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LEGISLATIVE ASSEMBLY DEBATES

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FIRST SESSION

OF THE

THIRD LEGISLATIVE ASSEMBLY, 1927



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Legislative Assembly.

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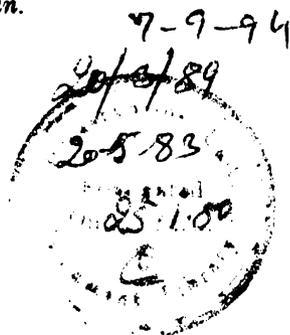
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LIEUT.-COLONEL H. A. J. GIDNEY, M.L.A.

MR. C. DURAISWAMY AYYANGAR, M.L.A.



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LEGISLATIVE ASSEMBLY.

Thursday, 8th September, 1927.

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

MEMBER SWORN.

Sir Denys de Saumerez Bray, K.C.I.E., C.S.I., C.B.E., M.L.A. (Foreign Secretary).

MESSAGE FROM THE COUNCIL OF STATE.

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

“ I am directed to inform you that at the meeting of the Council of State held on the 7th September 1927, the Council rejected the motion that the Bill to repeal and amend certain provisions of the Indian Criminal Law Amendment Act, 1908, and the Code of Criminal Procedure, 1898, as passed by the Legislative Assembly, be taken into consideration.”

Mr. President : I have received a few short notice questions from Mr. Jamnadas Mehta. I have admitted them as short notice questions and the Department has agreed to answer them ; but the Honourable Member is not here to put them.

Mr. S. Srinivasa Iyengar : Mr. President, may I put them ?

(No answer was given.)

THE INDIAN TARIFF (AMENDMENT) BILL.

The Honourable Sir George Rainy (Member for Commerce and Railways) : Sir, I move that the Bill further to amend the Indian Tariff Act, 1894, as reported by the Select Committee be taken into consideration.

I do not think it is necessary that I should say much in support of this motion. The general principle of the Bill has already been accepted by the House and the amendments made in Select Committee are purely minor and of an unimportant character. It will suffice, I think, if I merely reiterate the main points about the Bill, namely, that it is an essential part of the fiscal policy of the Government of India that the materials of industry and machinery should be made as cheap as possible and that therefore the duty should be kept as low as possible ; in the second place, that all industries should as far as possible be treated alike and that no one industry should be allowed to import free the articles on which other industries have to pay duties, but in the third place that when the time comes to give practical effect to the policy of Government it is permissible and legitimate to give precedence to those industries which are passing through a period of depression. Therefore, in selecting the particular articles from which the duty is proposed to be removed, we

[Sir George Rainy.]

have chosen those the removal of the duty on which is likely to assist the cotton textile industry.

Sir, I move.

Mr. A. Rangaswami Iyengar (Tanjore *cum* Trichinopoly : Non-Muhammadan Rural) : Sir, I beg to move under Standing Order 44 that the Bill do stand recommitted to the Select Committee.

My reasons, Sir, for making this motion are briefly these : the effect of the Bill as reported by the Select Committee would be to cause a diminution in the revenues of the Government of India by a sum of Rs. 85 lakhs. This Bill has been definitely undertaken in order to give relief to the Indian textile industry. It is admitted that the total relief that the Indian textile industry can possibly get under this Bill is only Rs. 42½ lakhs and therefore we are asked to surrender from the revenues of India another sum of Rs. 42½ lakhs in order that the textile industry may benefit only to the extent of Rs. 42½ lakhs. I submit, Sir, that there is no warrant for this surrender of revenue and I submit that the Select Committee have not bestowed sufficient attention on the matter in order to see that only so much is taken out of the revenues of India as is absolutely necessary to give the relief which it is necessary to give to the textile industry. It will be recollected, Sir, that the special Tariff Board itself did not recommend that a general remission of duty upon all machinery such as is proposed in the present Bill should be given in order that the textile industry might benefit. The Tariff Board itself only confined its recommendation for relief to the duties on machinery pertaining to the textile industry. It was the Government in its Resolution declaring the policy of the Government in regard to the Tariff Board's recommendations that stated that this matter should be further examined. In paragraph 11 of the Resolution the Government of India have said as follows :

“ The removal of the import duty on machinery and on the materials of industry was recommended by the Fiscal Commission and is in accordance with the principle of the Resolution adopted by the Legislative Assembly in 1923 that the fiscal policy of the Government of India may legitimately be directed towards fostering the development of industries in India. In giving effect to this principle as revenue considerations permit, the Government of India are prepared to give precedence to articles used chiefly by industries which are passing through a period of depression, but they would be unwilling to differentiate between industry and industry by allowing one industry to import free of duty articles on which other industries have to pay duty.”

Sir, it is the Government of India that decided to expand the recommendations of the Textile Tariff Board with a view to have the remission of import duty on all machinery imported into this country. It is not stated that other industries, whose machinery will be freed from duty under this Bill, asked for this relief or that in pursuance of the recommendations of the Indian Fiscal Commission and the Legislative Assembly in 1923 the time has arrived to remove the duty upon all the class of machinery that is now comprised in the Bill. On the other hand, we find that in respect of such machinery under some parts of the Schedule at least, the Government have found that there has been an agitation in this country with a view to the development of indigenous industries and have found themselves compelled to put down amendments to withdraw certain classes of goods, imported machinery and machine

made goods from the operation of this relief of duty. That shows, therefore, that the idea that there should be a general remission of duty upon all machinery is an idea which came into the minds of the Government of India unaffected either by the recommendations of the Tariff Board or by any demand from the people of this country. Sir, the Resolution of the Government of India having specifically referred to "revenue considerations", I consider it the duty of this House to examine whether it is necessary to make this large sacrifice of revenue for the purpose of affording a small relief to the textile industry. In doing that, I want to make it perfectly clear that we on this side of the House do not by any means want to take away any benefit which can properly be given to the textile industry by removing import duties upon stores or mill machinery. But what we do want to make clear is that the Government should not take advantage of this with a view to remove duties on other goods for purposes which, so far as we can see, we cannot divine.

Sir, it has been stated that it was difficult for the Select Committee to make a distinction between one class of machinery and another, and therefore when you want to relieve a particular kind of machinery on which duty is now imposed, it will necessarily have the effect of relieving the duty upon the same kind of machinery which might be imported for the use of other industries also. Sir, that is a matter upon which, I submit, this House has not had any guidance from the Honourable the Commerce Member. Neither the Tariff Board nor the Government in their Resolution have taken any such ground for putting this clause into the Bill. The Government definitely say that they would be "unwilling" to differentiate between one industry and another by allowing one industry to import machinery free of duty while making the other industry pay duty. It is not because it is not possible to make this differentiation in regard to the import duties, but because the Government are unwilling to make the differentiation. I say, Sir, that so far as we are concerned, while we are willing that the textile industry should have this relief, we are not willing that the revenues of this Government should diminish by more than the amount of this relief, for the extra revenue might otherwise be employed for far more profitable purposes.

