when a bounty is paid and the industry begins to make profits, the amount of the bounty shall be paid back? Why should they give it as a charity or gift? The Madras Government insist upon the bounty being returned. Why should not the Government of India insist upon the bounty being returned when the industry is prosperous? I do not know whether there is security of the companies or not but if the companies begin to make profit the best way is to ask them to pay back the money. In this condition there is a great safeguard for the interests of the tax-payers. If you give money as a gift, there will be demand for that money to any extent and there is no check upon the demand. If you give it as a loan I am quite sure the employers and the capitalists will think twice before they ask for that help. It was stated by the Honourable the Commerce Member last time when this question was discussed that when you find an industry is making profit, you can stop your bounty. That is all very well but what about the money that has already been given. I want the Honourable the Commerce Member to tell me why the money which has already been given to an industry should not be taken back when that industry makes profits. With these words, I oppose the motion made by the Honourable the Member for Commerce.

Mr. M. A. Jinnah (Bombay City: Muhammadan Urban): It seems that there are certain people who must carry on their stunts, no matter what the issue is before the House.

Mr. Devaki Prasad Sinha: It applies to you too. This is your stunt.

Mr. M. A. Jinnah: I see the Honourable Member feels my remarks so keenly. They have gone home. We are in season and out of season told the same story about labour and capital. Now, I ask this House how does it help the Honourable Member to go on repeating the same story *ad nauseam* on every occasion? We know perfectly well the point of view of labour. We know perfectly well the point of view of the capitalists. Mr. Sinha said that Sir Charles Innes and the Government are allowing money to be given away as gifts. The Honourable Member knows perfectly well that rightly or wrongly in this country there has been a very strong opinion regarding protection for industries.

Mr. Devaki Prasad Sinha: Whose opinion?

Mr. M. A. Jinnah: Not your opinion, but my opinion, public opinion.

Mr. Devaki Prasad Sinha: That is not the opinion of the country.

Mr. M. A. Jinnah: The Honourable Mr. Sinha represents the country. I have yet to learn that he represents the country. The question has been advocated by the greatest Indians for the last 30 years. It is not the Government that want to give us protection. It is not the Government who are in love with this policy. The interests of India demand protection and without protection, let me tell you, there will be no labour, nothing to eat and there will be no Labour Members. It is all very well to carry on this stunt. It is men like Mr. Gokhale, Sir Phirozeshah Mehta and the greatest men that India has produced who have forced the hands of this bureaucratic Government at last to commit themselves to a policy of protection.

Mr. Devaki Prasad Sinha: May I ask the Honourable Member to refer us to the speeches of Mr. Gokhale, advocating protection for the steel industry?

Mr. M. A. Jinnah: What an absurd interpretation my Honourable friend wants to place upon my statement. He knows perfectly well that Mr. Gokhale died long ago, much to our sorrow. It is not the steel industry that I am talking of. I am not talking of any particular industry. I am talking of the general policy and I maintain that it is in the vital interests of India that this policy must be maintained.

Mr. N. M. Joshi: May I ask the Honourable Member one question? Is he in favour of protection without any proper conditions?

Mr. Devaki Prasad Sinha: Mr. Gokhale never suggested that.

Mr. M. A. Jinnah: Nor do I suggest it. My Honourable friends have got this nightmare of labour interests and labour protection. I am not against those interests. My point is this. To-day we have got a small Bill, a Bill which is based on the difficulty which has arisen and if Honourable Members will only apply their minds to the subject for a few minutes, they will see what the difficulty is. The difficulty is set out in paragraph 2 of the Statement of Objects and Reasons. This House passed a Resolution in September last. The question is whether this amendment is essential or not. That is the only question. I should like to hear on the merits whether this amendment is essential or not. We do not hear a single word to convince us that this amendment should not be allowed. We have nothing else but the same old story, the same old stunt about labour, proper conditions for workmen, and so on. I ask this House to pass this Bill because it is absolutely essential. That is all I have to say.

Mr. Chaman Lall (West Punjab: Non-Muhammadan): Sir, I do not usually like to find myself in conflict with my Honourable friend Mr. Jinnah, but I am sorry to say that in this matter I find that he is now standing up as the champion of the capitalist classes in this country.

Mr. M. A. Jinnah: No. It is not so.

Mr. Chaman Lall: I will prove to the Honourable Member that it is "Yes" and not "No", if he will consider the remarks he has just made. He says public opinion in this country is definitely of this conviction, that protection is the best course to adopt for the industries of this country; and he quotes in his favour the statements of "great men", as he calls them, like Mr. Gokhale and Sir Phirozeshah Mehta and others. (*An Honourable Member:* "What do you call them?") May I remind the Honourable Member, Sir, that Mr. Gokhale and Sir Phirozeshah Mehta were both of them staunch free-traders and not protectionists, as Mr. Jinnah would have us believe? It was Mr. Gokhale, if he will only read his speech on a certain occasion when he said that he wanted the excise duty to be abolished, who said that he wanted that for the purpose of benefiting the workers by utilizing the money that would flow into the pockets of the employers for the benefit of the workers. That was not protection but a free-trade principle. Sir, I have yet to learn from Honourable Members who scoff sitting there, the henchmen of Mr. Jinnah,—I have yet to learn that Mr. Gokhale and Sir Phirozeshah Mehta were anything else but free-traders. It is useless making statements in this House without verifying those statements. (*Honourable Members:* "Hear, hear.") I would like the Honourable Member to verify them, give me chapter and verse for the statements he has made. I challenge him to prove those statements on the floor of this House. Sir, it is an important question as far as we are concerned. It is said by Mr. Jinnah that we repeat this question *ad nauseam* on the floor of this House. Do not the spokesman of the employers, do not the Government, repeat their convictions *ad nauseam* on the floor of this House? Do they not come to us time and again and ask for relief for industries in order to enable them to live, though they are not prepared to do justice to their workers? Not a cry is heard from the Benches on this side about the "stunts" of the employers. What we ask for is mere justice for the workers. Are you going to do justice to them or not? We have threshed out this question many a time, but I submit that the more we discuss this matter the more apparent it becomes that the employers are merely using the Government and certain "great men," as Mr. Jinnah calls them, for their own personal private gain and not for the gain of the country. I have yet to learn that protection as it is preached to-day in India is for the benefit of this country. I do not want to challenge my Honourable friend Mr. Jinnah in the various attitudes that he adopts towards economic theories in this country. Sir, he is not an economist. I grant he is a "great man". He is a politician and he is a statesman, but I have yet to learn that Mr. Jinnah has dug deep into the bowels of economic theory and learnt the great principles of economics. If he has he will realize . . .

Mr. M. A. Jinnah: I have studied more than you have.

Mr. Chaman Lall: You have not.

Mr. M. A. Jinnah: You have mis-studied it.

Mr. Chaman Lall: It is easy to turn round and say "Oh, you have not studied it", when he knows perfectly well that he himself does not know a word about it. (Laughter.) If he has learnt the rudimentary principles of economics, he will realize that protection as it is preached is preached only by that public opinion and by those "great men" who are supporters of employers and capitalists. It is a capitalistic stunt. Mr. Jinnah ought to know that. Sir, it cannot be said that public opinion in India is in

favour of it, if you mean by public opinion the bulk of the people. Public opinion has never been consulted on this subject. All that you have got is the capitalists and employers coming forward and saying, "Oh, yes, it is a great thing for industry; the employers will be ruined unless you give them protection." You have great men like Sir Purshotamdas Thakurdas and Mr. Kasturbhai Lalbhai coming forward and saying, "Oh, yes, we must have protection, otherwise trade and industry will be ruined." Is that public opinion? I say that it is an *ex parte* statement. It is a statement on behalf of one group and you call it the opinion of the country. (An Honourable Member: "What about the Fiscal Commission?") I say it is wrong to state a fact like that on the floor of this House and then take cover behind the assertion that it is the public opinion of the country that is demanding protection. Sir, when you grant protection to the steel industry, it is the obvious and the bounden duty of those who look to the interests of the workers to demand protection for the workers also engaged in that industry. Is it an unfair proposition?

Mr. B. Das: Is not protection an insurance against unemployment in the industry protected ensuring to workers thereby a certain measure of protection?

Mr. Chaman Lall: The Honourable Member has got insurance on the brain. He talks about insurance. I say our proposition means insurance of the industry. If you protect your worker is it not insurance for the industry? It is not insurance for the workers or the industry if you merely go and protect the industry and do not regard the claims of the workers. Suppose your workers are so badly off that they are insufficiently fed, is it not to the interest of the employer that the workers

Mr. M. A. Jinnah: May I ask the Honourable Member one question? If he really wishes any protection for the labourer does he think that he can get this by discussing this Bill? Why has he not moved an amendment to this Bill in order to convince the House that something can be done in this very Bill?

Mr. Chaman Lall: In reply to my Honourable friend I would say that I am merely taking up the plea he has raised. This question it is said, is raised *ad nauseam*. I am raising it in order to bring it to the notice of Honourable Members who are supposed to be experts on the theory of economics, and I want to bring it to the notice of the public and of the Press, and I want to bring it before the Government as well. Our point of view is simply this, that in any demands that you make for the grant of protection to the steel industry, or any other similar demand, you must take into consideration the views also of those who want protection for the workers.

Mr. M. A. Jinnah: Will the Honourable Member point out how he wishes this Bill to be amended? We are considering this Bill and I still say that it is no use wasting the time of the House with other questions.

Mr. Chaman Lall: If the Honourable Member will have the patience to hear me, I am opposing this Bill for this very reason that the Government have not brought in any clause for the protection of the workers.

Mr. M. A. Jinnah: Why don't you move an amendment?

Mr. Chaman Lall: It is not my business to move an amendment to this Bill when I see a phalanx on the Independent Benches of supporters of the capitalists and employers. It is not my business. All that I want to point out to the Honourable Member is this, that he himself is not doing his duty to the country when he stands up and supports the employer.

Mr. M. A. Jinnah: Nonsense.

Mr. Chaman Lall: He does not believe in this nonsense. Naturally it is not his concern to regard the sorrows and sufferings of the workers. It is his concern to regard the sorrows and sufferings of the employers. Here are Tata's coming up and asking for bounties for their industry, and now do they treat their workers? Do they ask, Sir, for any protection for their workers? And here is another company coming forward and asking for protection, asking for protection in the shape of bounties to be given under this Bill.

Mr. M. A. Jinnah: This Bill has nothing whatever to do with Tata's. The Honourable Member has not read the Bill even.

Mr. Chaman Lall: Has the Honourable Member heard my last sentence? I am not saying this Bill has anything to do with Tata's. The Honourable Member has not heard my last sentence, and the Honourable Member is not patient enough to hear what I am saying. Here is another company asking for bounties, and who is it coming forward to give these bounties? Merely Mr. Jinnah and some other capitalists in order that they should produce certain qualities of goods under the most profitable monopolistic conditions. I object to the grant of any kind of bounty, to any company whatsoever, in this country merely on the ground that that company would go to wreck and ruin unless you grant bounties to it. I say it is a pernicious principle, it is a dishonest principle, because we have asked you time and again to protect the workers also who are engaged in the industry and you have refused to do it. The moment any supporter of the workers' bodies asks for anything in favour of the workers we have the plea advanced by Mr. Jinnah and others, "Oh, this is unwise; this is being repeated *ad nauseam*. Our great men have said it and our great economists have held forth and preached protection, and therefore we must have it." Sir, no attempt is ever made to discuss the question on its merits. People who do not understand even the elementary principles of economics get up and preach economics to us in this House. That is the state of affairs. I admit that from the legal point of view the Honourable Mr. Jinnah is quite competent to give us an opinion as regards the merits of this Bill. I deny his right to give us an opinion on the merits of protection, because he knows nothing about it.

Mr. S. Sadiq Hasan (East Central Punjab : Muhammadan): You know better economics than Mr. Jinnah?

Mr. Chaman Lall: I hope the Honourable Member will make himself intelligible.

Mr. S. Sadiq Hasan: Do you know better economics than Mr. Jinnah?

Mr. Chaman Lall: The Honourable Member has only just come in unfortunately, and he has only come in in order to display his own ignorance of the subject. The question is a perfectly simple one. We want to bring

to the notice of the public, Sir, and to the notice of the Honourable gentleman here who does not seem to know anything about the subject, we want to bring to the notice of the Government, and we want to bring to the notice of the Press . . . x x

(Mr. S. Sadiq Hasan rose to interrupt.)

Mr. President: Order, order. The Honourable Member is not giving way.

Mr. Chaman Lal: We want to bring to the notice of the Press the fact that the point of view of the worker must be considered. As far as the question of theory is concerned, I have already stated my views in this House. My Honourable colleague Mr. Joshi has stated his views. We are not going into that question, but I repeat that we rise not in order to move an amendment, not in order to put forward our own proposition—because we know that we are in a minority in this House and our views will never be considered, as they have never been considered by this House—but we get up to utilise our right to protest against this imposition upon the nation when you are giving a particular company a large sum of money and then simply handing over this as a present to that company without any sort of condition. Suppose that that company makes a large profit, will it return to you the money? Our point of view is this, that if you are going to subsidise any particular company in any shape or form, you should at the same time impose such conditions on the company that in case that company makes profits, it should be liable to return that money to the public purse. We asked you to do that at the time of the passing of the Steel Protection Act, but it is our bounden duty to bring it again to your notice and to ask you to consider all the implications of this robbery that is going on in this country under the garb of this plea,—that the “great men” of this country and the public and the Press of this country and public opinion are in favour of protection. I say, Sir, it is hoodwinking the public to take cover under this plea. It is merely an attempt to guide public opinion into wrong channels by setting up a plea which is not tenable, namely, that protection is the only security that this country can have against utter ruin and the utter break up of industries in the country. I say it is a wrong plea. I think that that plea, if it were coupled with the statement that industries must be subsidised on the basis that those industries, when they make profits, must return them to the public purse, so that the workers engaged in the industry would be protected, would command some support, but that plea is not advanced. I ask Honourable Members here to support us in the plea we are making, because we consider that to be a just plea, an honest plea, a straight-forward plea, and not the plea under which the Government and the capitalists have demanded our assistance. That plea, Sir, of the capitalists for protection is utterly dishonest. It hides from the public the true facts of the situation. The true facts of the situation are to be found in those volumes which the Tariff Board has presented to us. Honourable Members reading those volumes will find for themselves that the Tariff Board itself is of the opinion that there has been grave and serious mismanagement in some industries asking for protection and it is due to that mismanagement and not to any other fact that some of these industries are in distress. But, Sir, at the same time I must consider the question from the point of view,

[Mr. Chaman Lall.]

as I said before, of the worker and of the worker alone, and that point of view is simply this that in granting any sort of protection to any firm or to any industry in this country, you must look to the interests of the workers who are engaged in that industry, and at the same time you must look to the interests of the public at large who pay the taxes and whose money is utilised for the benefit of subsidising those companies. What advantage, what benefit is the worker to get? What benefit is the actual tax-payer to get? No benefit at all. I wish to impose certain conditions under which the tax-payer would be in a position to demand back the money that is paid out of his pocket in order to subsidise these companies. I say, Sir, it is only just and proper that we should demand that such a condition should be inserted in any provisions you are making in the Bill. I ask Honourable Members to remember that the plea that we are making is an honest and a just plea, and a plea that demands their careful and scrupulous consideration.

The Honourable Sir Charles Innes: Sir, I must confess that I am greatly surprised at the heat which this little Bill of mine has generated. Sir, I am not to be drawn into a discussion whether public opinion is in favour of the policy embodied in this Bill. It is sufficient for me that the Indian Legislature is in favour of the policy of the Bill. The only object of this Bill is, in one or two small particulars, to supplement a Bill which has already been approved and passed by the House. When that Bill was under discussion in June 1924, my friends, Mr. Joshi, Mr. Chaman Lall and Mr. Devaki Prasad Sinha raised all the questions which they have raised to-day. They were fully discussed, and the House did not approve of the views then expressed. In those circumstances, I do not think it is necessary for me to argue them again to-day. But I would point out that my Bill is merely a transitional measure intended to provide for one year more. The whole question of the wagon industry will be examined *de novo* this year and will again be brought up before the House at this time next year,

An Honourable Member: With a view to granting more protection!

The Honourable Sir Charles Innes: and I suggest that the discussion of these particular points raised by these Honourable Members should be deferred till then.

An Honourable Member: We may not be here.

The Honourable Sir Charles Innes: Sir, I dissociate myself entirely from one remark made by Mr. Chaman Lall in the heat of the moment. He said that the Tariff Board had found that the plight of this industry was due to mismanagement. Well, Sir, we are now discussing those industries which make wagons and underframes, and I have not been able to discover in the Report of the Tariff Board any charge against the management of these industries. I welcomed very much the remarks which fell from my friend, Diwan Bahadur Rangachariar, because as soon as I heard Mr. Das's speech I realized that I would have to dissociate myself from a certain remark made by Mr. Das. If I understood him correctly, Mr. Das said that he hoped that these bounties would go on for ever. That is

certainly not the hope of the Government. Our sole object in paying these bounties is to enable this industry to establish itself in order that, as soon as may be, we may dispense with protection; and the view that we take on the Government side is precisely the view taken by Mr. Rangachariar, namely, that it is our business to watch most carefully the progress of this policy, so that it may not be unduly prolonged; and we do watch it. And the best safeguard we have is the system we apply in giving these bounties. We call for tenders from all over the world: the Indian manufacturer has got to contend against the lowest satisfactory tender from the whole world, and our bounty is the measure of the difference between the two. I think that we can claim that as far as we have gone, the policy has been very successful. Leaving aside the points raised by Mr. Joshi, Mr. Devaki Prasad Sinha and Mr. Chaman Lal, it is a fact that in the last two or three years these wagon firms have been able to increase their output in a very remarkable way. We have already placed orders last November for 3,200 wagons, and the amount of assistance is now going down sensibly until it has reached a bounty of Rs. 228 per wagon: and we all hope that the time will shortly come when they will be able to dispense with protection altogether.

An Honourable Member: It will never come.

The Honourable Sir Charles Innes: That, Sir, is all that I have to say.

Mr. President: The question is:

"That the Bill to amend the Steel Industry (Protection) Act, 1924, for the purpose of increasing the total amount payable by way of bounties under that Act, in respect of railway wagons and of providing for the grant of bounties in respect of underframes for railway passenger carriages, be taken into consideration."

The motion was adopted.

Clause 2 was added to the Bill.

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): Sir, I beg to move that in clause 3, to sub-section (2) (c) of the proposed section 4 the following be added:

"and all reasonable attempt has been made to obtain a maximum proportion of the component parts thereof as manufactured in British India."

I may tell the House that there is a slight mistake in printing: the word "compound" should be read as "component".

Sir, I would draw the attention of the House to the wording of sub-section (2) for the purpose of understanding the effect of my amendment. Sub-section (2) says:

"No bounty shall be payable in respect of any wagon or underframe unless the Governor General in Council is satisfied . . ."

then come (a) and (b) with which I have nothing to do, and then we come to

"(c) that a substantial portion of the component parts of the wagon or underframe has been manufactured in British India;"

and the words I want to add are:

"and all reasonable attempt has been made to obtain a maximum proportion of the component parts thereof as manufactured in British India."

[Mr. K. C. Neogy.]

The position is this. The condition which Government seeks to impose is that a substantial proportion of the component parts must be manufactured in British India. A substantial portion may not be the maximum proportion. That is to say, it would be enough for a firm to point out that they had utilised so many per cent. of the materials necessary for the manufacture of a wagon or underframe, and if the Government were of opinion that it was a substantial portion, then that firm would be at liberty either to purchase the rest of the parts in India or elsewhere. It did not matter whether India was in a position to supply the other parts as well.

Mr. K. Ahmed (Rajshahi Division: Muhammadan Rural): Suppose there are no such parts in India, Sir?

Mr. K. C. Neogy: The Honourable Member will have a little patience. It is not an easy matter—we are dealing with legislation, not supplementary questions!

Mr. K. Ahmed: Let us hear it then.

Mr. K. C. Neogy: Thank you. Sir, the policy to which the Government and this Legislature have committed themselves in regard to the protection of the steel industry is to see that India at no distant date becomes self-sufficient and self-reliant so far as her requirements in steel are concerned. It is therefore essential for us to see that maximum advantage is taken of this protection so as to develop that industry in all its aspects. Sir, I will illustrate the position by referring to the evidence that was tendered before the Tariff Board in connection with this inquiry, and I will refer the Honourable Member in charge to the written statement submitted by Messrs. Jessop and Company, which is at page 297 of the evidence volume. I see the Honourable the Commerce Member has not got the volume before him. I will read out the relevant portions of this written statement. At page 298 they give the details of a tender for A2 wagon and there we find under the summary of costs they point out that the Tata material costs Rs. 1,302 and British material Rs. 1,592 odd annas so that out of a total of Rs. 2,894 worth of material the Indian material accounts for Rs. 1,302. That I suppose was considered to be a substantial portion so far as this particular tender was concerned. Now coming to the next tender at page 299, a tender with regard to A1 wagon, here again we find Tata material accounts for Rs. 996 and British material for Rs. 1,532. Here the proportion of British material is much greater than the proportion in the other case, but I suppose in this case again the Government were satisfied that the condition laid down in sub-clause (c) was amply satisfied, and that it represented a substantial portion of Indian manufactured component parts. Now, Sir, similarly when we come to tenders for underframes at pages 203-5 we find that the figures for Tata material are given separately. Here there is another separate heading introduced, "Other local materials", and there is a third head "Imported material". There does not seem to be any hard and fast proportion of Indian materials which Government want these companies to utilize, judging whether the requirement in sub-section (c) has been satisfied. Coming to underframes we find that among the imported material there are some items which are manufactured in India. I have the authority of our engineering expert in this House, Mr. Das, that some of these materials, such as bolts and nuts and castings, are available in this country.