The next point that I have got to make, Sir, is this, that so far as the difficulty of framing a Schedule which will give the necessary relief to the textile industry without making it necessary for the Government to relieve other machinery from duty is concerned, I say, Sir, the matter should be examined further. The Select Committee should have done their best to see that articles which could legitimately be kept out of the Schedule are kept out so that needless sacrifice of revenue is not made. I do not see, Sir, from the proceedings of the Select Committee that any attempt has been made to do this, and I want it to be distinctly understood that I do not want in making this motion to make any proposal of a dilatory character. All that I say is that this matter requires further examination and that this Bill should be recommitted to the Select Committee so that they may see that the actual relief that the textile industry gets is the actual loss of revenue that the exchequer has to bear. This is a point, Sir, which has not at all been examined, because we also find that the Schedules have been framed, no doubt, in a hurry,—and I can understand the difficulties of the Honourable the Commerce Member,—and therefore they do require re-examination. I find that the Honourable the Commerce Member himself has had to put down amendments in regard to the

[Mr. A. Rangaswami Iyengar.]

printing industry, in regard to the industry of type founders and various other classes of goods which they had included and which he now finds would be adversely affected by the proposals embodied in the original Bill. I therefore, think, Sir, that very much more attention has to be bestowed on this matter than it has been possible for the Select Committee to do, and I do hope that the Government will accept my motion and have this matter re-examined again by the Select Committee.

Sir Purshotamdas Thakurdas (Indian Merchants' Chamber : Indian Commerce) : Sir, I rise at this stage, because I want to tell the House, and especially my friend Mr. Rangaswami Iyengar, that the point which he has just now mentioned did not escape the attention of the Select Committee. The first point that struck us in the Select Committee was, whether the revenues of India and the budget position as forecasted by the Honourable the Finance Member, could stand this substantial decrease in revenue which would, for the six months now to be gone through, amount to 42 lakhs of rupees. But we felt, Sir, that as the Government came out with the suggestion of this remission of Rs. 85 lakhs, it was not for the Select Committee to go into the financial side of the question. We took it for granted that the Government of India had satisfied themselves that the revenue and the budget position did admit of this substantial reduction, and I propose, Sir, simply to leave this matter here. Perhaps if the Honourable the Finance Member thinks it necessary, he might enlighten us further on this matter.

But the main question raised by my friend Mr. Rangaswami Iyengar is, whether the whole remission of 85 lakhs indicated or involved in this Bill will go to the benefit of the textile industry. The reply to it that was definitely given to us in the Select Committee by the Honourable the Commerce Member was 'No'. I do not think that the Government of India claim that they have yet a scientific method of adjusting taxation, and I say—subject to correction by the Honourable the Finance Member—that a truly scientific system of adjusting taxation has yet to be devised. A reference to the Schedules attached to the Bill, especially under Item 8 of the Schedule, will show that the items marked 18A, B, C and D do not include only items of machinery concerning the textile industry, and the Honourable Member in charge told us that these items 18-A, B, C and D which were taken from the present Tariff Act, were settled by a committee of experts and that it would be dangerous and cause a lot of confusion if any changes were made in them. Sir, it is easy to say on what items we want to have reduction in import duty, but it would be very difficult for the customs authorities to distinguish those items that we really want for the textile industry from others of a very similar kind required for other industries, and hence the Select Committee accepted the explanation of the Honourable Member in charge when he almost pressed us not to disturb the various items included under 18-A, B, C and D. The only inevitable result is and must be that you must include in some of the items articles which would not benefit the textile industry.

Now, Sir, I was one of those who had doubts about some items like types, lead, etc., and I made it a condition when I signed the Report that if from further information which I was trying to get I found that

it would be wrong to exempt some items from the existing duty because similar articles were manufactured locally, the Honourable Member in charge would agree to my moving relevant amendments in this House when the Select Committee's Report came up before it. Whatever information I received either by letter or telegram, I have passed on to the Honourable Sir George Rainy, and the House will see from the amendments Nos. 1 and 4 on the list of business that he has been good enough to give notice of relevant amendments. My friend Mr. Rangaswami Iyengar is quite right in saying that there is a strong feeling that the import duty on some of the articles in this Bill should be increased. But as the Honourable Sir George Rainy rightly pointed out to me in the course of correspondence on this subject, this is not the time for it, nor is this the Bill for increasing the import duty on some of the articles from 2½ per cent. to 15 per cent.. I therefore, feel, Sir, that it is not possible to attempt any increase of duty in this Bill. Personally, as a member of the Select Committee, I feel that if the Government of India offer to remit 85 lakhs of rupees from this form of taxation, they must have made sure that the Budget and their finances can stand it. The Tariff Board recommended a remission of import duty on articles which affected the textile industry, and my friend Mr. Rangaswami Iyengar does not dispute that it would be undesirable to do so. You cannot do it unless you include the other articles which are indicated in items 18-A, B, C and D of the present Tariff Act. And hence I believe that, even if this Bill was recommitted to the Select Committee, it would be difficult for the Select Committee to make any change in the Bill unless the House were ready to wait for the best part of a year and the Government of India put up another committee of experts to distinguish and separate the items which affect the textile industry and other items coming under 18-(A), (B) and (C). I therefore feel that, unless further considerable delay was to be tolerated in this matter—and even then I am not sure that it would be feasible to separate these items very accurately—I feel it is for this Assembly to decide whether they would pass this as it is presented or not. If they do not mind delay, and there might be immense delay, probably even then it may not be feasible to separate these items. I therefore feel that the House has got to make up its mind whether it is going to accept this Bill as it stands or drop it.

Mr. K. C. Neogy (Dacca Division : Non-Muhammadan Rural) : Sir, I rise to support the amendment which has been moved by Mr. Rangaswami Iyengar, and I generally endorse the observations which he has made in regard to the desirability of referring this measure back to the Select Committee. I would particularly refer to one or two items which have not so far been mentioned by the previous speakers. It is a welcome feature of the amended Bill, as it has now emerged from Select Committee, that the proposal to admit types and other things duty free has been omitted. I really wonder how the Honourable the Commerce Member came to make provision for the admission of types and connected things duty free when an inquiry is pending into the question whether the type-making industry is to be given protection. I hold in my hand a press communiqué issued on July 29th to the following effect :

“ That the Indian Tariff Board has received an application from the Hindustani Type Foundry, Allahabad, asking that measures be taken to assist the type-making industry in India either by lowering the existing 15 per cent. import duty upon the

[Mr. K. C. Neogy.]

metals from which their type is made, or by increasing the present 2½ per cent. duty upon imported type."

On that a questionnaire has been circulated by the Government, and the last day for receiving written applications with regard to this matter was fixed as the 20th August last. I do not know, Sir, whether the inquiry has yet been completed. If I mention this point it is only for the purpose of showing that there has been some hurry on the part of Government to bring forward this measure, and I therefore think when we have got this evidence that the Government has not bestowed sufficient attention on all aspects of this Bill, there ought to be some more time given to the Select Committee to scrutinise it.

Sir, on the previous occasion I referred to the artificial silk yarn upon which the duty is proposed to be reduced from 15 per cent. to 7½ per cent. I am sorry to find that the Select Committee has not omitted this provision altogether. It is some relief to me to find, however, that there are two Honourable Members of the Select Committee who have submitted a minute of dissent saying that they do not agree that this reduction of duty should take place. Sir, one of the grounds on which this reduction of duty was sought to be justified by Sir George Rainy was that it would not in any event affect the indigenous silk industry at all because the price of artificial silk yarn is very low and the duty 7½ per cent. would in any event be a very low figure. Sir, this is an argument which to my mind cuts both ways, because if it is after all a very unimportant reduction so far as the manufacturers of indigenous silk in India are concerned, it is at the same time a very unimportant reduction also from the point of view of other people. That is to say, the import cannot be influenced to any very large extent by this reduction of duty. Sir, I was looking into the figures regarding the import of artificial silk yarn in India and comparing the figures for 1920-21 with the figures for 1925-26. I find that the increased import during these six years stands at about 30 times, that is to say in 1925-26 the quantity was 30 times that which came in 1920-21. I dare say that, in spite of this duty, the import has progressed at a very rapid pace. I do not know whether my Honourable friend considers that, even in the face of these figures, there is a very sound case for reducing the duty any further. He pointed out that the proposal for this reduction originated with the Bombay Chamber of Commerce and that the Bombay Millowners' Association also agreed with the proposal. But it is very unfair, I submit, on the part of Government to expect this House to come to a judgment on such an important question only on the authority of the opinion of the Bombay Millowners' Association and the Bombay Chamber of Commerce. We should have thought that here at least was a sufficiently important question which should merit the careful consideration of the Tariff Board. We have undoubtedly the ex-president of the Tariff Board in the person of the present Commerce Member, but even then I am not prepared to allow him to usurp the functions of the Tariff Board. I bow to his great authority in tariff matters. But still I venture to submit that it is highly improper on the part of Government to bring up such tariff proposals which have never been before the country in the past, and spring a surprise on the country by including this small item in a very big Bill so that proper attention could not be paid

to such an item. Sir, on the point as to whether this imported artificial silk yarn has at all had any prejudicial effect on the indigenous silk industry, I do not know whether my Honourable friend, Sir George Rainy, cares to read the Bengal papers. I have read one letter in the press coming from a place called Plassey. The name perhaps is not quite unfamiliar to the Honourable Member. It happens to be one of the centres of the struggling silk industry in Bengal. And here is an appeal made to the legislators of this House by a man who evidently knows very much about this subject. The appeal is to oppose the Government in their proposed reduction of this duty. This is what it says :

“ The Government are not taking into consideration one very important question in this connexion. The condition of the Indian Silk Industry (I mean the industry of natural silk) will be seriously jeopardised, if further facilities are given to those European industries which are backed by enormous capital and do not, therefore, need any preferential treatment from the Government of India. In other silk-producing countries, the culture of silk is encouraged and the industry protected and developed by State bounty. But the attitude of our Government in this respect is too well known.”

Then later on the writer proceeds to observe as follows :

“ The heavy influx of artificial silk in our markets at this stage has been gradually driving out the natural silk from its own field of local consumption.

I therefore bring the real facts to the notice of our legislators, so that they may not pass this question over without due consideration, when it will come up for discussion in the Assembly at its next session.”

Sir, I do claim that some attention is due to this opinion from Bengal.

Sir, there are few other provinces which are interested also in this question. Bihar and Orissa, for instance, Assam, and the Central Provinces, not to mention the two important Indian States of Mysore and Kashmir. I do beg of Government to have a little more time to consult all these Local Governments, if not the State, before they come to any decision on the matter. From this point of view also I think that the matter ought to be referred back to the Select Committee.

The Honourable Sir Basil Blackett (Finance Member) : Sir, the Honourable the Mover of this amendment desires the recommittal of this Bill for two main reasons. One is in regard to the individual items included in the Schedule, some of which he desires to be re-examined on protectionist grounds.

The other purpose in moving this amendment is in connection with the effect of the Bill on the finances of this year and of the following years. I will leave in the very capable hands of my Honourable colleague the Commerce Member the defence of the relief of taxation in regard to particular duties, including artificial silk, which have been raised by speakers thus far. I would only gently chide Mr. Neogy for his attack on the Government for rushing this measure. That is not the complaint that has generally been made against the Government over the way in which it has dealt with the Cotton Tariff Report. The Honourable Member who moved the motion quite rightly said that this measure has a very serious effect on the general financial position and I make no complaint that he desires that the connection of this Bill with the Budget for the year and for future years should be examined in public in this Assembly. The effect of this Bill is to threaten a reduction of something over Rs. 40 lakhs in the year 1927-28 and something between Rs. 80 and Rs. 90 lakhs in the year 1928-29. That is certainly not an entirely pleasant proposal

[Sir Basil Blackett.]

from the point of view of the Finance Department at any time. We are of course always in a difficulty with a Tariff Bill. When a Tariff Report comes out which cannot be dealt with at the beginning of the year at the time of the Budget, and it is proposed in the middle of the year to deal with it, and additional revenue comes in, the hard-hearted Finance Member is accused of pocketing for his own benefit out of the hard-earned savings of the people money which should otherwise be applied, and it is suggested that it is not so much the stricken industry in question that is being protected as the exchequer of the Government of India. If, however, the opposite happens the Finance Member is quite rightly assailed for allowing his budget estimates of the year to be upset in the middle of the year by loss of revenue, which is given up not on grounds connected with the finances of the country but on fiscal grounds. We are in a real difficulty in the matter, and it is only possible to deal with each case as it arises. In this case, the Tariff Board recommended, among other things, that the duty on certain machinery and mill stores should be abolished in the interests of the cotton mill industry. They suggested that it should be abolished only for the purposes of the cotton mill industry and not generally. That involved special treatment of a particular industry and is open to general objections on the ground of principle. It is not desirable that you should have an import duty, which is supposed to fall equally on all, and then not collect it on a particular industry while allowing it to continue to fall on other industries. That is particularly so when *prima facie* the duty is objectionable in principle. A duty falling on machinery, so long as it is imposed purely for revenue purposes, is obviously in the nature of a tax imposed on the raw material. It adds to the cost of the finished product, and is therefore open to objection. It has been clear for some time that our very high revenue tariff as it was left after the big rise that took place in 1921-22 is objectionably high in certain directions in a way that is damaging to the interests of industries in general in the country, and we had been looking forward for some time to the opportunity of being able to reduce particular duties at some future date. That could only be done, of course, if revenue is available for the purpose. Here, we found ourselves faced with the recommendation of a Tariff Committee, which was to reduce these duties in the interests of a particular industry. We did not find ourselves in a position to accept all the recommendations of that Committee, and that perhaps strengthened the reasons for accepting these particular recommendations if we could possibly do so. We felt we could not possibly do so in the form proposed by the Tariff Board, that is, give a specially privileged position to one particular industry as compared to the others. We were faced, therefore, with the question, "Could we afford something over Rs. 40 lakhs this year and something over Rs. 80 lakhs next year" ?

Mr. A. Rangaswami Iyengar : And in subsequent years.

The Honourable Sir Basil Blackett : And in subsequent years. First of all, as regards this year, as the House is aware, there is no margin as a rule in the Indian Budget. It is not framed with a view to ending with any large surplus. A predecessor of mine once said that nothing is laid aside each year in the Budget against a rainless day, and I am sorry to say that I had not the foresight to lay anything aside against