Syed Majid Baksh: Engineering what?

Mr. K. Ahmed: No, no! He is not one of the component parts of this House!

Syed Majid Baksh: I mean what does he engineer?

Mr. K. C. Neogy: Now, Sir, I will give a more definite illustration. We find that a certain firm of manufacturers who manufacture steel castings for wagons and underframes put up a representation before the Tariff Board asking for protection, and the Tariff Board stated that as this inquiry was limited to other items they could not go into that question. These manufacturers were asked by Government to wait till the next statutory inquiry by the Tariff Board. I have got a copy of their representation to the Tariff Board, but cannot say whether they have made out a case for protection. Among other things, they suggest that the grant of bounties to the builders of wagons and underframes should be conditional on their obtaining steel castings in India provided they can be obtained at a reasonable price; and they say that this condition would filter down to the makers of steel castings a share of the protection granted to the manufacturers of wagons and underframes. I think this is not altogether an unreasonable request for Indian firms to make. They are prepared to supply certain parts at competitive prices and there can be no objection to any manufacturer accepting these parts provided their price and quality are satisfactory to them. That is all that they suggest should be done, and that I think was also the intention of Government when they laid down condition (c) in sub-section (2). But as matters stand at present, this intention is not wholly carried out. Although we find that in sub-section (3) the Governor General in Council has been given the power to prescribe the conditions subject to which and the manner in which bounties may be paid, I do not think the Government have framed any rules which affect this particular question. Sir, the concrete suggestion which I have to place before Government may be elaborated in these words: That in order to substantiate their claim to the bounty on wagons and wagon underframes, wagon manufacturers should be required to submit to the Governor General in Council detailed lists of components, stating from what firms they purchase or propose to purchase them; that these lists should accompany any tenders submitted by the wagon manufacturers and should the Government of India not be satisfied that the tenders of any wagon manufacturers have received due consideration they should reserve the right to call for further quotations; that components which are manufactured in India should be purchased locally provided price is competitive and satisfactory; that tenders for all components should be invited in India as well as abroad and the results published in the *Indian Trade Journal*. Wagon builders should satisfy the Governor General in Council that these conditions have been fulfilled to enable them to get the benefit of the bounty.

I dare say, Sir, that these are very fair conditions, and I do not think the Honourable the Commerce Member will find anything which I have stated just now to which he can take exception on principle. We are imposing a very great burden on the tax-payer, and care should be taken that the maximum advantage is gained by the country from the policy of protection and bounties that we have adopted in this House. I think the fundamental idea is that as much as possible of the different parts of these wagons and underframes which we are seeking to protect by bounties should

[Mr. K. C. Neogy.]

be manufactured in India; and it is with a view to secure that object that I bring forward this amendment. I may say at once that I am not much enamoured of the draft that I have read out myself; and further I think that all that I desire can be accomplished by Government framing suitable rules under sub-clause (3) of this clause. If the Honourable the Commerce Member gives us an assurance that all that is possible to be done will be done in this matter, I would very gladly withdraw this amendment.

The Honourable Sir Charles Innes: Sir, the point of Mr. Neogy's amendment is this. There is a certain firm in Calcutta called the Hukumchand Electric Steel Works which make steel castings. They put up their case before the Tariff Board for protection at the last inquiry. The Tariff Board for certain reasons which are given in full in their Report thought that a case had not been made out then, and their appeal for protection was turned down. Since then this firm has addressed certain representations to us. The real trouble of the matter is this: it occurs in the following passage in the representation. They say:

"The firm stated that the order would be placed with us on condition that we agreed to supply at the lowest rate at which castings could be imported. We agreed to consider this proposal and asked them to quote the lowest imported rate. They informed us that it was Rs. 14 per cwt. We may say that in 1923-24 we supplied the same firm with these identical castings at Rs. 27-8-0 per cwt. The firm referred to make no secret of the fact that they are obtaining the necessary castings from continental sources. British prices for the same castings average Rs. 33 to Rs. 35 per cwt."

Now, Sir, that is the real trouble. This particular firm is up against competition, not from Great Britain, but from the Continent. This House itself—I am not quite sure it was not on Mr. Neogy's own motion, at any rate I am sure Mr. Neogy spoke on the motion—in 1921 this House itself laid down the principle that when we called for tenders abroad we must not confine our call for tenders to England only, and that we must give all Continental firms an opportunity to tender. That is what this wagon-building firm did; and the tender prices of these Continental firms were so low that this particular firm in India could not compete in any way at all. They brought that point to the notice of the Commerce Department; and all that we could say to them was "Well, I am afraid we cannot do anything for you; you must put your case before the Tariff Board when its steel inquiry is re-opened this summer."

Mr. Neogy, I think, will be quite satisfied if I gave him the assurance that these firms who deliver wagons will at any rate give this Hukumchand Electric Works an opportunity to tender. I imagine that Mr. Neogy will accept that as a reasonable compromise, as a reasonable way of meeting his amendment. I may say that our stores policy in India, which these wagon building firms must obey, is that articles made in India from Indian material should be purchased in preference to imported articles, provided the price is reasonable and the quality is sufficiently good. Now, I am quite prepared to inform Mr. Neogy that I shall let these wagon building firms know that as regards axle boxes and other things of that kind required for wagons, they must give this particular firm an opportunity of tendering, and I hope that Mr. Neogy will accept that as a reasonable way of meeting his amendment and that he will withdraw his amendment.

Mr. K. C. Neogy: Sir, I had not the case of any particular firm in mind. I merely cited the case of this one firm as an illustration. Others may have similar grievances.

The Honourable Sir Charles Innes: That is the particular firm.

Mr. K. C. Neogy: What I am concerned with is the question of principle, and I am glad that the Honourable the Commerce Member is going to give a strict interpretation to the requirement of sub-clause (2) (c). I hope I will be permitted by this House to withdraw this amendment.

The amendment was, by leave of the Assembly, withdrawn.

Clause 3 was added to the Bill.

Clause 4 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

The Honourable Sir Charles Innes: Sir, I move that the Bill be passed.

Mr. R. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadian Rural): Sir, the heat engendered in this debate has subsided. But the memory of a great patriot who is no more with us has been defamed by some of my friends and I have therefore thought it necessary to intervene in this debate and just say a word. Sir, I would be very reluctant indeed to come into conflict with my friend, Mr. Chaman Lall, but I am afraid I am forced to do it on this occasion. I am neither a bogus capitalist nor a bogus labourer. (*An Honourable Member*: "A real capitalist.") but I try to understand and appreciate the points of view of both the real capitalist and the real labourer.

Mr. Devaki Prasad Sinha: What are you?

Mr. M. A. Jinnah: A Daniel come to judgment.

Mr. R. K. Shanmukham Chetty: My Honourable friend Mr. Jinnah quoted the high authority of Mr. Gokhale in advocating a policy of protection for this country; and my Honourable friend Mr. Chaman Lall, always sure of the statements that he makes, challenged my Honourable friend Mr. Jinnah to quote chapter and verse in support of his statement, and proceeded to say that Mr. Gokhale was a free trader. Sir, my Honourable friend Mr. Chaman Lall said that one ought to verify one's facts. I am very glad that he realises that it is sometimes good to verify one's facts. Here is a small quotation from Mr. Gokhale:

"But forcing this policy of free trade upon a country circumstanced as India was, was a wholly different thing and was bound to produce results of a most disastrous character."

And again

"Our industries were therefore bound to perish as a result of the shock of this sudden competition to which they were exposed, and as a matter of course the introduction of free trade in this country was followed by the rapid destruction of such small industries as had existed in this country."

And further on he proceeds to say

"and until the new industries can stand on their own legs it becomes the duty of the State to have a protective wall all round."

Mr. Chaman Lall: Sir, may I ask the Honourable Member if he is aware that that quotation relates to ancient history, that Mr. Gokhale when he was making that statement was referring to the incidence of British rule in

[Mr. Chaman Lall.]

India at the time of the industrial revolution in Great Britain, that my Honourable friend forgets that as far as the steel industry is concerned it is on its legs and that Mr. Gokhale says in the same volume that "under present conditions Free Trade is for us the safest policy".

Mr. R. K. Shanmukham Chetty: Sir, I will first make a present of these statements of Mr. Gokhale to my Honourable friend. I know that my friend Mr. Chaman Lall's knowledge of economics has advanced far beyond the knowledge of economics which Mr. Gokhale possessed, even as the school-boy of to-day knows more of mathematics than Newton. Sir, in this House we have very often heard thundering eloquence denouncing the capitalists and a vigorous plea for the welfare of labour. These advocates of labour forget some very fundamental and essential facts. When they pretend to fight the capitalists they forget that in very many cases they are fighting the shadow and not the substance. It is not the real capitalist they are fighting against. Now what is the condition of modern industries in this country? In most cases the capitalist in an industry is not really a capitalist, but he is a manipulator of other people's capital. If you take any average industry, you will find that perhaps not more than 10 or 15 per cent. of the capital invested in that particular industry really belongs to the so-called capitalist. 80 to 90 per cent. of the capital of our industries comes from the small investor who in most cases is perhaps as poor as the labourer himself. Therefore, Sir, when the advocates of labour are trying to fight the capitalist, they are injuring not so much the real capitalist, but the middle class investor, who, as I have said, is very often as poor as the labourer himself. This is especially true in a country like India. We are all trying to devise ways and means of attracting the capital of the small investor . . .

Mr. President: The motion before the House is that the Bill be now passed.

Mr. R. K. Shanmukham Chetty: I am giving my reasons why the Bill ought to be passed. The discussion unfortunately has ranged over the wide field of protection *versus* free trade, and therefore, Sir, I am bound to make these few observations. My point is this . . .

Mr. President: Order, order. The Chair has allowed the Honourable Member to proceed as far as it is necessary for him to do so, having regard to the speech of the Honourable Member from the Punjab, but he is now going far beyond the scope of this Bill.

Mr. R. K. Shanmukham Chetty: Sir, I did not want to enter into the relative merits of free trade and protection. That was not my intention. My point is this, that we have after all succeeded in forcing the Government to adopt a policy of discriminate protection which will be beneficial to the interests of Indian industries, and I hope that by what one may call a mistaken enthusiasm for the welfare of labour we will not allow Government to go back to their old policy and ruin the Indian industries.

Dr. S. K. Datta (Nominated: Indian Christians): Sir, I did not get an opportunity earlier to speak and so, if you will permit me, Sir, I will make a few observations on this Bill. Sir, in spite of the fear that I may be considered a "nuisance" by this House, and that I may rouse the ire of my Honourable friend Mr. Jinnah, in spite of these fears, Sir, I desire to say that I oppose this Bill, and that for the following reasons. In the

first place, Sir, this Bill, together with the Resolution which will come before this House a little later, is worthy of the more frivolous Simla season during which ordinarily very substantial benefits are bestowed. Sir Charles Innes in every political debate in this House invariably comes forward and talks of being a protector of the poor, but when it comes to a question of tariffs and bounties to wagons, or to any other industry, he is amazingly liberal with the country's money. My objection to the Bill is that for a small industry like the wagon industry you come to the people of India and demand a large sum of money, money which is denied for other public purposes, purposes, to my mind, far more important than this particular industry. That is my first objection to this Bill. But what am I to do? The House under the guidance of Sir Charles Innes has now taken "the primrose way to the eternal bonfire". In the second place, I object to this Bill, because in spending public money we have not laid down sufficient conditions to ensure that that money is well spent. Furthermore, is this money productive? Will the country which gave this money get some of the benefits back? The conditions are all one-sided. These companies might, as a result of these bounties to manufacture wagons and underframes, make large profits, and being in that substantial position, sell the whole company to somebody else—shall we say to a German concern or even to a South African concern. In such an event we may well ask the question what happens to this public money spent on this concern? That, to my mind, is a very important point which the House should bear in mind. And the third thing is this. In this House we have complained of profits. We have complained of illegitimate taxes and cesses, and I consider this bounty is an illegitimate tax and an illegitimate cess. In some parts of India we have Zemindaries. It is a matter of common knowledge that not infrequently when the Zemindar's daughter is married he levies what is known as *Shadiana* on his unfortunate tenants. In modern times I am told when he wants to buy a motor car he levies what is called *Motorana*.

Pandit Shamlal Nehru (Meerut Division: Non-Muhammadan Rural): He levies *Hathiana*.

Dr. S. K. Datta: And as my friend reminds me, when he wants to buy an elephant, he levies what is known as *Hathiana*. In the same way, my Honourable friend the Commerce Member presents us with these white elephant industries and demands his *Hathiana* in the form of bounties.

Syed Majid Baksh (Burdwan and Presidency Divisions: Muhammadan Rural): Sir, I oppose this Bill. I have all along been sitting quietly, because I wanted to hear what other friends had to say in the matter so that I may have the benefit of their views. At Simla, as some of my friends will remember, I opposed the bounties given to Tatas. One thing that strikes me as somewhat curious is this, that both the framers of this Bill and those who propose bounties to particular industries have entirely misunderstood the meaning and purpose of protection and bounties. I do not know whether my friends will grant that I remember economics well now or not, but I read economics sometime ago, and from what I know I think that bounties and protection and their relative importance and relative inter-dependence have been entirely misunderstood. Sir, bounties and protection go hand in hand, at least in economics. You give bounties to a particular industry and at the same time you raise a protective tariff wall as against similar products of other countries imported to your country so that, your indigenous product may compete successfully with the

[Syed Majid Baksh.]

imported products. But here we see a little muddling. In Simla we heard that while a protective duty was granted to paper, a bounty was given to Steel. Here the end has not been reached, and I find that although it is proposed to give a bounty to Steel industry, in the next Resolution that is going to be moved after this, it is proposed to give protection to tin-plates and tin sheets. Why not let these two things go hand in hand so that one measure may help the other, so that the height of the tariff wall may be a little less and the bounties may be a little less proportionately? Sir, if I understand the purpose of bounties aright when it was given in Germany to German manufacturers, it was this. It was intended to undersell foreign competitors in other lands. It was never intended to tax the competitor in Germany itself, i.e., in the land of manufacture itself. Sir, as I have said, it was never intended to tax the consumers in the country of the manufacturer. It was intended to undersell competitors in foreign lands. Do you expect in this country to undersell competitors in foreign lands as regards these articles to which we are now giving bounties? I do not think so.

Pandit Shamlal Nehru: Why not?

Syed Majid Baksh: Simply because you cannot. Simply because it is absolutely beyond your power. I will tell you why. You cannot expect to undersell Japan in her own land in matters of steel. You cannot expect to undersell America in her own land in respect of steel or pig-iron. You cannot expect to undersell manufactures of what is this Bill about (Laughter)—of wagons and underframes of railway carriages. (*An Honourable Member:* "What is the reason?") You are under a foreign rule and these things are imported into your country from a place where the capital is looked after and the cost of production is minimised as much as possible, and when these products are imported, how would you expect to undersell them? Not to speak of their country, you cannot in your own land, where the manufacturing staff itself is very very highly paid, where the administration is top heavy so that it cannot pay its own way, expect to sell your things, not to speak of underselling in other countries. That is what I understand about bounties and protection. I have yet to learn that bounties can be used in your own land to make the products marketable. You know, Sir, what these bounties have been put to. The evidence before the Tariff Board will show how the two companies, the Tatas and the Bengal Iron Company—I am giving the example of two companies only—undersell each other. The Bengal Iron Company manufactures pig iron whereas the Tata Company manufactures pig-iron as well as steel. You do not give a bounty to pig-iron but you give a bounty to steel. That money is utilized by the steel producing company, the Tatas, in lessening the cost of production of the pig-iron manufacture and by so doing they undersell the Bengal Iron Company. In your own land this is how it is utilized—one industry running the other down. The whole thing is misconceived. The giving of bounties, as I remarked in another place, makes these industries a prodigal son. They will come up on the slightest pretext. Whenever they find that there is a chance of getting money, they will approach you and ask for bounties. There will be no end to it. I think the Tariff Board is like a lamp in which the Government is sacrificing itself like a moth. There is great bungling in the management of this question. I do not understand how they can, after careful consideration, subscribe to this. If

is the great lamp at which capitalists, Government Members, Home Members—I beg your pardon—Finance Members, and Commerce Members have been tempted to sacrifice themselves like the moth without understanding what they are sacrificing themselves for. The best thing would be, Sir, not to give bounties and allow them to squander as much as they can, but for Government to purchase some shares in these companies. In that case, they will look after their money more carefully than they do when they give bounties. In that case, Government will have an interest in giving orders to these industries instead of giving orders in foreign lands and giving these bounties. It will have to be done if you want to stop the squandering of money unnecessarily. That is to say, you will have to adopt some such method or stop giving bounties altogether. Sir, my contention is that this Bill is conceived on a wrong basis of economics and therefore it should not be passed by this House.

Sir Darcy Lindsay (Bengal: European): Sir, I move that the question be now put.

Mr. President: The question is that the question be now put.

The motion was adopted.

(The President then called upon the Honourable Sir Charles Innes to reply.)

The Honourable Sir Charles Innes: I have no comments to make.

Mr. President: The question is that the Bill be passed.

The motion was adopted.

RESOLUTION *RE* SUPPLEMENTARY PROTECTION TO THE TIN-PLATE INDUSTRY.

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

“That this Assembly recommends to the Governor General in Council that no action be taken on Chapters IV and V of the Report of the Indian Tariff Board, regarding the grant of supplementary protection to the steel industry, except that supplementary assistance should be given to the tin-plate industry in India, (a) by increasing from Rs. 60 to Rs. 85 per ton the specific protective duty on all steel tin-plates and tinned sheets including tin taggers, and (b) by reducing the duty on tin, block, from 15 per cent. *ad valorem* to a specific duty of Rs. 250 a ton.”

The House will see that in this Resolution I have brought two subjects before them. One subject is that of fabricated steel and the other is that of the tin-plate industry. It may rather surprise the House, since I have no proposals to make to the House in regard to putting what is called an offsetting duty on fabricated steel, that I should bring the question before them. But I have done so quite deliberately. I might explain my reasons for our action in bringing this Resolution, and that reason is that I wanted to give the House an opportunity, if they so desired, of discussing the question whether an offsetting duty should be placed on fabricated steel. Sir, I notice that there are certain amendments down on the paper regarding fabricated steel and I would suggest for your consideration, Sir, that amendments with regard to it should be taken up first and after they have been disposed of, the question of tin-plate should be taken up separately.

[Sir Charles Innes.]

Now, Sir, I do not think I need spend very much time over fabricated steel. The position of the engineering firms has been fully examined by the Tariff Board. Since we passed the Steel Industry (Protection) Act, 1924, undoubtedly conditions have changed for the worse for the engineering firms. The price of imported steel has dropped. In so far as the engineering firms in India make use of imported steel, they have benefited by the drop in price, but in so far as fabricated steel made in India competes with imported fabricated steel, our engineering firms have been hit in two ways. A proportion of the cost of fabricated steel is naturally the cost of fabrication and that part of the cost which represents the cost of fabrication has fallen when expressed in rupees. Then, again, imported fabricated steel is subject to an *ad valorem* duty of 25 per cent. and the mere fact that the import price has fallen means that the actual duty payable has become less. To come down to concrete figures, the Tariff Board reported in 1924, that they found that the average price of fabricated steel was Rs. 250 a ton. An *ad valorem* duty of 25 per cent. on a value of Rs. 250 per ton amounts to Rs. 62. Now, the average price has dropped to Rs. 205 and that means that the duty payable has dropped to Rs. 51. In those two ways the Tariff Board has found that the engineering firms are worse off by Rs. 21 per ton than they were when the Steel Act was passed. That is a finding on a question of fact and the Government accept that finding. Then the further question arises whether because the engineering firms are worse off by Rs. 21 per ton, than when we passed the Steel Act, we should put in force that section of the Steel Act, which empowers us to put on offsetting duties. The section authorises the Governor General in Council to increase the duties when he finds:

"that articles of any class chargeable with duty under Part VII of the Second Schedule are being imported into British India from any place outside India at such a price as is likely to render ineffective the protection intended to be afforded by such duty to similar articles manufactured in India."