a Rainy day. (Laughter.) What was the poor Finance Member to do? We could not possibly postpone, as proposed by the Mover of this motion, any question of assistance to the cotton mill industry until the next Budget. That is the effect of this motion for recommittal, because it is obvious that the matter could not be taken very much further during the present Session if an attempt was made to recommit the Bill for the elaborate purpose proposed by those who have spoken in favour of this motion. The only thing therefore to do was either to regret our inability to assist the mill industry altogether, or to do what we regarded as wrong in principle, namely, to give a privileged position in the matter of customs duty to a particular industry, or to set free from duty as many of these articles of machinery as possible in the interests, first of all of the mill industry, and secondly of the industries of the country as a whole. We found ourselves faced, therefore, with this position, and there was no margin. Fortunately, however, my Honourable friend Sir George Rainy promises to return to me, at any rate so far as this year is concerned, some portion of the 40 odd lakhs that we are giving up in the form of additional receipts from the Railways. I cannot, of course, at this stage, and still less could I at the stage when a decision had to be reached, foresee how the year was going to work out. Up to date there is no particular reason to suppose that the estimates of revenue generally will be exceeded. There is no particular reason either to suppose that the estimates of expenditure will fall far short, if at all short, of what was provided for. In the particular matter of railway receipts, as things stand at present, there does appear to be a prospect that Sir George Rainy will give me back on the swings what he is taking away on the roundabouts. As regards next year, it is obviously impossible at this stage to make any useful guess as to what the situation will be. If things go well, we shall certainly find ourselves in a better position than we were at the beginning of this year. The automatic effect of the sinking fund provision is always to leave some margin at the beginning of the next year. On the other hand, this year we are, as the House is aware, giving considerable hostages to fortune in the matter of the provincial contributions. All that I can say as regards next year is that this 80 lakhs is an additional Rs. 80 lakhs over and above the Rs. 1½ crores which we have to find either by economies or by some other means in order to balance the Budget next year without calling for the renewal of the provincial contributions. I cannot, I think, usefully say more than that, but my object in rising to-day is to make clear to the House that the matter has been very fully and carefully considered by the Government of India and by the Finance Department, and that, all the pros and cons being weighed, we did feel that the recommendation made by the Tariff Board in favour of the cotton mill industry was one which we could not reject and that the only way in which we could accept it, or which would be in accordance with principle, would be to allow such remission as we gave to apply to machinery imported for the purpose of all industries and not only to machinery imported for the purpose of one particular industry.

Mr. N. C. Kelkar (Bombay Central Division : Non-Muhammadan Rural) : I rise to support the amendment of my Honourable friend, Mr. Rangaswami Iyengar. The net result of the Report of the Select Committee is to open the question of the tariff schedule at many points,

[Mr. N. C. Kelkar.]

and as my Honourable friend Sir Purshotamdas Thakurdas has pointed out, since this Report was known abroad a number of complaints have been received with regard to the Report and an amount of valuable material bearing on the points covered by the Report has also been received. Now, Sir, I quite admit that the proper moment for reopening the tariff schedule is really the month of February, that is, once a year. But if the Honourable the Commerce Member thinks that certain matters are so urgent that the tariff schedule may be reopened even in the middle of the year, then I contend he cannot insist upon opening at one end only. It must be reopened at either end, namely, in the direction of reduction as well as in the direction of enhancement, where reduction may be necessary or where enhancement may be necessary. There may be some delay, of course, if this Bill is recommitted to the Select Committee. But I think that the delay is unavoidable, and that delay is necessary in view of the contest that lies on many of the points covered by the report of the Select Committee.

My Honourable friend, Mr. Neogy, has already referred to the complaint in relation to the type foundry industry, and I have received a similar complaint from the Bombay type foundry industry. I will just place before the House a resolution passed at a meeting of the type foundry owners of Bombay on Tuesday, the 30th August 1927. The Resolution is as follows :

“ This meeting of the Type Foundry Owners in Bombay, held on 30th August 1927, strongly protest against the amendment of the Indian Tariff Act of 1894, so far as it affects Types, Leads, Lead and Brass Rules... by the proposed removal of duties thereon as the same will be detrimental and suicidal to the infant Type Foundry industry of this country and request the Government that with a view to protect and strengthen it, the existing duty on the above articles be enhanced to at least 15 per cent. *ad valorem* ”.

The House will at once see that the ground of contest lies as wide as from the total removal of the duty to enhancing the duty to full 15 per cent. The field is very large, and the contest is, of course, very keen. Therefore, it could not be said that if you keep the duty only at 2½ per cent., or I will go further and say, if you keep it at 7½ per cent., the objection is not removed, for, as has been pointed out, I think, in the representation by the Chairman of the meeting of the Type Foundry Owners in Bombay to the Secretary to the Government of India in the Commerce Department, the fact is this. Even if you raise the duty to 7½ per cent. instead of removing it altogether, still a large disadvantage remains to this industry and in this way. There is, in the first place, the 12½ per cent. disadvantage owing to the ratio, and then, really speaking, the duty should be, as in other cases, at full 15 per cent. But instead of that, instead of having it at 15 per cent., if you only keep it at 7½ per cent., it comes to this ; there is 12½ per cent. owing to exchange, 15 per cent. not being there, that means a total of 27½ per cent., and you propose to remove the disadvantage to the extent of 7½ per cent. That means that the industry remains at a disadvantage still to the extent of 20 per cent. That, I think, is a legitimate complaint. The reasons for reopening the subject and having the full revenue duty are, briefly, these. At present, the raw material of this industry is taxed at 15 per cent., but curiously enough, whereas the raw material is taxed the finished products are not taxed if the duty is

totally removed. This type foundry industry is altogether new to this country. It has come into existence practically since the war and it has already begun to feel the pinch of competition with the German imports. Therefore, it is up to the Government to enhance the duty to the full 15 per cent. on the type foundry materials, so that protection may be given to the home industry. That, I suppose, makes out a case for reopening the question. No one is satisfied with the removal of the duty, no one is satisfied with the imposition of 2½ per cent. duty, and no one will be satisfied even if the duty is imposed at 7½ per cent. The demand is for full 15 per cent., and that is a question which I submit deserves to be considered in the Select Committee.

Pandit Hirday Nath Kunzru (Agra Division : Non-Muhammadan Rural) : Sir, I claim no infallibility for the Select Committee, but as one of its members, I must say that the Committee was not quite as negligent of the various interests which the Bill is concerned with as one might think from the speeches of the Honourable Members who have opposed the motion of my Honourable friend, Sir George Rainy. The question of the type industry was specifically considered, as has been acknowledged by my Honourable friend, Mr. Neogy. The Select Committee agreed to delete the word "type" from paragraph 8, Item 18-C. of the Schedule to the Bill. As regards the rest of the things to which Mr. Kelkar has referred, the opinion of the type foundries was specially invited, both from Allahabad and Bombay, and it is in accordance with the opinions forwarded by them that the Honourable the Commerce Member has agreed to delete certain items from paragraph 8, Item 18-C. namely, brass rules, galleys, etc.

Mr. N. C. Kelkar : Did you concede the full demand of that industry ?

Mr. A. Rangaswami Iyengar : We have conceded that in our speeches.

Pandit Hirday Nath Kunzru : You did, but Mr. Kelkar does not. As regards Mr. Kelkar's question, I will answer it presently. I have not explained the situation fully yet. There is the question of increasing the duty on type and other things so as to help the Indian type industry. That was a point the consideration of which was not omitted by the Select Committee. We were, however, informed by the Honourable the Commerce Member that the subject had been referred to the Tariff Board and that if the Board recommended that protection should be given to this industry it would. We would thus have another opportunity of discussing the matter and of increasing the duty should that be considered necessary. The Select Committee only concerned itself with seeing that the duty was not lowered below the existing level. We were not willing that, pending the grant of protection to the type industry, the little benefit that it enjoyed by the imposition of the duty of 2½ per cent. on foreign type should be taken away from it. We only agreed that the question of protection should be considered at a later stage when the Tariff Board presented its report.

Sir Purshotamdas Thakurdas : We had no option.

Pandit Hirday Nath Kunzru : Because we did not know what the amount of protection would be that would be needed by the indigenous industry.

[Pandit Hirday Nath Kunzru.]