It is possible to interpret that section in this way. It is possible to say that the intention of the Legislature was that we should always maintain the protective duties imposed by the Steel Act, at a uniform level. The Tariff Board have taken that view. They have said that these firms are getting Rs. 21 per ton less protection than they got when the Steel Act was passed and they propose that the duty on fabricated steel should be raised from 25 to 32½ per cent. *ad valorem* in order to restore the firms to the position they were in when the Steel Act was passed. But, Sir, the Government have taken a different view. When I introduced the Steel Act in May 1924, I said that Government accepted this proposal in regard to offsetting duty, but they accepted it with misgivings. I pointed out all the objections to it. I pointed out what an impossible position it would create for trade if Government were at frequent intervals to alter their duties in order to maintain the protection at a uniform level, and I said in so many words that if the House were prepared to entrust this power to the Executive Government they might rely upon it that the Executive Government would not exercise that power unless the need was real and urgent. (Mr. Devaki Prasad Sinha: "What is the guarantee?") And the question that I think has got to be decided is whether there is any real and urgent need why the protection on fabricated

steel should be raised from 25 to 32½ per cent. *ad valorem*. I think that when we passed that offsetting duty section in the Steel Act we were thinking of what are known as infant industries. Everybody knows that when you are trying to establish a new industry in a country that industry passes through a very difficult time. When it is finding its feet it is peculiarly susceptible to the pressure of foreign competition and foreign competition of that kind may drive it out of existence before it has had time to find its feet. I do not think that any of us were thinking, when we passed that section, of old established industries. Here in the engineering industry you have got an industry which has been established for generations. The Tariff Board themselves said in their first report that some of the engineering firms had been in existence in India for over 100 years. They have had their ups and downs in that period. Some periods have been years of prosperity while others have been periods of depression and stagnation. But they have survived these ups and downs and they are existing now. I am prepared to admit that the engineering industry in India at the present time may be in a state of stagnation, in a state of depression as many other trades are, but I am not prepared to admit that it has been proved anywhere that that stagnation or depression is in any way due to the pressure of imports from abroad. Our statistics do not show this and the Tariff Board do not claim that there has been any increase of imports from abroad. The stagnation appears to be due to the general stagnation of trade. Now the House has got to remember that next summer the whole question will be reopened. This time next year we shall be discussing again whether or not we shall continue the Steel Act, whether we should continue it in its present form or in a modified form. The whole question will be properly investigated this summer and then will be discussed again by this House. What the Government feel very strongly is that since there is only a short time to wait, the engineering industry may very well wait until this time next year. We do not think that there is any real or urgent reason why we should impose an offsetting duty on fabricated steel. I do not propose to say very much about the smaller matter of coal tubs. Here again our statistics show that there has been an actual decrease in imports of coal tubs rather than an increase. I am prepared to admit that that particular industry is doing badly. But why is it doing badly? Because as everybody knows the coal trade is in a state of depression and is buying less equipment. There is a conflict of interest between the coal trade and this light engineering industry and we think that this matter also should lie over until the whole matter is investigated again next year. These are very briefly the reasons why Government are not prepared and do not wish to impose any offsetting duty upon fabricated steel.

I come now to the tin-plate industry. The Tariff Board dealt with that industry at great length in its first report. They made a very cautious recommendation. At that time the tin-plate industry was exactly one year old in India. It is a notoriously very difficult and very intricate industry. We are always told that the tin-plate industry can only flourish in two countries in the world. One is Wales and it is said that nobody but a Welshman can make tin-plates, and another place where it flourishes in a somewhat less degree is America. We have been told that in no other country in the world is the tin-plate industry able to flourish. In addition there are special difficulties in India, difficulties to which my Honourable friend Mr. Willson drew prominent attention in his speech in June, 1924,

[Sir Charles Innes.]

difficulties of a climatic nature. And further there was the curious contract between the Tin-plate Company and the Tata Iron and Steel Company. For those reasons the Tariff Board laid down their policy in the following words:

"The establishment of a tin-plate industry in India is clearly desirable and we believe that there are good chances of success. Some assistance seems to be necessary for the next two or three years, but we are clearly of opinion that it should be limited to the minimum which will suffice to keep the Company going until it is in a position to stand alone."

In that view the Tariff Board contented themselves by recommending a raising of the duty on tin-plate to Rs. 60 a ton, that means to say, they wanted to raise it from 10 per cent. *ad valorem* to 15 per cent. *ad valorem*. That recommendation was accepted by this House. The policy accepted by this House was that we should protect the tin-plate industry for the life of the Steel Act. The question whether or not the industry should be protected is not now in issue. The only point that we have got to consider is whether any case has been made out for an offsetting duty, that is, for supplementary protection. I should like to say that while the Tariff Board told us in their report of 1924 that the tin-plate industry had made a very encouraging start in India later information shows that that encouraging start has been more than maintained. When the Tariff Board reported only one mill was working. Now other mills have been brought into operation. They have been working for less than three years, and in that three years' time they have attained an output of 622,000 boxes of tin-plate per annum, that is an output of 30,000 tons of tin-plate per annum and they look to an improvement in that output in the following year. Our information goes that, in spite of what we are told about only Welshmen being able to make tin-plate, the quality of tin-plate turned out in these works is good and that their proportion of "wasters" is no higher than what it is in Wales or America. 2,900 Indians are employed in the works. Some of them, as I ascertained for myself when I inspected the works a short time ago, have been very highly trained. 45,000 tons of Tata steel are likely to be employed in the works next year. In deciding whether a case for an offsetting duty has been made out, the main factors to be taken into consideration are the following. In the first place there has been a drop in the price of sheet bar, that is, the raw material of the industry. That drop in the price of sheet bar has, of course, helped the tin-plate industry. On the other hand there has been an increase in the price of tin, which has greatly handicapped the industry, and finally there has been a very severe drop in the price of imported tin-plate. Since the Tariff Board reported in 1924, the price of imported tin-plate has dropped by 3s. 9d. a box. The result of these three factors combined is that the Tin-plate Company is worse off now than when the Steel Act was passed to the extent of Rs. 210 per hundred boxes. I beg the House to observe that quite deliberately when we passed the Steel Act in 1924 we gave the Tin-plate Company a bare minimum of protection, what we thought was the bare minimum sufficient to keep them alive until the whole matter could be re-examined next year. I have said that the tin-plate industry is worse off by Rs. 210 per hundred boxes than it was when the Act was passed. The Tariff Board have made some allowance for the fact that the price of imported tin-plate might rise. As a matter of fact it has risen to the extent of about 6d. a box but the Tariff Board

has discounted that fact and their final conclusion was that the tin-plate industry was worse off by Rs. 185 per hundred boxes than when the Act was passed. Now a hundred boxes equal 4·83 tons and if you divide 185 by 4·83 you will arrive at the figure 38 and that is what the Tariff Board propose, namely, that we should give increased protection to the extent of Rs. 38 a ton. Their actual proposal was not that we should give the whole increased protection by increase of duty but that we should assist the industry by giving them a rebate of duty on the tin used in the manufacture of tin-plate used in their works. The value of that rebate to the company will be Rs. 9 a ton, and the Board makes up the balance of Rs. 38 by proposing that the duty on tin-plate should be raised from Rs. 60 to Rs. 99 per ton. Now, the Government accept the finding of the Tariff Board that a case for an offsetting duty has been made out. As I have explained just now, we dislike these offsetting duties very much and we are not prepared to put them into force unless we are satisfied that there is a real and urgent need for so doing. But in the circumstances of this industry we do accept the proposition that a case for an offsetting duty has been made out mainly for the reason, as I have just explained, that in 1924 we gave them what we thought was the bare minimum and now they are worse off to the extent of Rs. 185 per hundred boxes. We think that if any use at all is to be made of the offsetting duty clause, this is a case in which it should be made, but we desire to modify the Board's proposals. We wish to adhere quite strictly to the principle laid down by the Tariff Board themselves in their first report, that is to say, to the principle I have just mentioned, namely, that the protection should be down to the bare minimum. We do not wish to give a rebate of duty on the tin used in the Tin-plate Company's works to that Company. Tin is the raw material of very many industries in India. If we are to do anything in the way of reducing the duty on tin or taking it off, we should very much prefer that all industries should get the benefit of that reduction. Unfortunately, we are not able to take off the duty altogether. That would cost us 15 lakhs of rupees. But my friend on the right (Sir Basil Blackett) has agreed to the duty being cut down to half for all industries in India. Then, Sir, we propose to raise the duty on imported tin-plate not to Rs. 99 a ton but to Rs. 85 a ton. By this latter proposal we expect to make extra revenue, and that extra revenue will be expended in reducing the duty on tin to Rs. 250 per ton. Now, in arriving at our figures we made very careful calculations of the cost of production. There is a table on page 128 of the Tariff Board's first report which shows the Tariff Board's estimates of the cost of production in this Tin-plate Company. We have adopted the output accepted by the Tariff Board, which was actually obtained last year, namely, 622,000 boxes per annum. We have taken exactly the same figure for working capital as was taken by the Tariff Board. We have made exactly the same allowance for depreciation as the Tariff Board allowed and we have adjusted the other items with reference to later prices. Working in this way we find that the bare production cost of tin-plate in these works amounts to Rs. 1,842 per hundred boxes. And we calculate that on our proposals we shall give the Tin-plate Company a price of about 1,866 rupees, that is to say, our proposals are calculated just to cover the cost of production in this industry. We think that as they cannot cover their cost of production we ought to do this much for them pending the reconsideration of the whole question next year. As the House knows this matter of protection for the Tin-plate

[Sir Charles Innes.]

industry will be investigated again by the Tariff Board this summer, and I may say quite publicly that when the Tariff Board do investigate that question, we propose definitely to instruct them also to investigate the question of capital invested in this company and to investigate the question whether that capital ought not to be written down. It is perfectly true that the tin-plate industry has had so far a striking technical success in India. I say without hesitation that that technical success has been quite remarkable. On the other hand I think there is grave reason to doubt whether it will ever be a sound and healthy industry in India unless the question of writing down the capital of the company is very carefully considered and we propose to direct the attention of the Tariff Board to that question. I do not think I need say any more and I commend my motion to the House.

Mr. President: There are a number of amendments on the paper and what the Chair proposes to do in connection with these amendments is this. Amendment No. 1 standing in the name of Mr. Das is the same as the one standing in the name of Sir Willoughby Carey, and also one standing in the name of Mr. Jamnadas Mehta, that "for the words ' Chapters IV and V ' the words ' Chapter IV ' be substituted ". If that amendment is taken up first and lost, then Nos. 5 and 6 go out. If No. 1 is carried, then Nos. 5 and 6 stand and they will be taken up. I therefore propose to call upon Sir Willoughby Carey to move the amendment.

Mr. Devaki Prasad Sinha (Chota Nagpur Division: Non-Muhammadan): What about those who wish to oppose the whole Resolution?

Mr. President: The Honourable Member can do so whenever he likes. He knows that the general question of protection has been discussed so often in this House. Sir Willoughby Carey will move amendment No. 1.

Sir Willoughby Carey (Bengal: European): Sir, I beg to move an amendment to the Resolution:

"That for the words ' Chapters IV and V ' the words ' Chapter IV ' be substituted."

In other words that the Resolution under which it is proposed that no action be taken on Chapter V of the Report of the Indian Tariff Board should be so altered that Chapter V should be considered and acted upon. There has been a certain amount of doubt I believe as to what actually Chapter V is in the minds of certain Members of the House who have perhaps not read recently the Report of the Indian Tariff Board on supplementary protection to the steel industry. In order to clear that up, if I may, I will read just a few sentences from the opening of that Chapter, page 40, Chapter V. The Board say:

"Much of the steel made at Jamshedpur is purchased by the engineering firms, and is subjected to further processes by them before it reaches the consumer. For bridges, steel buildings, jetties, pontoons, river steamers and flats, railway wagons and underframes, large quantities of steel beams, angles, channels and plates are required, and unless there were an engineering industry in India, the manufacture of these sections could hardly be continued. For this reason the engineering firms are an integral part of the steel industry, and the protection given must extend to fabricated steel. The need for additional protection in this region also has been urged by the Indian Engineering Association, and four of the principal firms have sent written representations and given oral evidence. In two respects it is claimed that the position has grown worse since the duty on fabricated steel was fixed at 25 per cent *ad valorem*."

And then the Chapter goes on to deal with the whole thing in detail and *seriatim*, until at the finish of the Chapter, at page 46, paragraph 69, the recommendation is definitely made that the duty should be raised from 25 per cent. to 32½ per cent. with certain exceptions. I beg therefore, Sir, to move that this Chapter on fabricated steel is worthy of the consideration of the House and should be taken into consideration. I have heard what the Honourable Member has said with regard to offsetting duties. I have also read what he has said on previous occasions on that subject, and I think that one is inclined to agree that it is troublesome and perhaps objectionable in practice, wherever it can be avoided, that these offsetting duties should be imposed. At the same time I venture to say with regard to this particular industry that I think it may be reasonably agreed that the conditions are such that an offsetting duty should be considered, and that at least the recommendations of the Tariff Board should be accepted and acted upon. Practically the same conditions and arguments as the Honourable Member has agreed make a good case for the tin-plate industry

The Honourable Sir Charles Innes: Is the engineering industry an infant industry?

Sir Willoughby Carey: No, Sir, I have said practically the same conditions are reproduced at the present time with regard to the fabricated steel industry. I admit that the engineering trade is old established, but I question whether the conditions of trade due to post-war, or shall I say post-slump conditions of trade and exchange considerations have ever previously been duplicated in this particular industry. There is all the more reason also to promote the use of the offsetting duty on this occasion for the very reason brought forward by the Honourable Member that it is for only one year and will be reconsidered very shortly and also taken fully before the House this time next year, and that the need as expressed by the Indian Engineering Association is an urgent one and cannot wait for a whole year, by which time a very great deal of this imported fabricated steel will have been introduced into the country. Steel is not what I may call an easily consumable article the import of which, for the same thing, for the same particular item, is reproduced year after year, so that the trade which they are losing, the particular jobs which they are losing now, are gone from them for a very long period, if not for ever. On these grounds, Sir, I suggest to the House that the amendment for the consideration of Chapter V should be accepted.

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

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

Mr. B. Das (Orissa Division: Non-Muhammadan): Sir, my task is made much lighter by the assurance given in the speech of the Honourable the Commerce Member that he wants to keep in the hands of the Executive the consideration of Chapter V and to bring into effect only such parts of its recommendations as may be required from time to time. Sir, the questions raised in Chapter V of the recommendations of the Tariff Board affect the iron and steel industry of Jamshedpur. I am myself very much

[Mr. B. Das.]

interested in the town of Jamshedpur. If some day Orissa, my own province or sub-province, is made into a full-fledged province, then Jamshedpur will be our industrial capital.

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhamadan Rural): On a point of order, Sir. Is there a quorum present?

Mr. President: Order, order. The Honourable Member cannot go on till there is a quorum. (At this stage a number of Members entered the Chamber and a quorum was present.)

Mr. B. Das: As I was saying, Jamshedpur will form the industrial capital of Orissa.

Mr. Devaki Prasad Sinha: Of Orissa? How is that?

Mr. B. Das: When Orissa is made a province which, I hope, will happen soon. Sir, the steel industry of Jamshedpur depends completely on iron ore that comes from the Orissa States. That is one of the reasons why I am so much interested in Jamshedpur. There are also 10,000 Oriyas employed as labourers there; and, Sir, my interest in the Oriya labourer is not as evanescent as the interest of my bogus socialist friends on my right. (Messrs. Chaman Lal and Devaki Prasad Sinha.) Sir, I am an Oriya myself and I take a keen interest in the welfare of the Oriya labourer. I do not want to see him starving but employed all the time whether it be at Jamshedpur or in Calcutta in industrial firms. I do not want to see them go on strike by flashlight messages, whether from Moscow or Lahore, thrown on the sky because that is their only way of earning a livelihood. That, Sir, is my second point of interest in Jamshedpur. Naturally therefore I am very much in love with the Honourable the Commerce Member whenever he brings forward anything calculated to improve the condition of Jamshedpur and promote its prosperity. I always feel happy about it, and for that reason I appreciate the Honourable the Commerce Member's action in the matter. Sir, Sir Charles Innes is a great statesman of India. He has done great things for the Presidency of Madras.

Mr. President: Order, order. That is not the question before the House.

Mr. B. Das: Sir, I was only referring to it incidentally. Sir, as I said only this morning, the currency policy of another section of the Government of India ruined whatever system of protection we introduced and which the Honourable the Commerce Member advocates. Now when we come to the Tariff Board's recommendations in Chapters IV and V the Tariff Board specially particularise these disadvantages through the exchange that the industries of India are labouring under. Like the sword of Damocles, Sir, this exchange hangs over all the small Indian industries struggling to make their way and making valiant effort to compete successfully with the manufacturing industries of England and Europe. The Honourable the Finance Member is not here but I wonder if his policy will ever allow Indian industries to grow and raise their head.

Sir, in 1924 I asked a question as to what amount of Indian iron and steel is purchased by the Government of India and whether it is the policy of the Government of India always to make it a point to buy manufactured

articles of Indian steel. My question was this; it was a supplementary question to which Sir Bhupendra Nath Mitra replied :

"In view of the fact that the Tariff Bill has been passed in this House, will Government departments take steps to purchase their requirements of iron and steel of Indian manufacture?"

There was another part to the question also :

"In view of the Tariff Bill having been passed to give protection to Indian iron and steel, will Government departments give an undertaking to this Assembly that they will make their purchases of iron and steel primarily of Indian manufacture and then, if not available, from foreign countries?"

The reply given by my Honourable friend Sir Bhupendra Nath Mitra was :

"After the Tariff Bill has been finally passed the matter will receive due consideration from the Government."

That was in 1924. This is now 1926, and I do not think Government have taken any steps to encourage the purchase of manufactured articles of Indian steel. Sir, only the other day I asked a question of my Honourable friend the Member for Commerce. It was as follows :

"(a) Will Government be pleased to state whether the workshop of a particular State Railway manufactures its own requirements or caters for other State Railways for a certain article in which it specialises?"

(b) Have the Railway Board thought it advisable to concentrate on the manufacture of certain spare parts in the workshop of one State Railway which will supply such specialised product to all the State Railways?"

(c) What are the present views of the Railway Board on the standardisation of workshop products? Do they wish each Railway to have its own completely equipped workshop or do they desire specialisation of certain standard parts in each railway workshop treating all the State Railway workshops as one unit?"

(d) Will not specialisation and standardisation of manufacture of spare parts as indicated above lead to the eventual manufacture of railway appliances in Indian railway workshops?"

The reply of my Honourable friend Sir Charles Innes was as follows :

"It is the usual practice for workshops of State Railways to manufacture certain of their requirements. It has not been the general procedure hitherto for one railway to manufacture articles for another, though in special cases this is done when the railway requiring the item does not possess the necessary plant to manufacture it."

I asked a supplementary question as follows :

"In view of the fact that the engineering workshops in India managed by private people are not properly developed, will Government consider the question whether the policy of the railway workshops should not be directed to manufacturing railway appliances?"

The reply of the Honourable the Commerce Member to that was as follows :

"That, Sir, is a very large question of policy which I should prefer not to answer within the limits of a reply to a question. The Honourable Member must remember that *there are a great many private workshops—(please note)—in India which depend on orders of this kind, and it might have very serious consequences for them if railway workshops extended their operations in the way he suggests.*"

Sir, this very sympathetic answer of the Honourable Member for Commerce supports my amendments to-day on fabricated steel. (*The Honourable Sir Charles Innes* : "Question.")

Sir, I may give a few statistics from the Report of the Railway Board, Vol. 2, for 1924-25. I have stated how Government have not taken any steps during the last two years to increase their purchases of manufactured

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steel articles in India from Indian steel. During 1924-25 they bought Bridge work 46 lakhs from outside and only 5 lakhs in India. The question of fabricated steel specially comes under this head of Bridge work. I will give some other items: steel sleepers, 30 lakhs from outside—17,000 from India; chairs and fastenings, 47 lakhs from outside—30 lakhs from India; steel excluding permanent railway material, 38 lakhs from outside—10 lakhs from India. Of course a very big sum is lumped up under the head 'All Other Stores' but I have given these few items to show that the Government of India have taken no steps to purchase articles manufactured of Indian steel, save rails, which they are compelled to buy under their policy of protection. The iron and steel works at Jamshedpur do not manufacture rails only; they also manufacture joists, angles, tees, beams and other sections; these are all utilised in the manufacture of structural steels and that is what the engineering firms that are at present existing in Calcutta and Bombay utilise for manufacture of their fabricated steel; and unless the Railways which are the largest purchasers of fabricated steel make it a point to buy their requirements from Indian manufacturers, there is no chance for Indian fabricated steel.

I may say the same thing of the District Boards and Local Boards that buy bridges, girders and structural works; they generally do not specify that these things should be purchased primarily from articles manufactured of Indian origin.

Sir, this House is committed to the principle of protection, to the development of Indian industries. This House is further committed by the Steel Protection Act to encourage purchase of Indian iron and steel manufactured at Jamshedpur. But if the Tariff Board's recommendation in Chapter V is not given effect to, then the idea of encouragement of purchase of Indian iron and steel remains a dead letter, except as much of it as applies to the purchase of Indian rails. For that reason I advocate that Government should not only give effect to Chapter IV but that they should also take up the consideration of Chapter V, whether it be immediately or in the near future. Sir, I will just allude here to one observation that the Honourable Sir Charles Innes made apparently in reply to an observation of mine in my speech on the Steel Act. Sir, I did not mean that protection to the steel industry or to the wagon industry or any particular industry should continue for ever. I am in entire agreement with him that protection should be given only so long as that particular industry requires it to stand on its own legs. But I also said this: "Do not give protection in a beggarly half-hearted fashion." I did say that last year. When the Honourable the Commerce Member reduced the bounty on steel from Rs. 18 to Rs. 12 a ton, I did say "Do not give the protection in this niggardly fashion; do not ask them to come up to you begging every time for a little more protection. (The Honourable Sir Charles Innes: "Hear, hear".) Give them adequate protection. Let that industry stand on its legs." Then we will not be bothered with socialist speeches from my friends on the right; we need not be bothered with speeches from my Honourable friend, Mr. Joshi. Let me assure this House that I have the highest respect for my friend, Mr. Joshi, whenever he speaks on the question of labour. I may not agree with him in his views that labour should receive everything and the middle classes, the capitalists and the brains should not receive any protection at the hands of the Legislature; but I have the highest respect for whatever

Mr. Joshi says in the matter of labour. I always admire his selfless work in the cause of labour and in the cause of social welfare. I agree with him too, that, if it will be necessary in the year 1927 to introduce fresh legislation for the protection of industries, legislation should be so framed that the interest of labour should be safeguarded; and I also find the External Capital Committee took no consideration of that aspect of the question. Let me tell my Honourable friend Mr. Joshi that we in this House are not against labour. Without labour the capitalist cannot carry on this industry. So labour is as much an adjunct of industry as capital, and to talk always in this House that the capitalist is always adverse to labour is rather a misrepresentation of facts. (*Cries of "Go on": Mr. Chaman Lal "Cheer up."*) But, Sir, when my bogus socialist friends on my right talk, then it takes the wind out of the common sense of the Members of this House! With these few remarks I have great pleasure in supporting the amendment moved by my Honourable friend Sir Willoughby Carey.

Mr. Jamnadas M. Mehta (Bombay Northern Division: Non-Muhamadan Rural): Sir, after this amendment is disposed of, shall we be free to talk on tin-plate?

Mr. President: What is the question?

Mr. Jamnadas M. Mehta: After all these amendments about fabricated steel are disposed of, one way or the other

Mr. President: The other amendments will be taken up.

Mr. Jamnadas M. Mehta: The question about tin-plate remains to be dealt with in the same Resolution.

Mr. President: The Honourable Member will have his opportunity to talk on tin-plates a little later.

Mr. Jamnadas M. Mehta: Supposing those amendments do not come up: shall I be free to talk about tin-plate, if I make a speech now on this amendment?

Mr. President: If the Honourable Member sits down the Chair will tell him. The Chair has already stated that if amendment No. 1 fails, then amendments Nos. 5 and 6 also go; and therefore at present the discussion is confined to amendments regarding fabricated steel only and nothing more.

Mr. Jamnadas M. Mehta: That is all I wanted, Sir, I have not many observations to make except to say that I support the amendment moved by my friend, Sir Willoughby Carey

Mr. Devaki Prasad Sinha: Support?

Mr. Jamnadas M. Mehta: Certainly, I support it; and the reasons are these. The House, Sir, after a protracted and full debate, committed itself, and I submit committed itself very rightly, to a policy of protection for steel, and all that this amendment now seeks is that what the House committed itself to shall be carried out in letter as well as in spirit until the period of three years is over. All that is demanded by this amendment is nothing more than that, and Sir, I do not understand why Government

[Mr. Jamnadas M. Mehta.]

do not carry out to the full what they themselves and this House jointly decided upon in 1924. They appointed a Tariff Board. The Tariff Board have gone fully into the question, and in pursuance of the Steel Protection Act, they recommended certain further and supplementary measures of protection about fabricated steel. Government now throw overboard the whole recommendation of the Tariff Board and tell the House that they do not want to do anything in this matter. Sir, that is not a position which I can understand, nor is it a right position to take. You have given the word of honour of this House, and through this House, of this country and of this Government, that the Act which we passed in 1924 to the extent that it affects the steel industry in the various processes of steel manufacture and production shall be given full effect to; in this amendment we say that on account of certain factors which have supervened since we passed that Act the factor of exchange and the factor of reduced prices in foreign countries,—the protection that we gave then has proved inadequate. Now, Sir, it is one of the important recommendations of the Fiscal Commission that if you give protection, give it an honest, full and complete protection to the extent that you think necessary. A protection that is not complete is so much money wasted, and if the Government to-day do not agree to move further, my fear is that all the monies that we are spending, all the taxation to which the consumer is being subjected, will have been wasted, and there was no point in their agreeing to protection two years ago. I do not want that Government should go a single step further than what the Tariff Board ask them to do, but simply to sit quiet and turn down all the proposals of the Tariff Board is not the kind of attitude which we expect from Government. Sir, in this matter we find that the question of exchange affects by 12½ per cent. all these imports of steel, and we know that the manufacturers outside India are fighting with their backs against the wall. Sometimes some of them simply keep their works going, only keep the pot boiling; sometimes they even cut prices down to ruin our industries in India. Under the circumstances, Sir, it is necessary that this House and the country should stand by these industries to whom we promised protection in 1924. That is the only point which I want to make. I do not know why Government seriously appointed a Tariff Board, a Board which neither consists of capitalists nor of labourites, but which consists of honest citizens and patriots, who know what they are talking about, who understand what they are writing about. If the Government turn down the well-considered recommendation of the Board, I do not know how this House can with any confidence agree further to allow the continuance of the labours of the Tariff Board. Last year, Sir, on the question of paper, Government did the same thing. They turned down the Tariff Board's recommendation regarding certain kinds of paper. As regards cement, they have of course made partial amends. . . . (An Honourable Member: "They have not.") I don't say they have made amends in pursuance of the recommendations of the Tariff Board, I know the Tariff Act (Amendment) Bill is a revenue measure, I know it is not a protective measure, but incidentally the Rs. 9 recommended by the Tariff Board is also the duty on cement proposed in the said Bill. That is my point. When we propose some addition to the recommendations of the Tariff Board or some change in the recommendations of the Tariff Board, Sir Charles Innes rises in pious horror and says "Oh, you are going behind the recommendations of the Tariff Board". Anything so heretical he cannot understand, and he says that if the House continues in this mood, the Government

cannot proceed further. That is what he actually said when considering the Report of the Tariff Board in 1924, because we suggested some measure of further protection, because we thought that the time necessary was not three years but it should be more. And so what he condemned then he commends now. Sir, whether the manufacturer is an Indian or an European, does not matter at all. This particular industry is in the hands of engineering firms. They are not the manufacturers of steel themselves, I know, but at the same time, they are large customers of Indian steel, and we want that steel to be protected. We want it to be protected against the rising exchange and against the cutting down of prices by foreign importers, and these firms are as much entitled to the protection of this House and of this Government as the people interested in any other industry in this country. Sir, I have nothing more to say for the present.

Mr. Devaki Prasad Sinha: Sir, we are discussing, as you have pointed out, an amendment relating to fabricated steel. An Honourable Member of this House, Sir, who took his oath only this morning, and who has not given us the pleasure of hearing his maiden speech, very aptly referred to this amendment by saying that the case for fabricated steel depends upon fabricated evidence. I should say, Sir, that the whole agitation in regard to protection for fabricated steel is entirely fabricated

Mr. C. S. Ranga Iyer: On a point of order, Sir. May I inquire if the reference is in order to a statement made by the Honourable Member not on the floor of this House but in a private conversation?

Mr. President: Order, order. Let the Honourable Member proceed.

Mr. Devaki Prasad Sinha: The only argument that has been used in favour of this motion by the Honourable Member from Bengal is that the Tariff Board has recommended certain increase in the amount of protection for fabricated steel and that the Government should not turn it down. May I ask, Sir, is the Tariff Board the Government of India or the Government of India is the Government of this country? If in every case we are to be guided by the opinion of three gentlemen who constitute the Tariff Board, then what is the use of having a Commerce Member in the Government of India?

Khan Bahadur W. M. Hussanally (Sind: Muhammadan Rural): What is the use of having a Tariff Board?

Mr. Devaki Prasad Sinha: I am very glad that the Honourable Member agrees with me. I should be happier than anybody else if the Tariff Board were abolished. As I said before, I consider it an infernal nuisance. It is on account of the Tariff Board that all this dispute between labour and capital, which is so unpalatable to my friend Mr. Jinnah, has taken place.

Mr. M. A. Jinnah (Bombay City: Muhammadan Urban): That is a complete misrepresentation of what I said.

Mr. Devaki Prasad Sinha: I am coming, Sir, to Mr. Jinnah's misrepresentation. Well, Sir, I do not propose to repeat any of the arguments generally applicable against protection, because as you have been pleased to observe, Sir, we have had enough of it. But since in

[Mr. Devaki Prasad Sinha.]

support of opposition to our attitude to this measure certain
 3 P.M. Honourable Members have cited the high authority of the
 late Mr. Gokhale, I shall, with the leave of the House, read only
 one passage which makes the opinion of Mr. Gokhale quite clear. The
 speech from which my Honourable friend Mr. Chetty read out was a speech
 delivered in 1904. The quotation which I shall give is from a speech deli-
 vered by the late Honourable Mr. Gokhale in the hall of the Imperial
 Legislative Council in 1911.

Mr. W. S. J. Willson (Associated Chambers of Commerce: Nominated
 Non-Official): On a point of order, Sir. Is this relevant to the point which
 is now under discussion?

Mr. President: Order, order. All detailed references to the general
 question of protection which the House has already disposed of are out of
 order. The Honourable Member is not justified in reopening that question
versus free-trade. If he wants to raise it, he may do so by way of a
 separate Resolution. The House stands committed to the principle of pro-
 tection and the question now is how to give effect to it. If the Honourable
 Member is opposed to the principle of protection, he may say so in a general
 way and vote against this measure by all means, but he is not entitled to go
 into the details of the question once again.

Syed Majid Baksh (Burdwan and Presidency Divisions: Muhammadan
 Rural): Is he to give a silent vote or can he give expression to his views?

Mr. President: Order, order. Mr. Devaki Prasad Sinha.

Mr. Devaki Prasad Sinha: In all humility I bow to your ruling and I
 will not question the wisdom or the unwisdom of a policy of protection.
 Admitting, Sir, that protection is the settled policy of this House, I sub-
 mit that there is, to use the words of the late Mr. Gokhale, good protection
 and bad protection. Bad protection is that protection which is engineered
 by interested people. In this case it has been said that about two years
 back, Government promised to support fully the demand of our indus-
 trialists for protection, and my Honourable friend Mr. Jamnadas Mehta
 has gone so far as to say that all this money that the tax-payer of India
 have had to pay for a policy of protection is wasted if a further measure
 of protection is not given to these industries.

Mr. Jamnadas M. Mehta: I have not said "further" at all. It follows
 from the Steel Protection Act. All that we have proposed is consequential
 and follows out of the said Act. Nothing more is proposed and nothing
 more do I support.

Mr. Devaki Prasad Sinha: I do not know how Mr. Jamnadas Mehta says
 that the proposal to include the recommendations contained in Chapter V
 of the Report is merely consequential to the Resolution before us.

Mr. Jamnadas M. Mehta: You must read the Report.

Mr. Devaki Prasad Sinha: As a matter of fact, this Bill entirely nega-
 tives the recommendations contained in Chapter V.

Mr. Jamnadas M. Mehta: This is not a Bill.

Mr. Devaki Prasad Sinha: This Resolution. Quibbling over words will
 not help my friend Mr. Jamnadas Mehta.

Mr. Jamnadas M. Mehta: Read the Report.

Mr. Devaki Prasad Sinha: I will only draw the attention of the House to one passage contained in the evidence that was submitted before the Tariff Board on this question. That is the evidence of Mr. Trivedi.

Mr. Jamnadas M. Mehta: He is interested in cheap imports.

Mr. Devaki Prasad Sinha: If Mr. Trivedi is interested in cheap imports, there are other people who are interested in getting higher prices for the goods they produce.

Mr. Jamnadas M. Mehta: It is true; so there is no use of quoting any interested party.

Mr. Devaki Prasad Sinha: I do not know in what way Mr. Jamnadas Mehta's interest lies.

Mr. Jamnadas M. Mehta: Country's interest.

Mr. Devaki Prasad Sinha: Let me quote, Sir, the opinion of a man who has appeared before the Tariff Board on almost every occasion that the Tariff Board has examined this question, and who, according to my submission, is a person whose authority should be respected more than that of Mr. Jamnadas Mehta or of Mr. B. Das. He said this in his evidence as regards the condition of the Tatas.

Mr. B. Das: What page?

Mr. M. A. Jinnah: I thought you never read it.

Mr. Devaki Prasad Sinha: I did not want to read it, but I have been compelled to do so.

Mr. Jamnadas M. Mehta: Just now.

Mr. Devaki Prasad Sinha: I wish I did not read it, Sir. This is the passage. It is on page 274 of the evidence of Mr. Trivedi:

"Dr. Mathai: You say at the beginning of your written statement 'I am of opinion that the condition of the steel industry has much improved by the protection given. In spite of an increase of freight of 7s. 6d. per ton, the level of prices of the imported steel is still at the same low level it was in October, 1924.' What exactly do you mean by the improvement in the steel industry?"

Mr. Trivedi: Tata's condition has much improved.

Dr. Mathai: In what way?

Mr. Trivedi: They are able to sell all their output. They have no stocks.

Dr. Mathai: Supposing I am able to do a very large sale only at prices which are not remunerative, you won't call that an improvement in the condition of the industry.

Mr. Trivedi: I have not entered into their working. At the second inquiry, Tatas told the Board that there was a large surplus which they could not sell in the Upper India market because of the low prices.

Well, Sir, on the last two or three occasions when we had to discuss the question of additional protection, we had been told that it was necessary in the interests of the company that the large surplus in their stock must be disposed of. Here we have arrived at a stage where they have been able to dispose of their large surplus and I do not know if any Member of the House can seriously contend that they have disposed of their surplus at low prices. If they had to do that, they would not come up to the Government with the begging bowl. But, Sir, now that their condition

[Mr. Devaki Prasad Sinha.]

has improved, now that they have been able to get rid of their old stocks, what justification is there for demanding extra privileges, for demanding extra concessions and for contending that the recommendations contained in Chapter V of the Report should be accepted? In discussing the question of protection to industries in this country, I think that I, for once at least, should congratulate my Honourable friend the Commerce Member on being very cautious, and wisely cautious, in rejecting that recommendation of the Tariff Board which relates to fabricated steel. I shall come to the tin-plate industry later.

The Honourable Sir Charles Innes: Sir, when I introduced this Resolution before Lunch, I set the Honourable Members who were about to move this amendment a definite question. I challenged them to prove that it was a matter of real and urgent need that this offsetting duty should be put on. And, Sir, the House has heard the speeches of my friends Sir Willoughby Carey, Mr. Das and Mr. Jamnadas Mehta and I think that the House will agree with me that none of these Honourable Members has made any attempt to meet my challenge. Had there been anything in the case which they put forward, I should have expected them to quote statistics to show that there was a rush of imports of fabricated steel into this country and that the engineering firms in this country are in a serious predicament owing to this rush of imports.

Mr. B. Das: They are, Sir.

The Honourable Sir Charles Innes: Not one of the Honourable Members has attempted to do that. Why? Because the statistics are not there. The Tariff Board themselves deal with this question. They give certain forecasts and estimates of imports in this last report. They show that this year, that is, 1925-26, the imports of fabricated steel are likely to be much less than they were last year. That is the first point I have to make. If there is depression in this industry, I say, and I claim that I have not been contradicted by anybody in this House, that that depression is not due to the pressure of foreign competition. Again, Sir, my statement corresponds to what the firms have said themselves and their statement is quoted in the Tariff Board's Report. These firms have admitted in their evidence before the Tariff Board that they are better off than they were before the Steel Industry (Protection) Act was introduced. And again, Sir, I think I am correct in saying that 3 or 4 at the most of engineering firms tendered evidence before the Tariff Board. I have 3 in my mind. Unfortunately two of those firms are private firms. They do not publish their accounts and we do not know in what condition they are. But, Sir, one of those firms is a company registered in India. It is a company which publishes its accounts and the House will possibly be interested to learn that for the year ending the 30th April 1925 this particular engineering firm declared a dividend of 15 per cent. A dividend of 15 per cent. to the ordinary man seems rather a good dividend. It makes me wish in the first place that I had money to invest, and in the second place it makes me wish supposing that I had money to invest, that my position as Commerce Member did not debar me from investing it in anything but Government paper.

Sir Willoughby Carey: May I say, Sir, that the conditions under which this claim is being put forward have arisen since that time.

The Honourable Sir Charles Innes: That, Sir, is not in accordance with my information, and in any case

Sir Willoughby Carey: I have the information here.

The Honourable Sir Charles Innes: This firm which is now claiming additional protection declared a dividend of 12½ per cent. in the year ending 1924 and 15 per cent. in the year ending the 30th April 1925. I have shown that since the 30th April 1925 the imports of fabricated steel have decreased rather than increased, and how can that firm or any firm say that the stagnation from which they are now suffering is due to pressure of foreign imports? It cannot be so. Then, Sir, it has been suggested that the reason why we should give this additional protection to the engineering firms is that they are good customers of the Tata Iron and Steel Company. Now, Sir, I have a good deal of knowledge of the affairs of the Tata Iron and Steel Company. Only last December I asked one of the partners of one of these engineering firms, "How are the Tata Iron and Steel Company doing now?" He said to me, "Oh, things are very different now with the Tata Iron and Steel Company from what they were a year ago. A year ago the sales manager of the Tata Iron and Steel Company used to be in my office once a week and he used to implore me to buy steel, now things are very different. If I want steel from the Tata Iron and Steel Company it is I who have got to go to their office and I have the greatest difficulty in getting steel." That does not look as if the fortunes of the Tata Iron and Steel Company were bound up with the fortunes of the engineering industries in this country. The fact of the matter is that the structurals which the Tata Iron and Steel Company make are made on their old plant, the expensive part of their plant. In their extensions in their new plant they cannot make structurals but the aim of the Tata Iron and Steel Company is to make as much steel as they can in their modern up-to-date plant. What I have said is confirmed by the fact that we in the Railway Board—I think Mr. Das accused the Government of India of trying not to buy steel in this country—we in the Railway Board have had a long correspondence with the Tata Iron and Steel Company whether we could not have a running contract for the structural steel that we want. After prolonged negotiations the Company wrote to us to say that as we could not take the steel in full wagon loads they did not want any running contract with us. That does not show any undue anxiety on the part of the Tata Iron and Steel Company to get custom in the matter of structural steel. Now, I said in my first speech

Mr. Jamnadas M. Mehta: Was this an unqualified reply? Did they refuse in an unqualified manner to sell their steel?

The Honourable Sir Charles Innes: If the Honourable Member wants to know exactly what they wrote I will read it to the House. They said:

" it was decided, after full discussion in Simla, that the arrangement whereby the Railways should purchase all their requirements of steel other than rails, fishplates and sleepers from this Company was unworkable owing to the fact that it was impossible for the Railways usually to order such materials as they required in wagon load lots. It was, therefore, decided that the negotiations with reference to this arrangement should be dropped and that in future the Railways would be free to place their orders by calling for tenders in the usual way, an opportunity being given, etc., etc."

Mr. Jamnadas M. Mehta: What is the date of this letter?

The Honourable Sir Charles Innes: 6th November, 1925. I said when I introduced this Resolution this morning that I had a very particular reason why I brought up before the House this question of fabricated steel, and I now proceed to explain to the House what that reason was. I am

[Sir Charles Innes.]

probably more responsible than anybody else in India for this policy of protection. My position is perfectly plain. As I have said, I had a lot to do with the introduction of this policy in India. I adhere to all that I have said on that matter. I do not repent one little bit but I am most anxious that we should shape our policy of protection in a wise and prudent manner. Here we have a case where an industry has come up to us and has asked us to put on additional duty for one year only. This is what Sir Willoughby Carey claims. He admits that this time next year the whole matter will be under reconsideration, but he says, "For one year give us this extra duty." I have pointed out to the House, and I am sure the House will agree with me, that it is quite impossible, if you want to have a sound policy in commercial and tariff matters, to go on altering your tariff duties once a year. You throw your trade and your industry into confusion if you go in for a policy of that kind and I do want the House to associate themselves with me in sending an instruction in this matter to the Tariff Board. I beg the House to observe that in the Executive Government we make it a definite rule when we issue no instructions of any kind to the Tariff Board. The Tariff Board is a perfectly independent advisory body to the Government of India. We treat all their recommendations with the greatest respect but I must entirely dissociate myself from what Mr. Jamnadas Mehta said. The Tariff Board send up their report and their advice on such matters as we refer to them, but nothing can divest the Government of India of their responsibility of taking a decision upon the reports of the Tariff Board.

Mr. Jamnadas M. Mehta: You took a contrary view yourself two years ago?

The Honourable Sir Charles Innes: Whether I did so or not does not affect the point that I am trying to put before the House. The Tariff Board were perfectly right in placing these facts before the Government. They said that this industry was getting Rs. 21 less protection than you intended when you passed the Act. The point we had to decide was whether in view of that fact we ought to impose an offsetting duty. When we introduced that offsetting duty section in this Act I said perfectly clearly that the Government would not make use of that section unless the need was real and urgent, and I claim that that condition has not been fulfilled in this case. I claim that we ought to let the Tariff Board know, it is only the Legislature that can do it, that the offsetting duty should be imposed only in emergencies and that we should do nothing in this policy of ours which will lead old established industries in this country to believe that whenever they have got into any difficulty all that they have got to do is to come weeping up to the Government of India and ask for more protection. I say that if we go in for a protection of that kind we shall not do any good to the industries of our country and that on the contrary we shall lead them into bad habits, and that is why I attach great importance to the House accepting this proposal of mine, because, if the House will accept this proposal of mine, they will be laying down for the Tariff Board an instruction which I am perfectly sure will be of the greatest value and benefit in the future.