Then, Sir, as regards artificial silk that was a point that was raised in this House and also considered by the Select Committee, and I for one thought that even those who had objected to the lowering of the duty on artificial silk yarn agreed that there was no harm in the course adopted by Government. It was pointed out both in the House and in the Select Committee that the difference between the prices of real and artificial silk was so great that there could scarcely be any reasonable fear that artificial silk would be used in place of real silk. An Honourable Member says that we were in the region of opinions, and not of facts, when it was accepted by us that real silk sold at 5½ rupees per pound while the price of artificial silk was 1-12-0 per pound.

Sir Victor Sassoon : " I buy it at that rate. " The members of the Select Committee who know these things and who are connected with commerce and industry including my Honourable friend Sir Purshotamdas Thakurdas did not challenge these figures. It did not seem therefore to the members of the Select Committee that any harm would be done to the indigenous silk industry if artificial silk were subjected to a lower duty. On the contrary it seemed to us that so long as there was no competition between foreign and home products it might be well to let cheap artificial silk come in, so that the handloom weavers might benefit thereby.

Mr. K. C. Neogy : You are a friend of the handloom weavers.

Pandit Hirday Nath Kunzru : I believe we shall prove to be better friends of the handloom weavers than those Honourable Members who wished to help them yesterday at the expense of the indigenous industries.

The third point is that the Select Committee considered whether any of the exemptions proposed in the Bill would hurt the handloom industry. That was a point to which special attention was devoted by my Honourable friend Mr. C. Duraiswami Aiyengar and after he had gone through paragraph 8 Items 18-A. and 18-B. I at any rate thought that he was satisfied that the handloom industry would be under no greater disadvantage than at present.

Mr. A. Rangaswami Iyengar : There is a dissenting minute by Mr. Duraiswami Aiyengar.

Pandit Hirday Nath Kunzru : I was quite surprised when I saw this dissenting minute. We went through paragraph 8, 18-A and 18-B item by item and I do not remember that any objection was urged on behalf of the handloom industry to the inclusion of any item mentioned in this paragraph.

Lastly, with regard to the financial question I may say that, as explained by Sir Purshotamdas Thakurdas, we simply took the point of view that our revenues could bear a loss of 85 lakhs. We knew that the Tariff Board had recommended an exemption to the extent of 50 lakhs. Now it was evident on the showing of the Tariff Board themselves that the exemption of duty could not be entirely confined to the textile industries. It seemed to be impossible to devise any way which would not be open to objection of exempting particular articles from duty and confining the benefit of the exemption only to millowners. It

was evident therefore that, while the textile industry would gain largely as a result of the recommendations of the Tariff Board, other users of machinery would also benefit partly. Now the Tariff Board recommended that an exemption of about 50 lakhs should be granted. We may take it, considering the benefit that would have accrued to other industries, that we would have had to make an exemption of about 65 or 70 lakhs. Thus at the outside there may be an unjustifiable loss of revenue to the tune of 15 or 20 lakhs. On that point too the Select Committee considered the matter as carefully as it could within the short time at its disposal. It examined Mr. Lloyd of the Central Board of Revenue and after hearing both what he and Sir George Rainy had to say we came regretfully to the conclusion that there was no means of altering the Schedules to the Bill before us in such a way as to benefit the textile industry and at the same time to save the State from an appreciable loss of revenue. That, we were told, would have involved such an elaboration of the tariff and such a prolonged inquiry as would have prevented us from giving that help to the textile industry which it needed and which we were all desirous of giving to it. It was after taking all these things into consideration, that the Select Committee made the recommendations contained in its Report. It may be that the Select Committee was mistaken in one or two respects but it did not do its work half as perfunctorily as one may suppose from the speeches of Honourable Members who have attacked its Report.

Mr. Jamnadas M. Mehta (Bombay City : Non-Muhammadan Urban) : I rise to support the amendment of my Honourable friend Mr. Rangaswami Iyengar. Before doing so I would like with your permission, Sir, to refer to a short notice question of which I had given notice. I understand, Sir, that it has been placed on record that I was absent when the question was reached when as a matter of fact I did not even know that the question was admitted ; if you will permit me.....

Mr. President : Is it for this purpose that the Honourable Member has risen ?

Mr. Jamnadas M. Mehta : If you will permit me, Sir.....

Mr. President : Will the Honourable Member restrict himself to the motion before the House ?

Mr. Jamnadas M. Mehta : Very well, Sir. I confess, Sir, that the result of the division yesterday was very disappointing to me. But if it disappoints it does not discourage, because I believe that truth must be adhered to all along and always. To-day, Sir, I wish to raise two or three questions of importance in connection with this Bill. This is the second Bill which professes to give some protection to the mill industry. I think, Sir, the principles of protection were laid down by the Fiscal Commission and were subsequently followed by Sir George Rainy himself in the Tata iron and steel inquiry, and if I am not very much mistaken the main principle was that if, as a result of an inquiry, you decided to give protection to any industry, then you should give adequate protection. Inadequate protection, it was stated, was worse than no protection at all. Consider the strain on the consumer ; consider your finances ; consider the question from every point of view ; but once having decided to give protection give adequate protection or none at all ; that is the right principle of protection ; if you do not give adequate protection you waste so much public money. You penalise the consumer

[Mr. Jamnadas M. Mehta.]

without any advantage and in the end the industry gets no real assistance. The consumer consents or must consent to some temporary sacrifice and inconvenience, because as a result of internal competition that will set in on account of protection he will get the protected article much cheaper....

Mr. President : Order, order. The Honourable Member must speak to the motion. The motion before the House is that the Bill be recommended to the Select Committee.

Mr. Jamnadas M. Mehta : And I say, Sir, that it should be recommended. This Bill does not give any real protection to the mill industry as it professes to do. I am pointing out that any measure which does not give adequate protection is against the findings and recommendations of the Fiscal Commission.

Mr. President : I am afraid it is too far-fetched an argument for the purposes of the motion.

Mr. Jamnadas M. Mehta : Is it far-fetched to show that this Bill gives no adequate protection and is therefore against the principle of protection ?

Mr. President : I have already said so.

Mr. Jamnadas M. Mehta : It is far-fetched ; very well. Then even if the Bill violates the principles of protection I should not say anything.....

Mr. President : The Honourable Member must confine himself to the motion before the House. I have often noticed that the Honourable Member begins from the commencement of the history of the question on which he speaks.

Mr. Jamnadas M. Mehta : With all respect, Sir, that is not correct.

Mr. President : Will the Honourable Member confine himself to the motion before the House ?

Mr. Jamnadas M. Mehta : And I submit with the greatest respect that I am entitled to show that the Bill does not give adequate protection.....

Mr. President : And the Chair has ruled that the Honourable Member is not entitled to do so on this particular motion.