Mr. President: The question is:

"That for the words 'Chapters IV and V' the words 'Chapter IV' be substituted."

The motion was negatived.

Mr. W. S. J. Willson: Sir, I now wish to make my remarks on the main question of the increased protection to the Tin-Plate industry. Many Members will remember that, 18 months ago, when this subject first came before the House I had to oppose the imposition of a protective duty of Rs. 60 per ton. It would therefore seem only consistent that when it is proposed to increase that protection to Rs. 85 per ton I should also oppose it but I do not do so merely upon the ground of consistency. Honourable Members may remember that 18 months ago I gave them ten good reasons for rejecting the protection to tin-plate. I do not propose to go over the same ground again, I will merely summarise them. They were firstly that a case had not been made out, secondly that it was no part of our duty to provide protection for shareholders' dividends, that the estimated cost of the works was largely exceeded, partly through extravagance and partly through loss in exchange, etc., that the statements of cost, including interest on their own capital and depreciation, which I then described as somewhat excessive, *plus* also excessive rates of interest on the debentures, were unacceptable. I also said that we had already protected the Tin-Plate Company by giving them cheap steel and we have protected the Steel Company by virtually paying them their losses on the cheap steel which they supplied to the Tin-Plate Company. Another reason I gave was that this Tin-Plate Company is not a national, nor even a public industry. I showed in that last connection that the Tin-Plate Company was not really out to make tin-plates for the public but for the purposes of its own major shareholder, the Burma Oil Company. Whatever they did make for the public was too small a proportion to be of any serious consequence. Now, Sir, if I were making those arguments again, I should probably not emphasise some of them as much as I did; there are others which I should emphasise a little more but I do not propose to go into detail. It will be quite sufficient if I give you the broad principles on which I wish to proceed. Since I made those remarks, I admit that a considerable change has come over the situation. I admit that developments have been made at the Jamshedpur tin works, that additional qualities of tin-plate are produced and there is considerable evidence of really most creditable development in those works. I admit that perfectly frankly. I have no wish to do other than make a perfectly fair statement of my point and I have no occasion to do any injustice to the Tin-Plate Company. In view of those alterations I think it right to inform the House that one of my Chambers, the Bengal Chamber of Commerce, for example, has veered round to be in favour of the protection. They are now prepared to support the Resolution as they agree with the Tariff Board that the industry merits further protection. They also consider that the form of protection proposed by the Resolution may be accepted. That, Sir, is a frank statement from the Bengal Chamber of Commerce. The Madras Chamber of Commerce have also an inclination towards this proposal. They say that whilst they are in principle strongly opposed to further grants of protection to tin-plates, in view of the prospective report of the Statutory Committee and the Tariff Board's recommendations, they do not wish on this occasion to oppose the present Resolution. When I have stated the views of those two Chambers, I have stated all the Chambers who have lent their support to this proposal. The majority of the others are against it. One of them goes so far as to say that it has heard of steel plate made in India but it has never seen one. Does this House quite realise what it is being asked

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to do? The Tariff Board accepted the figure of 56,000 to 60,000 tons as the estimated consumption of steel plates in India. It is proposed to raise the duty from Rs. 60 to Rs. 85 per ton. Sir Charles Innes this morning stated that fixing the duty at Rs. 60 was tantamount to increasing the import duty from 10 per cent. to 15 per cent. Assuming those figures are right, it will follow that the increase from 60 to 85 is increasing the import duty from 15 per cent. to about 21½ per cent. Now the country is to be taxed Rs. 85 a ton on 56,000 to 60,000 tons of tin-plate, roughly speaking 50 lakhs of rupees per annum. From that figure you must of course deduct nearly half, say, 25 lakhs (quite near enough for my purpose), which was the old revenue duty and you are now asked to tax the country further to the extent of 25 lakhs of rupees to protect this industry, which I have told you is not a public one. The total number of Indians, Sir Charles Innes mentioned the figure this morning, is 2,900. Their wages bill, you will find in the evidence, is stated at a certain sum per month, which will work out at about 10½ lakhs of rupees per annum. The imported labour on the other hand draws an amount of about 11 or 12 lakhs per annum, so that you may say that the total wages bill is approximately 22 lakhs of rupees. We are therefore being asked to tax the country this extra 25 lakhs of rupees and you are being virtually asked to provide the Tin-plate Company with the whole of its labour free, gratis and for nothing. That, Sir, I submit, is a very heavy price to pay for protecting an industry but it is for the House to decide whether it is worth while to do so. It may be admitted at once that this Company's ability to manufacture is roughly speaking 30,000 tons. There is at the moment no possible hope of any other company starting, so that any protection you give is for one company and one only. Do not rule it out on that ground alone. If it is a fair proposition for you to grant increased protection to Tatas as one company, it is equally right and proper for you to give it to this other one company, provided always that it is a public company and a national industry. Is it desirable to have an industry run by one firm and is it desirable that they should use the bulk of the tin-plates themselves? They are perfectly capable of and do pass on to the public the added cost of the tin-plate which they use. So far as they are concerned, the principal effect of this import duty is this. It raises the price of Welsh tin-plate in India. Having done that, it makes the Burma Oil Company pay a higher price for the tin-plate to the Tin-Plate Company. That is the first effect of it. In other words it makes them take a little more out of the left hand pocket and put it in the right hand pocket. I submit that you can do that just as well by a book entry as by the imposition of a tariff. In any case as it comes out of the Burma Oil Company eventually, they can put it on to the price of kerosine oil in tins and there is no occasion to look after them in this way. These import duties naturally check the consumption of tin-plates. Now, it is in many countries a recognised thing that the use of the tin-plate is of considerable assistance to the development of agricultural industries. I admit it has not been so as yet in India, but it should be. But if you are going to put up the price of tin-plate you are going to handicap other industries. You have before you and will shortly be asked to consider such a one as, say, the printing ink industry. They sell a pound of printing ink for 5 annas, which includes

1 anna for the tin. If you are going to put up the cost of the tin you may, in either that or other industries, just put on that little difference which matters. The question of the packing of an article is a very serious consideration in its manufacture. It may mean all the difference between a profit or a loss on the sale, and if it means the difference between profit or loss on the sale, it then follows that it will some day mean the difference between continuance or discontinuance of the industry. The tin packers, tobacco packers, tea packers and the packing industry, which, as I have said, in India is at present a fairly small one, all object to the tin-plate protection because it is a handicap upon their own trade and because the Tin-plate Company to which we refer did not make most of the 80 different kinds of tin-plate which I believe are made and most of which come to India.

America grants a refund of duty in respect of imported tin-plate and I believe that Germany has refused to have any severe import duty on tin-plates because of the possible effect against exports. If further protection had been necessary to the Tin-plate Company I should myself have preferred to see it in the form of bounties. You will remember I took the same attitude in regard to steel and the House was not with me when the question first came up. But it subsequently was and voted a considerable amount. The decision of the Tariff Board as to this increased duty was largely influenced by the desire to meet the peculiar private tangle between the Tin-Plate Company and the Tata Steel Company. But that seems to me, and you are just as capable of forming an opinion on that point as I am,—it seems to me that that is a very round-about way of doing it, and that had we decided that bounties were necessary we could perfectly well have said, "We will give you the bounty provided it is agreed that that be treated as part of the cost of production. The present position seems to me to be very largely this, that the Tata Steel Company have not an awful lot to gain out of this. But whatever it stands to lose or gain, we have made it good to them in another way by giving them their own protection and by giving them bounties. And in doing so we were to a large extent influenced by the desire to get them out of some of the tangle they had got into by these unfortunate contracts. Now, you cannot ask us to keep on doing it. The Burma Oil Company on the other hand, I submit to you, is not a great loser, it has its means of getting its money back.

The evidence given before the Tariff Board strikes one as having a good many inconsistencies. You may look at the disparity of figures between the terms of January and April 1925. You will see that the figure for the cost on one page is given as Rs. 1,895, and on page 24 it is given as Rs. 1,967. The argument generally seems rather a bad one on which to base protection. There is a footnote there also which tries to explain an inconsistency which had obviously taken the President of the Tariff Board by surprise. Well, Sir, those are my reasons generally. I have no desire whatever and far be it from me to attempt to make any unfair point. I have tried to put the matter before you as I see it, and you are all just as competent to judge as I am. I admit the Tin-plate Company have had great and severe difficulties. I admit that the men from the Tin-plate Company that I have met convince me as being able men who thoroughly know their job and are out to make a success of it. I believe that they will do so and have every confidence they will. But all the same my

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submission is that the case for increasing the duty from 60 to 85 has not been made out. On the lines of what Sir Charles Innes said this morning I have confined myself strictly to the difference between 60 and 85, and I have not attempted to say that the duty of 60 should be opened to discussion over again. With these remarks, Sir, I think perhaps I should crystallize my point if I move that:

“ Clause (a) of this Resolution be deleted.”

The Honourable Sir Charles Innes: Sir, I must congratulate the Honourable Member on the fairness with which he has put his case forward. The only comment I have to make on his speech is that he did not attempt in any way to meet my Resolution. He made a speech which was directed entirely against giving any protection at all to the tin-plate industry. He did not in any way attempt to meet my point that this House being committed to the protection of the tin-plate industry has now got to consider seriously the question whether we should not in accordance with the terms of the Steel Act consider the supplementing of that protection. I submit, Sir, that if ever there was an instance in which the case for an offsetting duty had been made out, it is this. I have pointed out to the House that deliberately and of set purpose, when we protected the tin-plate industry in 1924, we gave them the absolute bare minimum of protection that was required to enable them to carry on for the life of the Act. I have shown on the figures given by the Tariff Board—my Honourable friend Mr. Willson has been most careful not in any way to challenge those figures—I have shown that as the result of a drop in price of 3—9d. per box the tin-plate industry is now worse off to the extent of Rs. 188 per hundred boxes, and that if we are to put them into the position in which we intended them to be when we passed the Steel Act we ought to give them an increased protection to the extent of Rs. 38 per ton. Our proposal, for the reasons I have explained, is rather less than that, because we have definitely framed our proposals in order to carry out the principle laid down by the Tariff Board itself, namely, that even our supplementary protection should be just the minimum to enable them to carry on. And I showed,—Mr. Willson again has not attempted to challenge my figures—I showed that the supplementary protection we were giving is just sufficient to enable the tin-plate industry to cover its cost of production. Mr. Willson has not attempted to meet that point at all. He says he is opposing the giving of supplementary protection. Sir, that is a very transparent line. What Mr. Willson is doing is that he is maintaining the position he took up in 1924; that is to say, he is maintaining his objection to giving any protection to the tin-plate industry, I am quite sure that that attitude will not impress the House in the very least. For I am quite sure the House will recognize that it does stand committed to the policy of protecting this tin-plate industry. I claim that I have proved that its circumstances are so that if the House is ever going to put on an offsetting duty, then this is precisely the case in which it ought to be put on. I am not in the least impressed by what Mr. Willson told us about Germany, about checking the development of agriculture in India and arguments of that kind.

Sir, I have heard them in the course of the least two or three months when I also had a deputation from the Welsh manufacturers. They gave me all those arguments. I have no desire in any way to hurt the Welsh manufacturer, but I told them quite plainly that the Government of India

were committed to the protection of this Tin-plate Company, and I must confess that I derived very great comfort from that deputation of Welsh manufacturers because it bears out what I told this House this morning that this Tin-plate Company has really made a very remarkable success in the fact that in only three years of its existence it has worked up to a production of 30,000 tons of tin-plate a year and it hopes very shortly to raise that production to 36,000 tons. It may be that the bulk of this production is oil plate. I do not deny that, but is Mr. Willson aware that the Tin-plate Company of India is now selling tin-plate not merely to oil companies but also to biscuit manufacturers, to tea manufacturers and the like? We are told that nobody but Welshmen can make the thin gauge tin-plate, but we are beginning to prove that that theory is wrong for India, and I say, Sir, that this Company is making very remarkable strides towards becoming a really successful industry. I admit that when we next consider this question, we shall have to consider very very carefully the question of the capital of the Company, but all I suggest to the House is that until that matter can be decided and until the whole matter can be re-examined this time next year, we should give just that amount of supplementary protection as will enable the Company to cover its cost of production—I do not ask for more than that—and to survive for just one year more. Sir, I oppose this amendment.

Mr. President: The question is :

“That the following be omitted from the original Resolution :

‘(a) By increasing from Rs. 60 to Rs. 85 per ton the specific protective duty on all steel tin-plates and tinned sheets including tin taggers and (b) ’”

(Mr. Chaman Lall rose to his feet.)

There has been sufficient discussion. The question is that the amendment be made.

The motion was negatived.

Mr. B. Das: Sir, I beg to move the amendment standing in my name, namely :

“That for the word and figures ‘Rs. 85’ the word and figures ‘Rs. 89’ be substituted.”

(Cries of “Withdraw, withdraw, withdraw”.) Sir, the protection of the tin-plate industry is not a minor question; it is a very important public question. Sir, if the tin-plate industry, if the Tin-plate Company, was a private concern and its capital was completely foreign, well, there is the Steel Protection Act, and the Government will see to it that before they give a pice of this protective duty to the tin-plate industry, the Tin-plate Industrial Company comes under the provisions of the Steel Protection Act. But it raises a very big public question. I may refer to the contracts made by the Tin-plate Company with the Tata Iron and Steel Company that the Tariff Board quoted. In paragraph 84 of their Report for 1924, page 125, the Tariff Board say :

“The second contract is with the Tata Iron and Steel Company for the purchase of the steel bars from which the tin-plate is made. Under it the Iron and Steel Company undertake to supply annually 35,000 tons of sheet bars, and the arrangements as to the price to be paid are somewhat intricate. In the first instance, the Iron and Steel Company receive, as a provisional price, the price, ‘free on rail’ Swansea, of sheet bar for tin-plate. At the end of the year a final adjustment is made. If the average cost of production exceeds the average price of imported tin-plate, the Iron and Steel Company makes good half the loss to the Tin-plate Company.”

[Mr. B. Das.]

Sir, here is where the shoe pinches. If the Tin-plate Company is a private Company, it does not matter, but here by a contract executed long before we gave protection to the steel industry, the steel industry bears half the loss that the tin-plate industry comes to suffer. Sir, on pages 38 and 39 of the 1925 Tariff Board Report, the Tariff Board again refer to this matter:

"In effect, therefore, the Iron and Steel Company is bearing a large part of the burden, *which ordinarily falls on the State*, when an industry is protected. Nor is the burden passed on to the public through the duties on rolled steel, for, in fixing these duties, the loss on the manufacture of tin-plate bars was disregarded."

I want the House to note this part:

"for, in fixing these duties, the loss on the manufacture of tin-plate bars was disregarded."

It is these facts which make it impossible, when determining the supplementary protection for the tin-plate industry, to ignore the relations between the companies. Well, if for no other reason, the tin-plate industry wants protection, it is for this, that the House stands committed to protect the steel industry, and we have to give protection. Well, the Tariff Board's recommendation is Rs. 89. I find the Honourable Member for Commerce is always bargaining. He wants to give them Rs. 85 and not Rs. 89,—a difference of Rs. 4 a ton. I would suggest that the Tariff Board must have gone into the matter quite thoroughly; the tin-plate industry is not doing well; and this Rs. 89 would go just a little way to make them meet the cost of their manufacture. I have gone into the statements that have been published in the evidence, and I find that the tin-plate industry is not making much headway, and it cannot give any dividend for a long time to come. When there is going to be protection, why not give them the total amount which the Tariff Board has recommended? Of course the tin-plate industry is suffering as usual from the policy of the Government with regard to exchange, and the Tariff Board, alluding to it, say that the tin-plate industry is losing nearly Rs. 50 a ton by this policy with regard to exchange. I therefore submit, Sir, that the Honourable Member for Commerce should see his way to accept this very small amendment of mine, as it will not involve any appreciable loss of revenue.

Mr. Chaman Lall (West Punjab: Non-Muhammadian): Sir, I am surprised at my Honourable friend Mr. Das. He must have listened to the speech of the Honourable Mr. Willson and discovered that not only are public bodies against any protection being given

The Honourable Sir Charles Innes: What public bodies? There are only the Chambers of Commerce.

Mr. Chaman Lall: Barring two Chambers, practically all the other Chambers of Commerce are against the idea. Now what Mr. Das suggests is not merely accepting what the Commerce Member has given in the shape of an enhanced duty but he wants us to go beyond what the Commerce Member himself has given, in the shape of a duty of Rs. 89.

Mr. B. Das: The Tariff Board suggest it.

Mr. Chaman Lall: The Tariff Board no doubt suggest Rs. 89 and the Honourable the Commerce Member has fixed it at 85. No ground has been advanced by Mr. Das, no authority has been quoted by him, of

any body of employers wanting an enhanced duty to that extent, no authority whatever except the statement of the Tariff Board. Now, as the Honourable the Commerce Member pointed out to the Honourable Member, it is for the Government to decide in a manner which discriminates, in a manner which weighs all the consequences duly whether the duty ought to be of a particular extent or not; and having weighed all the factors of the situation the Commerce Member has announced that he is going to fix the duty at Rs. 85 and not Rs. 89. I personally would have opposed under any circumstances the grant of a duty to this Company, and I certainly oppose the grant of a duty of Rs. 89 instead of Rs. 85. My reasons are as follows. Here is a company, the Tin-plate Company, which is practically an off-shoot of the Burma Oil Company which itself is a monopoly, their shares being quoted at five times their face value; and yet the people of this country are asked to pay in taxation for the benefit of a company like the Burma Oil Company which can well afford to pay any losses it may suffer as the result of the exchange or of the fall of prices abroad. Now what do the Tariff Board say? They say there are two important factors in this

Mr. President: Order, order. The Honourable Member is discussing a question which the House has already just disposed of. The question now before the House is whether the duty should be Rs. 85 or Rs. 89.

Mr. Chaman Lal: That is the reason why I want to deal with this particular issue in this manner. I object to Rs. 89 for the reason that there is ample provision made already by the Government for this Company and that this Company do not deserve any more than what has been done for them and the reason they do not deserve any more is this, that they are well able to look after their own interests. They are a very rich monopoly whose shares, as I said before, are quoted at five times their original value. And what does it amount to after all? They are coming to the public exchequer to demand money from us when they can well afford to give that money themselves to their own concern. If there are any legal difficulties in the shape of a contract with the Tata Company, that is not the fault of the Honourable the Commerce Member.

Mr. President: The Honourable Member is again discussing the question whether any protection should be given to this Company. That is not the question now. The question is whether the duty shall be Rs. 85 or Rs. 89.

Mr. Chaman Lal: I bow to your ruling, Sir. All I wanted to say is that we have passed Rs. 85, but there is no reason why we should give Rs. 89 instead of Rs. 85. This Company being a monopoly, being a concern which can look after itself and which has already received sufficient protection in the shape of a duty of Rs. 85, there is no reason why Rs. 89 should be granted to it. Therefore I oppose the motion and in passing I do want to state quite clearly that I am opposing this as a matter of principle and as a matter of public expediency. I have right on my side; I have this ground to advance, namely, that it would be criminal folly for us to go on handing out money in this fashion to companies when even employers through their Chambers of Commerce have opposed the grant of a duty to this Company; much more criminal would it be to give them an enhanced duty beyond what the Government themselves consider to be reasonable.

The Honourable Sir Charles Innes: Sir, I think we are discussing Mr. Das's amendment and I think my Honourable friend Mr. Chaman Lal has answered the precise point raised by Mr. Das. Mr. Das asked why we had reduced the proposal of the Tariff Board from Rs. 89 to Rs. 85. The Tariff Board made two proposals. One was to give the Company the benefit of a rebate of duty on all the tins used by the Tin-plate Company. That would be Rs. 9 per ton. The other proposal was to increase the duty by Rs. 29. The effect of our proposal is practically to give them Rs. 30, i.e., about 4 in the shape of a reduction of duty on tin and Rs. 25 by an increased duty on imported plate. Our intention was merely to carry out the principle laid down by the Tariff Board itself in its first report, that is, giving them the bare minimum to enable them to cover the cost of their production. That is why we fixed this figure and I hope the House will accept the policy we have adopted. Sir, I oppose the amendment.

Mr. President: The question is that the following amendment be made:

"That for the word and figures 'Rs. 85' the word and figures 'Rs. 89' be substituted."

The motion was negatived.

Mr. President: I understand the Honourable Member is not going to move his amendment.

Mr. B. Das: I will give my explanation.

Mr. President: The Honourable Member then wants to move his amendment?

Mr. B. Das: Yes. Sir, I beg to move my amendment:

"That for clause (b) of the Resolution the following be substituted:

'(b) by giving rebate of 15 per cent. *ad valorem* on all tin block used in the tin-plate industry'."

Sir, there is a duty on tin blocks of Rs. 525 a ton. The Honourable the Commerce Member has reduced it by his original Resolution to Rs. 250 a ton.

The Honourable Sir Charles Innes: For all industries.