Mr. Jamnadas M. Mehta : Thank you, Sir. If I must be ruled out of order my only course is to show that this so-called protection, must not be given on other grounds. It has been stated that the full effect of this Bill on the revenues of this country would be a loss of 95 lakhs a year while the benefit to the mill industry would be only 50 lakhs. The figures given by the Tariff Board show that this country manufactures about 680 million yards of yarn and uses 700 million pounds of yarn for the manufacture of cloth ; so that the stores and machinery used for the manufacture of yarn and cloth are 686 million pounds plus 705 million pounds ; which means that first of all in the process of manufacturing the yarn and secondly in the process of manufacturing cloth

out of that yarn, the machinery and stores required will be spread over 1,400 millions of pounds of yarn. And the relief according to the Tariff Board in a full year is 50 lakhs, which is 5 millions of rupees. So the relief to the mill industry for 1,400 million pounds of yarn will be 5 millions of rupees, which works out at barely half a pie per pound of yarn. And if the reduction of the cost of production by half a pie per pound on yarn is the only protection that is given to this industry for the loss of 85 lakhs of revenue, I do not think that the tax-payer should be mulcted out of that 85 lakhs of rupees. Because, if there is any object in protection, the object is that the industry should be able to stand against foreign competition as a result of the reduction in the cost of production by the remission of duty. But I have still to learn that a reduction of half a pie per pound in the cost of production will have the remotest chance of assisting the industry in competing with foreign imports. And if that is not so, Sir, the result of the remission of duty on machinery and stores which we are asked to make to-day, amounts only to so much remission of taxation, and this Bill is not a measure of protection but a measure of relief to the tax-payer. Therefore, it becomes necessary to see whether it is desirable that a remission of taxation should be undertaken at this stage, and if it must be undertaken, whether these particular articles ought to have priority or whether there is any other claimant who demands and deserves priority. I submit that on a proper consideration of the case it will be found that if this measure is merely a measure for relief of taxation, then, Sir, between those who are to benefit by this measure and those other claimants to relief, the House must give priority to the latter. There is the poor man who pays the salt tax ; there is the man who is being penalised by the half anna postcard and high railway rates and fares ; and there is lastly the tax-payer who is being mulcted to the tune of 5 crores a year in the name of debt redemption. These people, Sir, I claim have a prior right to relief than the importers of machinery, the result of which relief will be that foreign manufacturers, mainly English, will be the real gainers by this measure. In ancient times, Sir, all roads used to lead to Rome. In modern times, in India at least, all measures lead to the relief of England. That is the misfortune of this country. This is the third time in the last eight months, Sir, that a measure which pretends to give protection to an Indian industry is being used really for the purpose of benefiting the alien manufacturers and importers. If you must give relief, have you examined whether these other claimants to whom I have referred have a better claim than the importers of machinery and manufacturers abroad or not ? The House must without hesitation come to the conclusion that if the mill industry benefits only to the tune of half a pie per pound—which works out to a relief of something like Re. 1 in Rs. 288—if that is the only shadowy and imaginary reduction in the cost of production to the mill industry, and if the measure is really to operate to the relief of importers of foreign machinery and of foreign manufacturers, then, Sir, I submit this House ought to halt and consider whether priority in the matter of relief should not be given to more deserving claimants than those who are being benefited under this measure. That is the submission which I make to this House. Lastly, I associate myself with my friend Mr. Kelkar in what he has said about type foundries and the disabilities under which they are labouring. As my friend Mr. Kunzru has said, the matter is under

[Mr. Jamnadas M. Mehta.]

the consideration of the Tariff Board and therefore we have no alternative but to wait. And I agree with my friend Mr. Kunzru that whatever could be done in the Select Committee has been done and the amendment standing in the name of the Honourable the Commerce Member also indicates that that question has been considered. But apart from that, Sir, I do not see the slightest reason why this 85 lakhs of rupees should be given away. The Indian treasury is not overflowing with money, I understand, but if it is and relief to the tax-payer can be given, I submit once for all that the claimants to whom I have referred must be given priority.

Mr. N. M. Joshi (Nominated : Labour Interests) : Sir, I was somewhat surprised at the attitude of some of the speakers on this occasion. It was said by my Honourable friend Mr. Jamnadas Mehta that the mill industry is in great trouble at present. I feel, Sir, that if the mill industry is in great trouble at present, it is due to the fact that the cloth which is being produced is dearer compared to the purchasing power of the consumers. If we agree to this that the main difficulty of the mill industry is due to the fact that the poor people do not possess sufficient purchasing power, I think, Sir, the method of protection which is adopted in this Bill is the right method of protection. This is a method of protection by which cloth is likely to be cheaper than to-day and if we cheapen cloth, there will be greater sale of cloth and on the whole the mill industry will begin to prosper. I am therefore surprised that those who want that the mill industry should prosper should on some ground oppose this measure.

Then, Sir, I am also surprised at the solicitude shown by some members of the Swaraj Party for the revenues of the Government of India.

Mr. A. Rangaswami Iyengar : Not for the revenues, the tax-payers, please.

Mr. N. M. Joshi : Tax-payers. All right. Now, Sir, the tax-payers' taxes are being reduced, not increased, and if their solicitude.....

Mr. A. Rangaswami Iyengar : Which is the tax-payer ?

Mr. N. M. Joshi : I am coming to that point. Sir, they are therefore solicitous about the revenues of the Government of India and I am in one sense glad that after all the members of that Party have begun to take interest in the welfare of the Government of India. (Laughter.) Now, Sir, there is the question of the reduction of taxation and which form of taxation should have priority. I am one of those people who believe that the indirect taxes of the Government of India are much larger compared to the direct. The Taxation Committee's Report has made it clear that the indirect taxation has gone up so much that the Government of India should take steps to reduce that. In conformity with this suggestion of the Taxation Committee's Report, the Government of India's proposals are at least much better than other proposals which have been approved of by the members of the opposing party. Now, Sir, there is no doubt that if the salt tax had been reduced instead of the tax on machinery being reduced, I should have preferred it. (Hear, hear.) But let the Members who oppose it remember that if the salt tax was not reduced the responsibility for that at least partly

was due to the fact that many members of that party were not present at the time of the voting.

Mr. President : The Honourable Member is merely criticising the Party and not the Bill.

Mr. N. M. Joshi : Sir, I was only showing that if the salt tax was not reduced.....

Mr. President : Order, order.

Mr. N. M. Joshi : I am not going into that matter. But, Sir, leaving aside the salt tax (Laughter), let us take taxation as a whole, and from that point of view the proposals of reducing taxation on machinery which enters into production is a much better reduction of taxation than any other taxation that may be reduced.

Mr. A. Rangaswami Iyengar : Not even postage ?

Mr. N. M. Joshi : Well, Sir, you will not allow me to discuss postage. But if you ask my opinion in one word as regards postage, I feel that the reduction of taxation which enters into production of articles consumed by the poorest people must be given priority.

Mr. President : Order, order. The Chair has noticed that some Members of this House have made particular questions their own and they refer to them over and over again, no matter what the question under discussion is.

Mr. N. M. Joshi : Unfortunately, Sir, this question of the priority of taxation did crop up. So, both from the point of view that cloth will be cheapened if we adopt this Bill and from the point of view that the indirect taxation of the Government of India will be reduced, as recommended by the Taxation Committee, I hope, Sir, that this House will adopt this motion.