Mr. B. Das: For all industries, all kinds of uses. Now I find from the statistics that India imports about 2,000 tons of tin per annum. The Government derive from this say a net customs duty of about 10 to 11 lakhs of rupees, and the Tariff Board say that the tin-plate industry only utilises 500 tons every year. The Tariff Board recommend that the tin-plate industry should be given assistance by a complete rebate of the duty on tin. If they receive a complete rebate on that 500 tons, which my amendment suggests, there will be a loss of revenue to Government of only 2½ lakhs. But the Government by proposing a duty of Rs. 250 allow little reductions to the tin-smiths, ordinary lamp-makers and others. They do not give any adequate help thereby to any particular industry other than the tin-plate industry and the State loses 6 lakhs of revenue. Of course the Honourable the Commerce Member said that he was in complete agreement with the Honourable the Finance Member in this matter. This is an indication of what we are going to

have in the Budget soon. It means that the Honourable the Finance Member has too much money and he can allow a certain amount of relief. But if he wishes to give relief, there is the salt tax or the tax on kerosene oil, reduction of which would lighten the poor man's burden. Why not keep these surpluses to give relief to the poor man instead of giving relief to certain tin-smiths or others who do not apply for this kind of relief and the State loses about 6 to 7 lakhs of rupees? At the same time, I am sorry my previous amendment has been negatived. The tin-plate industry is already losing a certain amount of money thereby. They are also losing a further sum of $1\frac{1}{2}$ lakhs as the Tariff Board's recommendations were for a complete rebate of the duty on tin. This $1\frac{1}{2}$ lakhs may not be $\frac{1}{2}$ per cent. on the huge capital they have invested but still it will go a slight way to improve the condition of the tin-plate industry. But what I object to strongly is this, that just before the Budget—we are going to have the Budget on the 1st March—and just before we have time to consider the Budget a reconsideration of the taxation on a particular imported material has been taken up, the principle of which this House strongly objects to. If the Honourable the Finance Member has got any surplus money he can consult this House at the time of the Budget and ask us in what directions we want reduction of taxation. And as I have already suggested, whenever there is any surplus money, it is the poor man's burden which must be relieved first, and that can only be relieved by taking away the salt duty or the duty on kerosene oil. Well, Sir, that is my submission, and I hope the Honourable the Commerce Member will appreciate my view-point and accept my amendment.

4 P.M.

The Honourable Sir Charles Innes: I have merely to say this, Sir, that I have quoted figures to show that our two proposals cancel out; we hope to get a certain amount of extra revenue by the increased duty on imported tin-plate and expend an equivalent amount of money in reducing the duty on tin to Rs. 250 a ton specific duty, and I must say that I am surprised at what the Honourable Member has said. This particular proposal of reducing the duty on block tin will, I hope, help the industries in India very considerably indeed; and we thought that was a much more satisfactory way of dealing with the question than by giving a rebate of duty for a particular industry using a certain amount of tin. That is always an objectionable thing to do. We have done it no doubt in one or two cases; but it is a very objectionable and a very difficult thing to do, and I think the House will agree with me that the proposal we have made is very much fairer and better.

The amendment was negatived.

Mr. Jamnadas M. Mehta: Sir, I have not many words to say on this matter; all the amendments having been defeated I take it that the House will accept the proposal of the Government; and as Sir Charles Innes has pointed out, what is being given is the barest minimum. I understand that with this supplementary protection the only profits that will remain to this company, after the outgoings are provided for, would be a sum of Rs. 1,86,000 on Rs. 2 crores of capital. This would mean that the debenture holders are not getting ten per cent. which my friend Mr. Willson has been objecting to. Therefore at any rate that part of his objection has no particular foundation to stand on. But as the House has thrown out all the amendments, I do not think it is necessary further

[Mr. Jamnadas M. Mehta.]

to labour this point except to say that what is being given is the least that should have been given.

But there are one or two further points to which I shall allude; it is true, Sir, that the major portion of the output of this company is being manufactured for a single commercial concern; but as the House is aware a part of it is being sold in the open market and as the output increases the additional output also will be sold in the country. The other point is that there is a deliberate attempt made by the manufacturers in Wales to kill this industry. It was said by the Honourable Sir Charles Innes that the only two places where this industry flourished were Wales and America. It was boasted by the Welsh manufacturers—just as my friend Mr. B. C. Pal boasted the other day that the only two people who could make a speech were Bengalees and Irishmen—that the only two countries who could make tin-plate were Wales and America. This particular company has demonstrated, without the least shadow of doubt, that with unskilled labour and heavily handicapped by exchange and foreign competition, this industry could be run as an efficient and paying proposition if only the State would give assistance for a short time. What the Government are giving is less than what the Tariff Board has recommended. Therefore we should have no objection to granting it. But I shall ask the Company to bear in mind that they are not doing all that they can to meet the wishes of this House. The House wishes that they should give efficient training to Indians because as you know this is a foreign-capitalised company and Indians have no particular share of capital in it so far as I know. It therefore owes particular obligations to train up Indians and should give a larger part of its patronage to the Indian people. They are making some effort; in many departments they are exclusively employing Indians, but so will any company do, because they are the subordinate ranks; but in the rest—I mean in the higher appointments—I find the number of Indians is exceedingly small; the House ought to take special note of this fact. We are giving protection to this company; it is bound under the recommendations of the Fiscal Commission to do something for the training of Indians; and although it has been doing something in this direction much still remains to be done. I find that the highest salary that an Indian gets in this concern is only Rs. 350. That is not large in a company which has a capital of two crores of rupees and which is turning out goods valued at lakhs. Therefore, in agreeing to this proposition I may here give a warning to this company that they should carry out their part of the bargain which is to give additional facilities for the training of Indians and to take more Indians in their establishment. Sir, I support the Resolution.

Mr. President: The question is:

“That the following Resolution be adopted:

‘This Assembly recommends to the Governor General in Council that no action be taken on Chapters IV and V of the Report of the Indian Tariff Board, regarding the grant of supplementary protection to the steel industry, except that supplementary assistance should be given to the tin-plate industry in India, (a) by increasing from Rs. 60 to Rs. 85 per ton the specific protective duty on all steel tin-plates and tinned sheets including tin taggers, and (b) by reducing the duty on tin, block, from 15 per cent. *ad valorem* to a specific duty of Rs. 250 a ton.’”

The motion was adopted.

RESOLUTION *RE* CONTINUATION OF THE CUSTOMS DUTY ON
LAC EXPORTED FROM BRITISH INDIA.

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

"That this Assembly recommends to the Governor General in Council that he may be pleased to declare that sections 2 to 6 of the Indian Lac Cess Act, 1921 (XIV of 1921), which provide for the imposition of a customs duty on lac exported from British India, shall continue in force until the 31st day of December, 1931."

Sir, we have here a trade and an industry which does not come to Government and ask for assistance; it is a trade which we are assisting to assist itself. The House will remember that in 1921, the Indian Lac Research Association was formed. It was an association representative of all branches of the lac trade, producers, growers, brokers, shippers and everybody. It is managed by a committee, a committee consisting of an equal number of Indians and Europeans on which all branches of the trade are represented. At the request of that Association we passed the Lac Cess Act in 1921. Under that Act we were empowered to impose a very small cess upon all shellac and lac exported from India. That cess amounted to four annas a maund; and seeing that a maund is now worth about Rs. 80, the House will see that that is a very very small cess indeed. (*Pandit Sham Lal Nehru*: "Will it not affect the industry?") Not at all: it is at the request of the industry itself that we put on this cess and allowed them to tax themselves and we merely placed our customs machinery at their disposal in order to enable them to collect the tax.

Pandit Sham Lal Nehru (Meerut Division: Non-Muhammadan Rural): As it is, they are suffering a heavy loss, I think.

The Honourable Sir Charles Innes: The reason why we did that was that the industry and the Government of India were alarmed at the progress made with synthetic substitutes for shellac. Matters have got so serious that it is estimated that 10 per cent. of the English trade in shellac has been captured by synthetic substitutes. The lac trade itself is much alarmed at that situation and so are we; and that is why we put on this cess; we collected the money for the lac research association and they devoted it to research. We put on the cess for five years and we put in this clause which said that we could extend the Act with the approval of the House. Now, Sir, some delay has occurred in getting to work. I may say that the exports of shellac are estimated to amount to over 7 crores and even this small cess brings in an income of over a lakh. Some delay occurred in getting accommodation; but after some time the Research Association managed to get a very suitable site from the Bihar Government which is of course very materially interested. They have now built their laboratory buildings and they have got staff consisting of a bio-chemist (a lady) and three Indian assistants. They have also got an Indian gentleman who is the entomologist and they have just started really to work upon a programme drawn up by the Chemist. But the Act comes to an end at the end of this year, and if we do not continue it, all the work that has been done by the Research Association so far will be wasted. Therefore they have asked us to continue the Act for another five years in order that they may have the funds to carry on this work. I may say that the Bihar Government is co-operating in that work by the establishment of brood farms and has written a letter recommending very strongly that this Act should be continued. I think that is all that I need say. I commend my motion to the House.

Mr. Devaki Prasad Sinha (Chota Nagpur Division: Non-Muhammadan): Sir, I only want to ask one question of the Honourable Member. Will he be good enough to tell the House whether any arrangement is made at this Research Institute for training people who have themselves got lac in their property?

The Honourable Sir Charles Innes: I do not know what the Honourable Member means.

Mr. Devaki Prasad Sinha: I should like to know whether any arrangement is being made for training people who are interested in the lac industry and lac manufacture at this Institute?

The Honourable Sir Charles Innes: I think, Sir, the Research Institute is at present confined mainly to research work. I do not think they are giving any training in this Institute.

Mr. B. Venkatapatiraju (Ganjam *cum* Vizagapatam: Non-Muhammadan Rural): Sir, after sanctioning expenditure to the extent of several lakhs for giving bounties to various industries, the present proposal of the Honourable Sir Charles Innes deserves support from this House, because he said that lac merchants are willing to tax themselves to improve the cultivation and also to secure a better market for this industry. I had taken some part in the year 1921 when the Bill for the imposition of an export duty on lac was introduced for the purpose of helping them to tax themselves. The tax after all is four annas per maund. At that time the price was Rs. 130 per ton, but now the price has gone down to Rs. 80 per ton. Formerly the lac industry was worth about some lakhs only, but now it comes to about 7½ crores. We raised certain difficulties when the Bill was introduced in the Assembly. We said that the money was handed over by the Customs authorities direct to this Association which was represented by 8 Members, 4 representing Indians and 4 representing Europeans, but we do not know anything as to what they are doing from year's end to year's end. Of course, the Act only provides that their accounts should be audited, and Government might have been checking the balance sheets annually. But we have not yet seen their work, and we do not know what they have done during the last five years. I searched in the Library for any report to find out whether they have made any progress during these five years, but to no purpose. Every year they are realising Rs. 1,25,000. But what they are doing I was unable to find out. Sir, when this Resolution was moved in the other House, the Honourable Mr. Chadwick mentioned that they were prepared to spend about 4 lakhs of rupees to construct the buildings for the Research Institute, that some buildings were already constructed, and that the whole thing was in charge of an English lady supported by an Indian scientist, Mr. Misra; but what they have actually done we do not know. I hope if the Honourable Sir Charles Innes knows anything about the work which they have done during the last five years, he will enlighten this House, so that we may be satisfied that the money that we sanctioned has been utilised rightly, because in the Act it is stated that the amount should be devoted to research work and to the improvement of the cultivation and manufacture of lac. So far as I know, except erecting a few buildings, they have not done anything. All that we want to know is whether they have done anything at all in the matter of research work during these five years. The only book that was available at the time the Bill was passed was the report published by Mr. Lindsay and Mr. Harlow of the Indian Forest Department. Since then we have not got any information.

about the research work. The only information that was made available by the Honourable Mr. Chadwick in the other House was that they had intimated to the cultivators that they should not sell the brood lac, that better culture and better manuring was being arranged with the cultivators, but beyond that we have no information at all. The Government must be satisfied that they are doing something useful, and if for five years they have not done anything, we must bring pressure to bear on them to intimate to the Assembly and to the Government what they are doing so that we may know where we are. The present proposal is to extend the duty for a period of five years, and I suppose in the next five years they will be able to do more useful work so that we may make this Institution permanent if necessary. With these words, and expecting that the Honourable Sir Charles Innes will do his level best to secure information about the progress made from time to time, I strongly support the Resolution before the House.

The Honourable Sir Charles Innes: Sir, I have very little to add to what I have already said, in reply to Mr. Venkatapatiraju. I have got a long report here upon the work which has been done by the Association during the last five years, and I should be very happy to show it to my Honourable friend. It describes in some detail the plantation work which has been carried out at Nankum and also what their ideas are on the subject of research. I have also got information about the work done by the Local Government in co-operation with the Lac Research Association, and I shall be very pleased to show all these to the Honourable Member. I think that the Honourable Member did lay his finger upon a thing about which the House might feel some grievance, and I shall certainly see, if possible, that each year we get a brief report about the activities of the Association, a copy of which I shall be pleased to place in the Library. I hope that will satisfy the Honourable Member.

Mr. President: The question is:

“That the following Resolution be adopted:

This Assembly recommends to the Governor General in Council that he may be pleased to declare that sections 2 to 6 of the Indian Lac Cess Act, 1921 (XIV of 1921), which provide for the imposition of a customs duty on lac exported from British India, shall continue in force until the 31st day of December, 1931.”

The motion was adopted.

THE INDIAN INCOME-TAX (AMENDMENT) BILL.

The Honourable Sir Basil Blackett (Finance Member): Sir, I rise to move:

“That the Bill further to amend the Indian Income-tax Act, 1922, for certain purposes, be taken into consideration.”

When I introduced this Bill I contented myself with drawing attention to the Statement of Objects and Reasons. That Statement goes very fully into the details of the proposals, and I thought that a perusal of them would give the House a better understanding of the contents of the Bill than any effort of mine. The motion now before the House is for the Bill's being taken into consideration, and I see that there are alternative amendments in the names of my friend Mr. Willson asking that the Bill be circulated or alternatively that it be referred to a Select Committee. I feel it necessary, therefore, to say a little more at this stage as to what the Bill is. It is a Bill

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dealing with the Indian Income-tax Act but with two quite disconnected questions in that connection. The first is the recovery of super-tax from non-residents, and the second point raised is about the question of the establishment of a right of appeal in income-tax references to the Privy Council. The second proposal is, I think, one to which no objection has been taken. It affects or it may affect income-tax payers of all grades in all parts of India and is obviously in the interests both of the income-tax payer and of the Government.

Diwan Bahadur T. Rangachariar (Madras City: Non-Muhammadan Urban): It depends upon the value.

The Honourable Sir Basil Blackett: It is a question of law. The object of the Bill is to give an unrestricted right of appeal to the Privy Council from the judgment of an Indian High Court whenever reference is made under section 66 of the Indian Income-tax Act, 1922.

Diwan Bahadur T. Rangachariar: Does the Honourable Member mean that if a question of law arises on an income-tax amount of even Rs. 10 or Rs. 500, there should be an appeal to the Privy Council?

The Honourable Sir Basil Blackett: If the point of law deserves a reference to the Privy Council. I understand that the question of the amount at issue will not prevent an appeal, but naturally, it is a matter that would normally arise in cases where large sums are involved.

Diwan Bahadur T. Rangachariar: That is a matter to be considered.

An Honourable Member: Will there be an appeal without any question of amount?

The Honourable Sir Basil Blackett: Without any question of amount, when a question of law arises.

Diwan Bahadur T. Rangachariar: Government can afford it, not the party.

The Honourable Sir Basil Blackett: Under the present law an appeal can only be made if leave is granted. Experience has shown that in practice the Privy Council is extremely reluctant to grant leave. (*An Honourable Member*: "It is the High Court that grants leave.") Will the House kindly listen to me instead of asking what I may mean or what I may not mean? It is desirable to provide an unrestricted right of appeal to the one authority whose decisions will be binding on all parts of India in the case of a tax such as this. Obviously we desire the administration of a tax of this sort to be uniform. There can be no difference of opinion as to the desirability of uniformity. But the present position is anomalous. Conflicting decisions have been given in different parts of India and there is no means of securing uniformity unless the right of appeal to the Privy Council is obtainable. I feel certain the House will recognise that such a right of appeal is as much in the interests of the tax-payer as of the administration. I quote in support a Resolution of the Associated

Chambers of Commerce of India and Ceylon passed unanimously on the 15th December, 1925, to the effect that:

"a representation be forthwith made by the Association to the Government of India with the object of bringing about such amendment of the law as may be necessary in order to admit of appeals to the Privy Council against the decisions of Indian High Courts on matters referred to them under section 66 of the Indian Income-tax Act of 1922."

At the same time as providing for an appeal to the Privy Council it is desirable to do away with the necessity for a first appeal within the High Court itself, in order to save the time of High Courts and in order to save time, trouble and expense to the members of the public concerned and to the Government. The Bill, therefore, contains a provision that references under section 66 of the Act should be heard by a Bench of not less than two Judges and that where they disagree, the case should be referred to a third Judge whose opinion should prevail. Thus in every case there will be a single hearing in the High Court with a right of appeal to the Privy Council if the High Court agrees. Clause 7 of the Bill makes provision for references in certain centrally administered areas. So much for the question of the appeal to the Privy Council.

I now turn to the proposals to which, I understand, the amendments on the paper are directed, namely, those relating to the recovery by deduction at source of super-tax on dividends held by non-resident share-holders. The purpose of these clauses is simply to remove certain defects in the wording of the law as it stands. The first clause affected is clause (2) of section 57 of the Indian Income-tax Act. The defects are of a technical nature, as explained in the Statement of Objects and Reasons. I do not think this part is objected to by Mr. Willson. The other provisions are designed to extend slightly the scope of clause (2) of section 57 by providing for information at source, so as to enable the Income-tax Officer to determine the rate of super-tax recoverable from the recipients of such dividends, and secondly by providing for the communication of the rate of super-tax to the principal officer of the Company by the Income-tax Officer for the purpose of deduction at source. This section has been under discussion for some considerable time between the Central Board of Revenue and Chambers of Commerce and other organisations concerned and Commissioners of Income-tax. We circularised all such organisations and one Member of the Central Board of Revenue on his tour last summer interviewed several of the more important Chambers and other public bodies and discussed the section with all those who desired to discuss it with him. The original suggestion was that in addition to the proposal which I have described as the proposal for communication of the rate, there should be a provision throwing upon any person who is the principal officer of two or three companies the obligation to deduct super-tax at a rate determined, not as at present, by the amount of dividends received from each company separately, but by the total amount of the dividends in each year received from any number of companies of which the principal officer was the same. It is common knowledge that in certain industries there are firms of managing agents which provide a single principal officer for a very large number of companies. These proposals went further than those contained in the present Bill. They were fully discussed with the various Chambers of the Chambers of Commerce of which my Honourable friend is a representative, ten were consulted. The only ones omitted were some situated at

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certain small sea-port towns in Madras. Of these Chambers consulted three appear to have taken no objection as no replies were received from them. Three replied saying that they had no objection to offer, and the Bombay and Madras Chambers did not oppose. Indeed, the Bombay Chamber heartily welcomed the proposal of deduction at source at a rate intimated by the Income-tax Officer. The Bengal Chamber of Commerce and the Burma Chamber of Commerce opposed both proposals. The most important objection taken by those Chambers had reference to the imposition of responsibilities upon the principal officers of companies. This objection has been met by the revised proposal embodied in the present Bill under which the principal officers of companies are not required to make any compilation of particulars themselves but are merely required to report to an officer to be appointed the amount of each dividend paid to individual shareholders. It will then be left to the officer to decide whether there is any reason to believe that any of such shareholders is not resident within British India. If he has reason so to believe, he will then issue instructions to the principal officer of the company concerned for the deduction of super-tax at source at the appropriate rate. The information will also be useful for the purpose of preventing evasion of income-tax or super-tax by the failure of residents to include income from dividends in their return. I do not think there is anybody in the House who will suggest that the principle underlying clause (2) of section 57 should be abandoned and that collection of super-tax from non-resident shareholders by a process of deduction at source, which is the only practical method, should be discontinued. Most of the resident people concerned will probably be residents in the British Isles. We have a system of double income-tax relief in operation in the United Kingdom and the recovery of Indian super-tax from such shareholders will ultimately throw no extra burden upon them since they will, in no circumstances, have to pay more than the British rate of taxation so long as it is higher than ours. The effect of the recovery of super-tax in India will therefore be to secure a proper division of spoils between the British Exchequer and the Indian Exchequer instead of the whole amount going, as it might otherwise do, to the British Exchequer. If this principle of the existing clause (2) of section 57 is admitted—so far as I know the Burma Chamber of Commerce is the only one which proposes its abandonment—the proposals I have now put forward are merely the logical development of the clause. As at present worded, the clause in our Act operates unfairly as between one non-resident and another and as between resident and non-resident, because, as explained in the Statement of Objects and Reasons, if a non-resident shareholder has shares in different companies, he will, as things are at present, pay super-tax at rates governed by the amount of his holding in each particular company or may even evade payment of super-tax altogether although the total Indian income from dividends may be far in excess of the sum making him liable for such taxation if resident, or if he held all his shares in one company.

There is one criticism which has been put forward to me in regard to this Bill with which I must deal, and that is, that when the Income-tax Officer communicates a particular rate to the principal officers of various companies as being applicable to an individual shareholder he is thereby revealing to such principal officers the persons whose total income from dividends lies within certain limits. (*Mr. W. S. J. Willson*: "Exactly.")