The Honourable Sir George Rainy : Sir, my Honourable colleague, the Finance Member, has already dealt with one aspect of the motion for recommittal moved by my friend Mr. Rangaswami Iyengar. I shall therefore confine myself to the other aspect of the case and the reasons given by various Members why the Bill should be recommitted. One of these reasons came to me with a certain shock of surprise, because it had not occurred to me that intemperate haste was a plausible accusation which could be brought against the Government in this matter. The Honourable Mover suggested that the Schedule to the Bill had been hastily compiled, that it appeared that the matter had not been fully considered, and in particular that it had not been considered to what extent the sacrifice of revenue by the removal of the duty on particular articles would actually accrue to the benefit of the cotton mill industry. Now, Mr. President, I took some pains when I moved the motion for referring the Bill to a Select Committee to explain that, so far as the various materials are concerned—I put aside for the moment the question of machinery—that so far as these materials are concerned, the list of stores contained in the Tariff Board Report had been carefully scrutinised by the Government of India in order to select those articles where the removal of the duty would benefit the cotton mill industry substantially, that is to say, where the cotton mills were the principal consumers. I gave one or two examples in that speech to illustrate the kind of test that the Government of India had applied

[Sir George Rainy.]

in arriving at the list embodied in the Bill. One of them I gave was aniline and alizarine dye, where the sacrifice of revenue is about Rs. 25 lakhs and where it is expected that three-fourths of that sum would accrue to the benefit of the cotton mill industry. But there are several other cases that could be given. There is the case of starch where the port of Bombay takes 87 per cent. of the imports and where it appears extremely probable that the cotton mills take over 80 per cent. of the total imports. Another case is tallow. The port of Bombay takes 84 per cent. of the imports. There again the natural inference is that the reason why so much of the tallow goes to Bombay is the requirements of the cotton mills. I could give several other examples, but I do not want to go into too much detail. On the other hand, we excluded from the Schedule those materials where the removal of the duty would probably accrue mostly to the benefit of other industries. As an example of that, I might take soda ash where Bengal takes 58 per cent. of the imports and Bombay less than 15 per cent. It is obvious that if we removed that duty the greater part of the benefit would not go to the cotton mills. Therefore, we left that duty alone. Another example was caustic soda, where Bombay took only 18 per cent. of the imports, and it was obvious that the cotton mills were not the principal consumers. Now, all that was done before the Government of India published their Resolution on the 7th June. If there had been any strong reason why the duty should not be removed from any of these stores, I should have expected that long ere this the matter would have been made very plain, and that in all probability when the reference to the Select Committee was moved Members would have risen to point out that it was not desirable that the duty should be removed from particular articles. Then, again, I should have expected that when the Bill returned from the Select Committee, notice would have been given of a number of amendments suggesting that the duty should not be removed from some of these stores. But what is the actual state of affairs? I do not think any Honourable Member raised a question of that kind in the discussion for a reference to the Select Committee. The only omission from the list of which notice has been given is that of artificial silk yarn. Therefore, I think, Mr. President, that no case has been made out at all as regards a recommittal of the Bill with regard to the particular stores which are enumerated in the Schedule to the Bill. As regards the artificial silk yarn, I think it will be convenient if I defer anything I have to say until the motion for the omission of this item is moved by one or other of the two Honourable Members who have given notice of amendments. In any case, that is a matter which the Assembly could perfectly well decide for itself. It is a very simple question whether or not the duty on artificial silk yarn should be reduced from 15 per cent. to $7\frac{1}{2}$ per cent., and there would be no necessity on that particular matter to refer the Bill back to the Select Committee.

I come now to the question of machinery. Before dealing with the point raised by my friend Mr. Kelkar about printing materials, I should like to say a word on the more general aspect of the case. Here, again, the proposals of the Government of India were made public on the 7th of June last, and if there had been a strong feeling on the part of manufacturers in India that their interests were likely to be seriously injured by the removal of the $2\frac{1}{2}$ per cent. of duty on machinery, I should have expected that

to-day Members would have been springing up from all over the House with specific proposals or with specific objections to the removal of the duty from a particular kind of machinery. I have listened with interest to the debate of to-day, but except as regards the printing materials such as type, brass rules, and so on, I have not heard any specific case brought forward, and I think it is a fair inference in the circumstances that it is not likely that the removal of this duty will materially injure any manufacturing industry in this country. Nevertheless, it will always be open to the manufacturers of any particular kind of machinery to approach the Tariff Board or to approach the Government of India and to raise the question whether, in fairness, some duty ought not to be imposed on the particular kind of machinery they make.

I will now come to the point raised by my friend Mr. Kelkar as regards the printing materials, of which the most prominent example is printing type. That was a question which definitely came before the Select Committee, and I was particularly anxious to meet the wishes expressed by various Honourable Members on that point because probably it was not realised at the time when our Resolution of the 7th of June was published that our proposals covered printing machinery and materials. Very likely a good many of the type-making firms did not realise what was intended until the Bill was actually published. Therefore, in the Select Committee I agreed that the *status quo* should be maintained where possible. The Committee itself omitted printing type from the Schedule and I undertook to make inquiries to see whether it would be administratively possible to maintain the *status quo* with regard to certain other items also. I made these inquiries and the result is the amendment to the Bill which now stands in my name. The effect of the amendment is merely to maintain the *status quo* with regard to the articles. In the circumstances, that seems to be fair and reasonable. But my friend Mr. Kelkar says that the Select Committee ought to have gone further and therefore he would refer the Bill back to the Select Committee in order that they may reconsider the matter. What he desires the Select Committee to do is to consider the question of imposing a protective duty, in the interests of the type manufacturers, on these various articles which are enumerated in my amendment. Mr. President, this seems to me to be quite outside the scope of the Bill. I am not raising a point of order ; it is a point of substance. After all, this Bill is a Bill for the reduction and removal of duties. On the question of the amount of protection that may be required by the manufacturers of types in India, there is really no information of any kind before the House except that my Honourable friend Mr. Kelkar has told us what the type manufacturers think they ought to get. I think it is quite clear, Mr. President, that if the Bill was referred back to the Select Committee, they would find themselves in a position in which they could make no recommendation whatever. As Mr. Neogy has pointed out, there is already an application in connection with the manufacture of type pending before the Tariff Board. Obviously, the thing to do is to wait until the Tariff Board have considered that matter and, meanwhile, to maintain the *status quo*.

I do not think it is necessary, Mr. President, that I should reply in detail to the speech of my Honourable friend Mr. Jamnadas Mehta, which was definitely a speech, not in favour of the motion for recommittal, but against the consideration of the Report of the Select Committee. I would only say this that, as far as I can make out, all classes have his sympathy

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except the consumer, and he is prepared to assist the Bombay millowners provided it is done in exactly the way that he considers is the best. But if it is not done in that way, then it is impossible to secure his vote. I fear I must, therefore, abandon the hope of securing his vote for the motion I have moved to-day.

Mr. President : The original question was :

“ That the Bill further to amend the Indian Tariff Act, 1894, as reported by the Select Committee be taken into consideration.”

Since which the following amendment has been moved :

“ That the Bill as reported by the Select Committee be recommitted to that Committee.”

The question I have to put is that that amendment be made.

The motion was negatived.

Mr. President : The question now is :

“ That the Bill further to amend the Indian Tariff Act, 1894, as reported by the Select Committee be taken into consideration.”

The motion was adopted.

Mr. President : The question is :

“ That clause 2 do stand part of the Bill.”

The motion was adopted.

Clause 2 was added to the Bill.

Mr. President : If Honourable Members desire that the Chair should determine the result of voting by voices properly, they should cry out “ Aye ” or “ No ”.

Mr. President : The question is :

“ That the Schedule do stand part of the Bill.”

The Honourable Sir George Rainy : Sir, I move :

“ In paragraph 8 of the Schedule to the Bill, in the proposed item 18-C, the words ‘ brass rules ’ and the words ‘ leads, wooden and metal quoins, shooting sticks and galleys ’ and the words, ‘ metal furniture, ’ be omitted ”.

This amendment, Mr. President, is closely connected with a consequential amendment in this Bill which will be moved later. As I explained a few minutes ago, the object of this amendment is to maintain the *status quo* in the case of the various printing materials enumerated in the amendment. If this amendment is not passed, the effect will be that the 2½ per cent. duty will be removed from these materials. It is considered desirable that the duty should be retained for the present in order to avoid prejudice to the manufacture of printing type and similar articles, an industry which has recently been started in India. At least one firm connected with that industry has an application pending before the Tariff Board for protection. The Government of India consider that in the circumstances it is fair that the *status quo* should be maintained.