Are we departing by a hair's breadth from the general policy of inviolate secrecy which is followed in income-tax matters by doing that? Mr. Willson, I think, maintains that we are. I believe that the House will agree with me that the objection is not one of substance. In the case of business operations there is, of course, the strongest possible objection to divulging particulars which might be useful to competitors. That aspect of the matter does not arise when the question is one of assessing a shareholder's income from dividends. It seems to me that serious objection can be taken to divulging information of the total income of individuals if their credit might be thereby affected. But there is no such danger and we only see whether a gentleman withdraws from India income from dividends alone on a scale making him liable to super-tax. We are not divulging information as to his total income. We are dealing only with non-residents and they are not liable to Indian income-tax on any of their foreign income. The total amount of their income remains, therefore, as it is at present, entirely unknown either to the tax collector or to the public or to the principal officers of the companies which make the deduction. There is no disclosure, I maintain, whatever of income-tax secrets. There is no reason to suppose that the principal officer of any company at present divulges the income of individual shareholders as disclosed in the accounts of the individual company and there is no reason why he should give more publicity to information relating to the total income from dividends which he is able to deduce from the Income-tax Officer's directions. It seems to me that there is no justification for the accusation that we are infringing the principle of secrecy and that this is a case in which the public interests must be served and there is no real reason for sensitiveness on the part of these individual gentlemen who are concerned.

The remaining provisions of the Bill are of a formal nature and I need not discuss them. I have tried my best to persuade my Honourable friend, Mr. Willson, that there is no reason for the amendments which he has put down on the paper. I have shown to the House that these proposals have been very carefully discussed with the Chambers of Commerce and that they have been modified as a result of such discussion. The proposal that we should now circulate the Bill for opinion would have the effect of postponing the possibility of carrying this important amendment in the interests of revenue probably for a year. As regards the other suggestion that we should refer the Bill to a Select Committee I would put it to the House, in the first place, that there is nothing to go to a Select Committee. There is nothing in it that a Select Committee . . .

Mr. W. S. J. Willson (Associated Chambers of Commerce: Nominated Non-Official): On a point of order, Sir. Is the Honourable Member entitled to refer both to my primary motion and to my motion to go to a Select Committee and to attempt to dispose of my arguments before I have made them?

Mr. President: The Honourable Member will have an opportunity to deal with the arguments advanced by the Honourable the Finance Member.

The Honourable Sir Basil Blackett: I am so confident of the strength of my arguments that I am willing to dispose of Mr. Willson's before they come in the hope that they may not then come at all.

Mr. M. A. Jinnah: That is reversing the order of discussion.

Mr. W. S. J. Willson: That is a very bad precedent.

The Honourable Sir Basil Blackett: If the Honourable Mr. Willson takes objection to my disposing of his arguments in advance

Mr. President: The Honourable Member is quite in order.

The Honourable Sir Basil Blackett: I thank you, Sir, and I accept your ruling that I am in order, but I will respect Mr. Willson's objection recognising the weakness of his case. I will gladly continue my argument objecting to a Select Committee after he has himself moved it. I would only say that it is a proposal to which I hope the House will not agree, in view of the fact that while I maintain that there is no reason for the Bill going to a Select Committee, the time available is so short that there are real difficulties in accepting his solution of what I maintain is not a problem. Sir, I move.

Mr. W. S. J. Willson: Sir, the speech of the Honourable the Mover of this motion has disappointed me extremely. In introducing this Bill firstly, on the 3rd February, he said that this Bill had been referred to the Chambers of Commerce. I shall quote his exact words. He said:

"All the important proposals in this Bill have been incorporated in it as the result of very careful discussion and consultation with the Chambers of Commerce and the Local Governments."

Sir, in making that statement, of course, it was perfectly true, but it was not capable of the implication that this Bill has itself been accepted by the Chambers of Commerce. I say most emphatically that it has not, and I think that the Honourable Member's speech was very largely directed towards attempting to prove to this House that he is a better representative of the Chambers of Commerce than I am myself. It may be so, but he should not have attempted to usurp my functions. Only the principle of this Bill has been referred to the Chambers of Commerce. The principle of this Bill is collecting super-tax from the non-resident. That principle is accepted by the Chambers of Commerce and the Chambers of Commerce are willing to do anything they can in reason to assist the Honourable Member and the Government to that end. Having carried on some correspondence, there was later an interview with the Bengal Chamber at which the Government were represented. I say that the Bill which has been produced as a result of that interview is not acceptable to the Chambers of Commerce and I am going to try and make that point of view plain to the House. Originally in February-March, 1925, two proposals were put forward by the Government in order to collect this super-tax from non-residents. Two proposals were put forward. One was that when the Income-tax Officer was aware that a non-resident shareholder drew sufficient dividends in all to render him liable to super-tax, the Income-tax Officer should instruct each company how much super-tax to deduct from every dividend warrant. The second proposal I need not refer to as it was dropped. In July last the Bengal Chamber took strong exception to the proposals, being of the opinion that these were contrary both to the intention of the Legislature at the time when the Act was passed and to the accepted policy on which super-tax collection is based. The first point was the taxation of firms but as that does not arise I need not go into it. At the interview on the 24th July the difficulties in applying the principles in practice were explained to Mr. Loftus Tottenham, then representing the Government. In particular it was pointed out that the proposals went far beyond anything that had been contemplated at the time when the section

was first under discussion, when it was made clear that the liability would attach to the principal officer of the company only in so far as a particular dividend from a particular company was concerned. After that what the Sub-committee of the Bengal Chamber did agree to was this. Although they still considered the section was unworkable, they would not oppose a verbal amendment that went no further than to give effect to the original intention. That is what the Bengal Chamber of Commerce have agreed to. They have not agreed to this Bill and they do not propose to agree to it. The Bill as drafted, now before the House, goes much further than that understanding. It takes no cognisance of the fact that share holdings are constantly changing hands and that the registered shareholder of a company may not indeed be the holder at all. If a non-resident shareholder in England, or wherever it may be, transfers his shares, it is not the practice in Calcutta, I wish it were, for that transfer to be immediately registered. Any of you here might buy a share standing in the name of a non-resident and also buy the dividend. Suppose that dividend was going to be say Rs. 500. You would think that you were buying that Rs. 500 but when the time came for the dividend to be actually paid, you might find that, by orders of the Income-tax Officer, four annas in the rupee were being cut off it. If this principle were accepted of deducting the tax at the source, if a share holding passes round and if that particular scrip was subject to only an anna per rupee deduction, the new buyer might submit to it and say nothing, but supposing it were subject to four anna deduction, then the new buyer might be entitled to object and get his money back. Government would lose on that and not gain. On the other hand if you had to sell shares *cum* dividend, you might be unable to get their full value because a buyer would be dubious what sort of super-tax would be deducted. These are really minor points which I will deal with later on.

I would like to get on more rapidly to my first motion which is for circulation. A most serious objection that I have to this Bill is clause 5 (2) which says:

"Where the Income-tax Officer has reason to believe that a person is resident out of British India" and so on.

When it is the Income-tax Officer who is referred to, you say "Where the Income-tax Officer has reason to believe". When you come to the next clause 5 (3), the unfortunate officer of the company is presumed to "know." It says:

"and the principal officer of the company has not reason to believe that the shareholder is resident in British India."

I ask this House, how can you expect the principal officer of a company to know other than what is stated in his register? Take my single self. Suppose I choose to go to England for 12 months and suppose some principal officer of a company took it upon himself to say "He has left the country for good and is not coming back." Under this clause he would be liable if he did not deduct the super-tax. Suppose I took it into my head to go round the world for two years and come back, he might say that he had no reason to believe that I was resident in this country; that I was a non-resident.

Shareholdings can be registered in the name of a bank or anybody and to include a clause of that kind is not going to stop evasions. I dislike the word "evasions"—avoidance is a better word. This Bill so far as it goes aims only at companies. It is not aimed at private firms or anybody else and it is a curious feature of Government legislation that it very often sets

[Mr. W. S. J. Willson.]

itself out to go for those who help them most. The Chambers of Commerce, I submit, have done as much as anybody to help them to draw their Acts in a practical manner and this is the kind of reward that we get for it.

There is a further difficulty connected with this. As I have said, we admit the principle of helping the Government to collect income-tax from non-residents, but we dispute absolutely the right of an Income-tax Officer to write to say 50 companies in Bombay or Calcutta and notify them that "Mr. A.'s", I had better say "Mr. B.'s" super-tax is 2 annas in the rupee. Notwithstanding what Sir Basil Blackett says, it does amount to a disclosure of income. It is no answer to me to say it is only disclosure of your Indian income. You have no right to disclose any part of my income, either in India or in England, to anybody. The whole basis of the Income-tax Act is privacy. This aims at the root of it and tries utterly to destroy it, and what will happen if we help the Government to pass this Bill? This will be regarded as the thin end of the wedge and we shall next be told that if this can be done under this Act for super-tax it can be done under other Act for income-tax. The only country in the world which has voted for open publication of income-tax matters is America. There they are scheduled and published. I submit that to notify principal officers of every company how much to deduct, and to send out into the market a dividend warrant saying "Pay Mr. B. so much less 2 annas in the rupee" is an entirely wrong principle. I want to stop that document going out to the public with an Income-tax Officer's declaration in any shape or form—saying whatever super-tax it may be has been deducted. If that is done, you will agree with me that it hits at the whole principle of the privacy of tax.

I hardly want to go into the smaller details of this Bill now because I do think I have made out a sufficient case to carry the House with me in asking that this Bill be at least sent out for circulation. Sir, it is not too much to ask. There is no panic about the 1st of April. If there have been defects in the Act, what does it matter if they remain for 14 months instead of 12? I am only asking for a very reasonable time and I do submit that it is an entirely reasonable request to make. I have confidence that the House will support me in this, because the House is, as a rule, ready to uphold the principle of circulating a Bill against which a reasonably good case has been made out. I do not wish to take up the time of the House by going into excessive detail. There is no loss of revenue, Sir. This Bill merely says that super-tax should be collected this way from the 1st April, 1926. Whether you pass this Act to-night or 3 months hence will only mean that super-tax will be collected this way. It does not mean for one minute that it will be lost. (*An Honourable Member*: "What about the time from which collection would begin?") You are getting it now. This only means that it is to be collected this way. Non-residents are paying their super-tax. A few of them, it is said, are escaping. But I put it to the House that the escapement of super-tax by non-residents is a largely over-rated danger. I do not believe there are any figures available as to what the Government estimate they lose by it, but on broad principles I should say that the average non-resident in India who is in a position to retire from this country goes to live in England. In England they are

extraordinarily clever and capable at collecting super-tax. The super-tax rate there is a great deal higher than it is in India. I cannot imagine a man who is going to live in England trying to get out of super-tax here, because he would get it back to his credit in England. As against that, the man who does not go to England, who goes to the South of France, where he escapes tax altogether, is usually not a super-taxable person at all. He only goes to live in places like that because he feels he cannot afford to live if he has to pay all his taxes.

Don't forget this, that if the principle of this Bill be adopted, Indian States will also be affected. I mean a resident in an Indian State is a non-resident for the purposes of this Act which applies to British India. On this Act, as drafted, which I say is defective, we ought to be given time to collect opinions properly. I have no exception whatever to offer to clause 8 to which Sir Basil Blackett referred. But I do say that this Bill puts upon the companies an amount of work which it ought not to put upon them; notwithstanding this, the companies will, I am convinced, quite readily accept the principles of this Bill and be willing to give the information to the income-tax officer, but it must rest with the income-tax officer to do his own collecting in his own way and without disclosure to the public.

Now, Sir, I hope I have said enough to make the point for circulation. If I have failed to do that, I shall have some other points to make in regard to reference to Select Committee, but I hope I have said enough in the meantime.

Mr. President: Amendment moved:

"That the Bill be circulated for the purpose of collecting opinions."

Diwan Bahadur T. Rangachariar: Sir, I support this motion for circulation totally upon another ground. This Bill makes a novel departure for the first time in the history of our procedure regarding appeals. For the first time it gives an unrestricted right of appeal irrespective of the amount or the value of the appeal to His Majesty's Privy Council. This is a dangerous precedent indeed. This right of appeal will hardly benefit the assessee if the decision goes in his favour. The Government of course have got all their resources to go before the Privy Council which, as we all know, is a very costly procedure. The assessee in 99 cases out of 100 will leave it undefended. I am sure he will not agree to go before the Privy Council and incur all the expense and trouble of defending an appeal. So that the Government in all cases where they appeal will get an *ex parte* decision. I am sure many people are not going to undertake the trouble, expense and the worry of engaging solicitors in England to defend an appeal before the Privy Council. That is why we have had in our Procedure Code always a limitation as to the amount below which there should be no appeal. It has always been the practice to limit the right of appeal to the Privy Council in the case of amounts involving Rs. 10,000 or upwards. Now here there may be a case of an assessee to complain that he has been wrongly assessed, say Rs. 100 or Rs. 200. There may be some question of law involved in such cases. It may be a substantial question of law, as the Bill states. But it is certain that he would rather pay the difference of Rs. 100 or

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Rs. 200 than go to the Privy Council to defend or prosecute his appeal. I mean that this will be a very dangerous precedent. For instance, you have land acquisition cases. You have other references made to the High Court under other special laws, such as stamp laws and if the Legislature is to encourage the right of appeal in income-tax cases simply because there is a substantial question of law involved you will have to concede it in other cases. The majority of these cases will end only in *ex parte* decrees. It is only the Government which will take advantage of this right of appeal. No assessee will care to appeal, unless it be a matter of Rs. 4,000 or Rs. 5,000, which he will have to pay as a recurring charge annually; it is only in such cases that an assessee will take advantage of this provision. However, I am glad to note the Government, and the executive, who so often find fault with the Indian litigant for his inordinate desire for appeals, the same Government are themselves infected with that desire. What is it the Bill provides? The Bill provides that all cases of references under the Income-tax Act shall be heard by a Bench of 3 Judges. In the Madras High Court it is the practice that all these cases under the Income-tax Act should be heard by a Bench of 3 Judges. Never 2 Judges or 1 Judge. (An Honourable Member: "Not in all High Courts.") I am saying "in the Madras High Court". Now this Bill provides that it shall ordinarily be heard by at least 2 Judges, and in the case of a difference of opinion it shall go to a third Judge, and notwithstanding the provision of any Letters Patent, the provisions of the Civil Procedure Code will prevail, namely, that the majority will prevail. That is to say, the cases of conflict between various High Courts may not be many in a matter like this, and, even if they are, it is a matter which can be set right easily by legislation. But, as I have said, in most cases there will be no appeal beyond the High Court in income-tax cases unless a large recurring liability is involved to the assessee. But, Sir, the principle is bad. There are substantial questions of law involved everywhere in ordinary cases, and under the Procedure Code it is only when there is a concurrent finding of fact and the amount involved is Rs. 10,000 and upwards, then the Civil Procedure Code allows a right of appeal. In very very special cases, although the appealable amount may not be Rs. 10,000, the High Court can grant special leave to appeal, but it has been laid down very often that such a certificate should not be ordinarily issued. There are cases, for instance, where a zamindar sues a tenant for rent or arrears of rent or on account of occupancy rights, etc. To the tenant it is an ordinary question, but to the zamindar it is a very big question, because it involves perhaps a lot of tenancies. But is the poor tenant to be put to the expense of going to the Privy Council on appeal on a question of law? I submit it is most obnoxious and this will be a dangerous precedent, and in such cases where a zamindar has got a substantial question of law to be decided in respect of his zamindari he will ask "Give me the right of appeal. Why should the Government only have a right of appeal to the Privy Council because it involves a substantial question of law? It is equally substantial to me to determine occupancy rights and various other questions involved in the whole zamindari." Therefore, this is a novel departure. I think, Sir,

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this is a matter in which the High Courts should be consulted; I think it is a matter in which the profession should be consulted, and therefore, Sir, I heartily support the amendment of my Honourable friend Mr. Willson.

Lala Duni Chand (Ambala Division: Non-Muhammadian): Sir, even at the far end of the day I desire to place before the House one very important aspect of the law of income-tax. The law of income-tax is among those laws which are based, if not wholly, at least partly, on very wrong principles and which are administered

Mr. President: Order, order. We are not now concerned with the principles on which the income-tax law is based.

Lala Duni Chand: If the Honourable the President would allow me one or two minutes, I will make my position clear. I beg the permission of the Chair to express my views as my point is that I welcome the improvement that is proposed in clauses 7 and 8 upon the existing law of income-tax, and it is with reference to clauses 7 and 8 that I want to place my argument before the House. I wanted to say that the income-tax law is one of those laws which are based on wrong principles and which are administered very badly. Clauses 7 and 8 propose to effect an improvement upon the existing law, as is embodied in section 66 of the Income-tax Act. The law, as it at present stands, combines in one and the same body of officers the power to make assessments, the power to hear appeals, and the power to order prosecutions. The departure that is proposed to be made is a very little departure from this wrong principle of law upon which the Income-tax Act is based. I would welcome this measure for the reason that it after all gives a certain amount of power to the highest judicial courts in certain cases, though in very rare cases. What is the law? It places in the hands of the same persons the powers of a prosecutor, the powers of a judge, and the powers of an executioner. I would be very happy if the Honourable the Finance Member brings up a law much more improved than the present Bill whereby he should limit the powers and functions of income-tax officers within proper limits and confer the powers of hearing appeals from the orders of Income-tax Officers upon the proper judicial tribunals. I do not agree with my Honourable friend, Diwan Bahadur Rangachariar, that the right of appeal to the Privy Council is not a good thing. I believe that only those people will go to the Privy Council who have the sinews of war. I should have no objection if those assesses who have got the sinews of war could go to the Privy Council. Sometimes very important questions are involved in appeals regarding assessment. Sometimes very big sums are involved. It would be a very good thing if some important questions are decided once for all by the highest judicial authority so that they may be a guide not only in that particular case, but in all other cases that might come up. I desire much more than the Bill gives. But I welcome the Bill for whatever little improvement it makes upon the existing law relating to income-tax, and for these reasons, Sir, I would like that this Bill should be passed into law as soon as possible.

The Honourable Sir Alexander Muddiman (Home Member): Sir, I am not going to deal with any other point than that raised by my Honourable friend, Diwan Bahadur Rangachariar, who has taken objection to an appeal being given to the Judicial Committee. From the point of view of the Home Department I have a good deal of sympathy with the idea that the Courts should not be burdened with appeals in these revenue matters. They cost me more Judges, and they are expensive. We have already a good deal of income-tax business which largely increases work in the High Courts; but, on the other hand, I must point out that there are many answers—some occur to me—to the point my Honourable friend has taken. The first thing he

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says is that no ordinary litigant would go to the Privy Council in a matter of small dispute involving a few rupees. Of course, he would not. I perfectly agree with him. But when my Honourable friend and colleague Sir Basil Blackett succeeds in his amiable desire to extract income-tax in larger quantities from tax-payers in this country by more satisfactory means than have been available to him in the past, it will not be long before you get Associations of income-tax payers—(*An Honourable Member*: "There are some"), who will combine to defeat my Honourable friend in his nefarious efforts to collect revenue. Sir, that is the class of persons who will avail themselves of an appeal to the Privy Council. They would get there on a big point of law affecting a very large number of people; and although as my Honourable friend says, in many ways it would be possibly easier for the Executive Government to cut the Gordian knot by legislation, I should have thought that at any rate my Honourable friend would prefer to have a decision from the Privy Council, when at any rate he would be likely to get a decision more favourable to the subject than from Government. That is one point. The second point is, that even the Government of India, fond as it is said to be of wasting the tax-payer's money, is not likely to take a point to the Privy Council unless there is a good deal of money in it, or else because the decision is seriously embarrassing. Government would also have to consider itself whether it would be easier to legislate; it would only take an appeal where it was anxious to get a real principle discussed for the purpose of elucidating the law; and therefore, although I do agree with my friend, in some of his observations, and I personally am not anxious to encourage these references in what are revenue matters to judicial tribunals, I think this House should have no hesitation whatever in accepting the principle which is contained in the clause in question in the Bill, and I hope it will do so.

Mr. H. G. Cocke (Bombay: European): Sir, I do not want to enter at any length into the principle of this Bill, but I should like to point out to those who have not studied the Bill that there are two main points, one being the principle of deduction of super-tax at the source, and the second being the machinery whereby that deduction is to be effected. I think from one or two remarks of Mr. Willson it might be inferred that the principle of deduction at the source is a new one as regards super-tax. That, however, is not so. It was provided for in the original Income-tax Act, in section 57 (2). What is new in this Bill is the machinery by which super-tax will be collected. We are told in the Statement of Objects and Reasons that this machinery has been evolved as a result of discussions with Chambers of Commerce and other bodies. The main point of objection that has been taken is that these discussions, whatever they may have been, have not been on the Bill as introduced here, but that the Bill now before us has been introduced and has not actually gone to the Chambers for consideration. Well, that is a very important point, and although opinions may differ as to whether the provisions of this Bill, and the machinery which it has set up or which it proposes to set up, are of sufficient importance to cause the Bill to go back to the bodies which have been consulted. I for one am certainly not going to oppose the amendment that has been put forward this afternoon. I should like to draw attention to one point. In clause 2 of the Bill (the proposed section 19A of the new Act), the words "such amount as may be prescribed in this behalf" refer to the amount of the individual dividends which the principal officer of a company

may be called upon to send in a list of to the Income-tax Officer. It is very important to companies that the prescribed amount should be a reasonably large one and I should like some undertaking from the Government that the rule-making power with which they are investing themselves will be used after consultation with important bodies, because I have had a reference from Bombay from a very large company with three or four thousand shareholders, and it is pointed out that the returns they already have to make to the Registrar of Joint Stock Companies are very substantial and if they have to make further long lists of dividends of, say, Rs. 100 and over, that would be an unreasonably small amount, and therefore it is very important that the amount should be fixed at a reasonable amount.

With reference to the point about an appeal to the Privy Council, as was mentioned by the Honourable the Home Member just now, there are even in India societies of income-tax payers and of course they are very common in the United Kingdom. Certain cases have been fought at home with the aid of those societies, and I have no doubt that important questions will come up under the Indian law and that this appeal to the Privy Council will in the long run be very valuable to all sorts of assesseees.

Mr. M. A. Jinnah (Bombay City: Muhammadan Urban): Sir, there are only two points on which I really want to seek information from the Government. The first point is with regard to the appeal to the Privy Council. The clause as it is drafted and placed before us, Sir, runs as follows:

"An appeal shall lie to His Majesty in Council from any judgment of the High Court delivered on a reference made under section 66, in any case in which the High Court certifies that the reference involves some substantial question of law."

Do I understand that the intention of the Government is that if the High Court certifies that no substantial question of law is involved then no appeal would lie? Therefore whether there is a substantial question of law or not is to be determined by the High Court before it gives a certificate. If that is the intention then the argument of my Honourable friend Mr. Rangachariar cannot hold good.

Diwan Bahadur T. Rangachariar: What about values?

Mr. M. A. Jinnah: The High Court will say it does not matter what the value is; in spite of any value, whether it is small or big, no substantial question of law is involved and the High Court therefore will say "We will not issue a certificate either to the Government or to the subject". Therefore, if that is the intention I am not quite sure whether the clause as worded in this Bill would stand that interpretation. But you will find in various statutes it is provided that an appeal shall lie only in case the Court certifies that there is a substantial question of law. That is a mere matter of drafting and nothing else. But if I understand that is the intention of the Government then there is sufficient check both to the Government as well as to the subject.

That, Sir, is so far as the question of appeal to the Privy Council is concerned. Now further as to the substantive part of this Bill. It is really an important Bill and no doubt it lays down measures and methods which are somewhat serious and perhaps novel; and I want to understand from the Government what prejudice will be caused to the revenue if this Bill is delayed till the September Session. I have not yet been able to understand and certainly the Honourable the Finance Member has not made it clear, that if this Bill is not passed until the August-September

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Session, any serious injury will be caused to the revenue. If I am not satisfied on that point, or rather there is no plea put forward by the Government that serious injury might be caused, then, Sir, the measure is an important one and I shall certainly desire that this House should accept the motion that the Bill be circulated for the purpose of ascertaining opinion. That, Sir, is my position and until I am satisfied that it might seriously prejudice the Government revenue I shall certainly support the amendment of my Honourable friend.

Mr. A. H. Lloyd (Member, Central Board of Revenue): Sir, I should like to intervene at this stage as soon as possible after my Honourable friend from Bombay has spoken in order to deal with the point which he raised regarding the provisions of the proposed section 19A which it is intended to add to the Income-tax Act. We fully recognise, Sir, that this provision is one which must be used in a reasonable manner, and we certainly have no intention whatever of making rules which would require the submission by the principal officers of companies of lists of shareholders receiving quite small dividends, because we do not think that we should be likely to give the revenue any substantial benefit out of the extra work to all parties which that course would entail. Our difficulty is, as will be seen from the last sentence of the second passage in the Statement of Objects and Reasons, that we desire to have some experience before finally fixing a figure and therefore we have asked for rule-making powers rather than embody a figure in the Bill itself, in order that, if experience shows that a change is desirable, we may be easily able to make it. We have been given by the law similar rule-making powers under other sections, our use of which I think will be admitted to have been reasonable. We have, for example, a power given us in section 21A of the Act for calling for the names and addresses of persons who have been employed by companies, associations or private employers with a return of their income liable under the head "Salaries". As a result of representations received by the Central Board of Revenue the limit fixed by rule for such return was raised from Rs. 1,600 per annum to Rs. 2,000 per annum. I merely mention that as an illustration of our desire not to use such rule-making powers in any unreasonable manner, and I am in a position to say definitely in response to my Honourable friend Mr. Cocke that we are quite prepared to consult all the organisations representing companies upon whose principal officers this burden will fall before we pass any rule at all fixing the limit of dividend below which we shall not require the return to be made. I am sure that that will satisfy my Honourable friend.

I should like, Sir, if I might be permitted, to refer now to some observations that were made by Mr. Willson in moving that this Bill should be circulated. Mr. Willson referred to the remarks made by the Honourable the Finance Member when introducing the Bill to the effect that the Bill had been drafted as a result of full discussion with Chambers of Commerce; and then he proceeded to say that for his part he was able to declare that the Chambers of Commerce had not accepted the proposals embodied in this Bill. Well, Sir, I am afraid we must say quite frankly that while we are fully prepared to consult those concerns and those organisations that represent them when matters of this sort are up, we cannot undertake to postpone legislation until we have received the

unanimous argument of such bodies. (*Honourable Members*: "Nobody says that.") I have a note here of the words Mr. Willson used: he used the word "accepted." He said the proposals had not been accepted by the Chambers. Well, Sir, I am sorry that we have not been able to get them accepted; but we cannot always undertake that our proposals will be accepted by the Chambers. As a matter of fact we have been fortunately able to show that that part of the proposals which relates to the machinery for deduction at source, in section 5 of the Bill, has received quite definite support from a certain number of the Chambers. . . .

Mr. W. S. J. Willson: And quite definite opposition from the others.

Mr. A. H. Lloyd: Quite so: I have said that where there is no unanimity among the Chambers themselves we cannot be expected to postpone any measure until such day—possibly till the Greek Kalends—when such unanimity might be obtained. . . .

Mr. M. A. Jinnah: Does the Honourable Member know that there are other people also to whom this Bill applies besides the Chambers of Commerce?

Diwan Bahadur M. Ramachandra Rao (East Godavari and West Godavari *cum* Kistna: Non-Muhammadan Rural): Are there not other persons to be consulted? The Chambers are not the only persons who have got a right to express an opinion on a measure like this.

Mr. A. H. Lloyd: We have consulted all those organisations which are of any considerable importance in this country that represent the interests of companies, because this proposal relates to the deduction of super-tax on dividends, not any other super-tax; I have been referring at this moment to the Chambers of Commerce which Mr. Willson represents; but we have also consulted all the important Indian Chambers of Commerce, as the Honourable Finance Member has stated.

I think it is really hardly necessary for me to add to what Mr. Cocke has said regarding so much of Mr. Willson's speech as was partially, only partially, an attack upon the principle of deduction at source which is already embodied in the law in clause (2) of section 57. Mr. Willson referred to a practice, which he admits is not a fortunate one, prevailing in Calcutta under which the registration of transfer of share is frequently postponed. I do not know if he realised that that argument applies with exactly the same force to the existing section 57(2). The only difference on the point between the existing clause and what we propose is that the existing clause simply says that the shareholders' super-tax shall be deducted at a rate determined by the particular dividend, whereas we propose that it should be deducted at a rate determined by his total income from dividends. Surely, Sir, the point which Mr. Willson makes here had just as much force with reference to section 57(2).

Mr. Willson's more serious point was this: I understood him to quote the Bengal Chamber of Commerce as being of opinion that only the principle contained in clause (2) of section 57 has been accepted, that is to say, the principle of deduction of super-tax from the dividends of non-residents at the rate determined by their holding in a particular company, and that the Chamber objects to the extension of that, so that the limit shall be determined by another criterion, namely, his total income from dividends

[Mr. A. H. Lloyd.]

in British India. When I make that statement, I do not think it is necessary for me to labour the point to this House, that that argument is one which is an argument for an unfair discrimination between the man who happens to hold shares in two, three or more companies and a man who happens to have all his holdings in only one company. Why should persons who hold shares in more than one company pay super-tax at different rates merely because of the way their money is distributed?

Then Mr. Willson took very serious objection to words in sub-clause (3) the addition of which to the Act is proposed in clause 5, because he considers we have some very nefarious intention in using the expression where the principal officer of the company "has not reason to believe that the shareholder is resident in British India." Might I ask Mr. Willson to think that over quietly? We have deliberately worded it that way because we do not want to put on the principal officer any burden which was not reasonable. We said the Income-tax Officer would take action when he had reason to believe that a man was non-resident. We only ask the principal officer to take action when he has no reason to believe that he is resident. I submit that that is a much milder obligation to impose upon a principal officer of the company than would have been imposed upon him if we had reproduced the form of words in sub-clause (2).

Mr. Willson spoke with some heat of our action in introducing this Bill as being a form of attacking those who help us most, namely, the companies. I should just like in this connection to point out what we are doing. We are not attacking the companies by asking them for any money at all; we are asking them for a little assistance to get money from the shareholders; the shareholders are the persons we are "attacking", in the language of the Honourable Member—it is not a word which I should prefer myself to use. This is a device for getting money out of individual shareholders.

I do not want to keep the House longer. I will just refer to two more points in Mr. Willson's speech. I will pass over, without making any further observations, what he says about disclosure, the giving of publicity to the dividend income of individuals, because I feel certain that the House is satisfied that the Honourable the Finance Member has sufficiently dealt with it in anticipation of Mr. Willson's remarks. I am sure there is no other Member of the Assembly who will share Mr. Willson's apprehension that this very reasonable proposal is likely to be treated at all as the thin end of the wedge for abandoning the very essential principle of secrecy which ordinarily prevails in these matters.

The last point that Mr. Willson made was this: What was the financial importance of this measure? That question was also asked in another form by Mr. Jinnah, the financial importance of the immediate introduction of this measure. Mr. Willson, I think, was rather unduly optimistic in supposing that the number of non-resident shareholders who are enjoying incomes from Indian dividends sufficient to bring them within the ambit of super-tax legislation, who fail to pay super-tax to the Indian Exchequer at the proper rate, is a small one. In view of the clear phraseology of section 57 (2), I am perfectly certain that no non-resident shareholder will go out of his way to make a declaration which is not provided for under the law in order to pay super-tax at a higher rate than that admitted under the existing law. I much regret that I am not in a position to give the House actual figures as to how much this difference will be.

The fact that we require this machinery is the very reason why we have not got the information at present available, but I think that we shall certainly secure a considerable increase in super-tax from altering clause (2) of section 57.

Mr. M. A. Jinnah: My question is this. How would it prevent you from recovering whatever you expect to recover if you pass the Bill in August instead of passing it in this Session?

Mr. A. H. Lloyd: It seems to me, Sir, that if we have to circulate this Bill and keep it pending till September, we shall not be able to apply this measure to the assessments made in the year beginning from the 1st day of April, 1926.

Sir Hari Singh Gour: Why not?

The Honourable Sir Basil Blackett: Because we shall lose a year.

Mr. A. H. Lloyd: With regard to the other question of appeal to the Privy Council, I do not wish to offer any remarks, because the matter has been dealt with, apart from the Honourable the Home Member, by others who are much more competent than myself.

(Several Honourable Members moved that the question be put.)

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non-Muham-madan): Sir, at this late hour I do not propose to weary the House by stating at length my objections to the motion moved by the Honourable the Finance Member. I entirely support the motion for circulation moved by my friend Mr. Willson and supported by the other Members of this House, and in doing so I wish to give my reasons. Honourable Members must here realise that this Bill introduces a novel principle, the principle of compelling the managing agents to furnish a list of shareholders together with a statement of their holdings. It is perfectly true that this Bill is intended, in the first place, to apply to absentee shareholders in respect of the super-tax to which they are liable. But if this House accepts the principle of this Bill, what is there to prevent the Honourable the Finance Member from coming here to-morrow and asking this House to extend the principle to which this House would stand committed to the ordinary payer of income-tax and compel companies to furnish information upon which he would assess the income-tax payable by the people of this country? I see, Sir, in this Bill the Honourable Sir Basil Blackett's tiger claw in a velvet glove, and I am afraid if we hurriedly accede to the motion that has been moved before this House, we shall be committing ourselves to a principle which we may leisurely regret and regret to our cost. I would, therefore, ask this House to consider the matter carefully and not to be led away by the fact that there are evasions overseas and that, therefore, this House should assist the Honourable the Finance Member to lay them by their heels.

The Honourable Sir Basil Blackett: Why should they not be caught?

Sir Hari Singh Gour: I submit this House would be committing possibly a suicidal act by hastily committing themselves to the principle of this Bill. I submit, Sir, there is a great deal of force in the objection raised by the Honourable Mr. Willson that the procedure tolerated and sanctioned by

[Sir Hari Singh Gour.]

this Bill would violate the pledge of secrecy under which income-tax and super-tax is levied by the Revenue Department, and I have yet to hear from the Honourable the Finance Member any effective reply to the Honourable Mr. Willson's objections.

Then, Sir, there are other objections which require consideration. We have just been listening to the Honourable Mr. Lloyd, who says that this Bill confers upon the authorities the rule-making power. Now, Sir, lawyer Members of this House are naturally anxious to know how far these rule-making powers are within the competence of the Legislature, and this House jealous of its rights and privileges would relegate its functions to the executive authority and not compel them to append the rules to the Act which they have the chance of examining and passing after such amendment as they might make. Sir, it is one of the principles of codification enunciated by no less a jurist than Sir Henry Maine, who has pointed out that if the rule-making power were given by the Legislature to the executive, it would mean an abnegation of its own functions and authority. I am therefore, Sir, not in favour of giving to the executive the power of making rules which Mr. Lloyd regards as the merit of the Bill.

Then, Sir, we pass on to the question of appeals to the Privy Council. I agree with my friend Diwan Bahadur Rangachariar that this power is conferred irrespective of the value. Now, Sir, anybody who is conversant with the costs of appeals to the Privy Council will realise that the Honourable Diwan Bahadur Rangachariar's objections are not only weighty but unanswerable. If a man is super-taxed to a thousand rupees—a small sum—(*Diwan Bahadur T. Rangachariar*: "Even income-tax.") and if he wants to appeal to the Privy Council, it is a far cry. I know, Sir, on a very careful computation that you cannot appeal to the Privy Council unless you have deposited a sum of Rs. 4,000 as a security for your adversary's costs. I know, Sir, that you have to deposit a further sum of Rs. 2,000 for the preparation and printing of transcripts. I know, Sir, that you have to deposit, or at any rate, to remit to the Solicitor overseas a sum of about Rs. 2,000 to engage a junior counsel, and I know, Sir, that you cannot get a senior counsel, and you will get him cheaply if you have to pay him 100 to 150 guineas. Now, Sir, the calculation comes to this. For my Rs. 500 or Rs. 1,000, I am to put into the stake something like Rs. 11,000 or Rs. 12,000. It is said that Government will only appeal in cases when there is a substantial question of law. That may be so, Sir, but what would be my predicament? I have to defend that appeal in a Court established 6,000 miles away and none too familiar with the intricacies of the Indian Statute law. Now, Sir, if the Government wish to ruin the poor income-tax payer this is the best way of doing so. I therefore see, Sir, a trap in this appeal to the Privy Council. (*Several Honourable Members*: "Why not have a Supreme Court here?") Sir, I hear ejaculations from several sides of the House. Sir, I am gratified, profoundly satisfied at this striking verdict in favour of a Supreme Court in India now received from all quarters of the House. I feel, Sir, that I have performed, and successfully performed my humble duty, the educative duty of converting this House to my point of view, for which I have laboured for the last four years. Well, Sir, till that fruition is reached, till we have a local court dealing with these most difficult questions, I should pause and consider and not throw good money after bad in a vain desire to obtain settlement of a so-called substantial question of law. On those grounds,

Sir, I feel constrained to support the motion moved by my friend the Honourable Mr. Willson and I say to Members of this House that if they do not vote for this motion, they would be unwittingly committing themselves to a principle from which they may be individual sufferers in the very near future. I warn them.

The Honourable Sir Basil Blackett: Sir, I am sorry to disappoint my friend Sir Hari Singh Gour. I am afraid that what he calls the decision on the unanimous verdict on the subject of the Privy Council and the Supreme Court is neither unanimous nor a verdict. If he likes to call that an unanimous verdict, he is welcome to it. I think that Mr. Willson can congratulate himself on one achievement. He has made quite a number of people, including the last speaker, read this Bill for the first time and having read it for the first time, they have made speeches about it.

Sir Hari Singh Gour: Give us a chance to read it for the second time.

The Honourable Sir Basil Blackett: That is exactly the suggestion that I am going to make. I do not want the House to feel that it is in the least bit being jumped to a conclusion. But I want to point out that if we do not pass this Bill this year, we shall practically lose a year of the benefit of it from the point of view of revenue. That is not all. The Bill has drawn the attention of people in general to a weakness in our present armoury and having discovered it, they will certainly make use of it. I do not want to drive the House to a decision on the details of this Bill that it may for the moment say is hurried. But I am very anxious that I should get this Bill this year. There are real difficulties in the question of time. If we are to refer this Bill to a Select Committee, the Committee has got to sit—which is going to be difficult for a good many Members including myself. It has got to find time and it has got to report and the Bill has got to be discussed in the course of March in the middle of the Budget discussions. If it would really meet the wishes of the House I am quite prepared to withdraw this motion and bring forward to-morrow—I hope I may be allowed to do it to-morrow—a motion for the appointment of a Select Committee with instructions to report within seven days, the purpose being, if it is possible, to get this Bill accepted before the end of this Session.

Mr. President: Does the Honourable Member formally withdraw his motion?

The Honourable Sir Basil Blackett: Can I withdraw? The motion at the moment before the House is that the Bill be circulated. I am quite willing to withdraw my motion. I would withdraw my motion if Mr. Willson will withdraw his.

Mr. W. S. J. Willson: No, Sir, I press for circulation.

Mr. President: The original question was :

“That the Bill further to amend the Indian Income-tax Act, 1922, for certain purposes, be taken into consideration.”

Since which the following amendment has been moved :

“That the Bill be circulated for the purpose of eliciting opinions thereon.”

The question is that the amendment be adopted.

The Assembly divided :

AYES—27.

Abul Kasem, Maulvi.
Aiyer, Sir P. S. S. Vaswamy.
Carey, Sir Willoughby.
Chetty, Mr. R. K. Shanmukham.
Cocke, Mr. H. G.
Das, Mr. B.
Dutt, Mr. Amar Nath.
Gour, Sir Hari Singh.
Jinnah, Mr. M. A.
Kasturbhai Lalbhai, Mr.
Lindsay, Sir Darcy.
Macphail, The Rev. Dr. E. M.
Mehta, Mr. Jamnadas M.

Mutalik, Sardar V. N.
Neogy, Mr. K. C.
Ramachandra Rao, Diwan Bahadur M.
Rangachariar, Diwan Bahadur T.
Ranga Iyer, Mr. C. S.
Roffey, Mr. E. S.
Samiullah Khan, Mr. M.
Singh, Mr. Gaya Prasad.
Stanyon, Colonel Sir Henry.
Sykes, Mr. E. F.
Talatuley, Mr. S. D.
Tok Kyi, U.
Willson, Mr. W. S. J.
Yakub, Maulvi, Muhammad.

NOES—45.

Abdul Qaiyum, Nawab Sir Sahibzada.
Ahmad Ali Khan, Mr.
Ahmed, Mr. K.
Aiyangar, Mr. K. Rama.
Ajab Khan, Captain.
Akram Hussain, Prince A. M. M.
Alimuzzaman Chowdhry, Khan Bahadur.
Bajpai, Mr. R. S.
Baptista, Mr. J.
Bhore, Mr. J. W.
Blackett, The Honourable Sir Basil.
Bray, Sir Denys.
Burdon, Mr. E.
Calvert, Mr. H.
Clow, Mr. A. G.
Dalal, Sardar B. A.
Das, Pandit Nilakantha.
Donevan, Mr. J. T.
Duni Chand, Lala.
Ghulam Bari, Khan Bahadur.
Gordon, Mr. P. G.
Graham, Mr. L.
Hezlett, Mr. J.
Hira Singh Brar, Sardar Bahadur Captain.

Hudson, Mr. W. F.
Innes, The Honourable Sir Charles.
Jatar, Mr. K. S.
Joshi, Mr. N. M.
Lloyd, Mr. A. H.
Lohokare, Dr. K. G.
Mitra, The Honourable Sir Bhupendra Nath.
Muddiman, The Honourable Sir Alexander.
Muhammad Ismail, Khan Bahadur Saiyid.
Naidu, Rao Bahadur M. C.
Neave, Mr. E. R.
Owens, Lieut.-Col. F. C.
Rahman, Khan Bahadur A.
Reddi, Mr. K. Venkataramana.
Sarfaraz Hussain Khan, Khan Bahadur.
Sim, Mr. G. G.
Singh, Rai Bahadur S. N.
Sinha, Mr. Devaki Prasad.
Tonkinson, Mr. H.
Vernon, Mr. H. A. B.
Vijayaraghavacharyar, Sir T.

The motion was negatived.

Mr. W. S. J. Willson: I beg to move that the Bill be referred to a Select Committee.

The Honourable Sir Basil Blackett: I am quite prepared to accept that motion.

Mr. President: The question is :

“That the Bill to amend the Indian Income-tax Act, 1922, for certain purposes, be referred to a Select Committee.”

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 18th February, 1926.