Sir, I move.

The motion was adopted.

Mr. M. S. Sesha Ayyangar (Madura and Ramnad *cum* Tinnevely : Non-Muhammadan Rural) : Sir, I beg to move that paragraph 10 of the Schedule to the Bill be omitted :

Sir, paragraph 10 states :

“ After Item No. 43, under the heading ‘ yarns and textile fabrics ’ the following item shall be inserted, namely :

43 A|Artificial silk, yarn and * * * silk thread *Ad valorem*|7½ per cent.”

Sir, this particular item came under the general heading “ yarn and textile fabrics ” which occurs in Item 100 of the present Tariff Act. The import duty levied thereon was 15 per cent. *ad valorem*. Now, this particular Item is singled out of that particular denomination for favourable terms, namely that the import duty of this particular Item should be reduced from 15 per cent. to 7½ per cent. I invite the attention of the House to the fact that no case has been made out by the Government for this partial treatment of this particular item. At a previous stage of the debate, when this Bill was referred to the Select Committee, I invited the attention of the House to the fact that this particular item needed some examination, rather a close examination. I naturally expected that the Honourable the Commerce Member, when he moved his motion to-day, would give us further information about this particular item, especially in virtue of the fact that two amendments have been tabled for discussion on this matter. But I was disappointed. I might also at the outset submit to the House that so far as this particular item is concerned, though it came directly after the Tariff Board Report, it has no relation whatever to the findings of the Tariff Board Report ; because nowhere in the Tariff Board’s Report is any mention made of this particular item, artificial silk yarn and silk thread. The matter was not before the Tariff Board at all. But, in response to a request on my part for information upon this matter, the Honourable the Commerce Member was pleased to tell us in a previous stage of the Bill that this originated from a request made by the Bombay Chamber of Commerce. This occurred about 16 or 17 months ago. Later, the Honourable Member also added, that in April of this year when he was conferring with the millowners of Bombay, mention was also made of this fact. But in the Government of India Resolution which was first published upon the recommendations of the Tariff Board—which virtually turned down the recommendations of the Tariff Board—this matter was not mentioned at all. The House might also remember that there was a deputation of the millowners of Bombay which waited on His Excellency the Viceroy and we were informed that, in the course of the deputation, certain further extension of articles to be exempted from import duty were set forth by the millowners. We are not aware—at any rate it has not been mentioned—that in that deputation either, was any mention made of this particular item of artificial silk yarn and silk thread. I take it, it was not mentioned at all by the deputationists. But all the same, closely after that deputation when the Government of India issued a communiqué, dated the 7th June, the following passage was incorporated in that communiqué :

“ The Government of India are anxious however to do whatever is possible to minimise the burden on the handloom industry. With this object and also to facilitate the diversification of the mill production they have decided to include in the proposals to be placed before the Legislature a reduction from 15 per cent. to 7½ per cent. on the

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duty on artificial silk yarn which is being used in increasing quantities both by the handloom weavers and by the cotton mills”.

Now, this is the first information that we had about the intention of the Government of India to bring in this particular item for this favourable treatment. Now, as I said, it is incumbent upon this House to see whether any case has been made out for the singling out of this item or for the favourable treatment of this item. My submission would be that absolutely no case has been made out for this favourable treatment. The House will also consider whether the sacrifice of revenue involved in this reduction of import duty is justified under any circumstances. In response to my request for information, it was said the other day that the total imports of artificial silk yarn from Italy amounted to 6 million lbs. and from the United Kingdom, about 6,50,000 lbs. And we were also informed that the price of this artificial silk yarn or thread was about Rs. 1-12-0 a lb. Now, on a rough calculation of the import duty which this kind of yarn was paying to the Government, it comes to about 15 lakhs of rupees ; and this suggested reduction of that by one-half will involve a sacrifice of about 7½ lakhs. Now I would ask the House to consider whether really there is any case made out for this sacrifice of 7½ lakhs of rupees. Now it may be possible ; in fact, it will be commendable if the textile industry is protected by this introduction of a new item. I have been at some pains to get information as to whether this artificial silk yarn or thread is really used by the cotton mills of Bombay or elsewhere, or if it affords any relief at all to the textile industry. I was told that it does not really benefit the textile industry at all. In fact, it does not give any relief whatsoever to the mills of Bombay or elsewhere in India. But I have been told that this artificial silk yarn is used somewhat, in mills for the purpose of giving some finish to the piece-goods that are produced in the cotton mills of Bombay and elsewhere. Now, the only question then would be, whether there being no relief at all to the millowners and there being this advantage if at all in giving finish to piece-goods manufactured in Bombay,—whether to secure that end this large sacrifice of about 7½ lakhs of rupees is necessary. I commend that matter to the House.

It was also said by the Honourable Sir George Rainy that by the introduction of this new item the branch of trade likely to benefit is the production of yarn and that the great bulk of that trade is in the hands of Italy. In support of that we were given the figures I have already brought to the notice of the House. Now I would submit that this measure, while not benefitting the millowner, while making it if at all available to the millowners to give some finish to their piece-goods, it does not at all benefit any other community or any other section of the people of India. But we were told in the Government communiqué, that I just now read out, that the object was to minimise the burden on the handloom industry. I really am unable to follow that nor has the Honourable the Commerce Member made it plain to me or anyone else in this House as to how this introduction of this new item is going to minimise the burden on the handloom industry. If, as I take it, he means to say that this handloom industry, seeing that under the earlier Tariff Act that was passed yesterday with the high percentage of duty

on yarn provided therein, may find relief in this imported artificial silk yarn for their use,—if that is what is meant by the Honourable the Commerce Member then I submit that is to argue in a vicious circle. If the handloom industry is to get relief, then the opposition that was put up yesterday should not have been negated. Now to say that by the introduction of this new item you hope to relieve or minimise the distress of the handloom industry upon which a burden is really cast by the passing of yesterday's Bill,—I submit that argument is not right.

Now the next object to which the communiqué refers is to facilitate a diversification of the mill production. In fact, I am not aware of any diversification which will result in the end ; and I submit that both the objects which are specifically mentioned in this communiqué of Government have not been made out. Let us consider for a moment what could have been the intention, if at all, of introducing this new item. We were told yesterday by the Honourable the Commerce Member, and we know also from statistics, that so far as medium counts of yarn are concerned, China is importing very largely, and so far as silk also is concerned, we know as a matter of fact that we have increasing imports of silk goods from China. We were told yesterday that Italy takes no doubt the lead in imports of artificial silk yarn and the United Kingdom comes next. Now I have a shrewd suspicion that the intention of this may be to hit China and to prefer the United Kingdom and Italy in the long run. That is my view. It was with that view in my mind that I put the question to the Honourable Member at an earlier stage of the discussion of this Bill ; but I have not been replied to by the Honourable Member ; and my misgivings to-day are not yet satisfied. I repeat that it looks to me as if the intention is more to hit China and to prefer Italy and the United Kingdom. It looks like a preference of the West to the East and I need not dilate upon that further or enlarge the argument. That seems to me the thing which underlies this proposal.

I may also suggest, as was pointed out by my Honourable friend Mr. Neogy, that he has received certain communications from Plassey. So far as Bengal, Assam and Bihar and Orissa are concerned, there is no doubt the silk industry is thriving now. Now it would indirectly hit the silk industry also. We were told the other day by the Honourable the Commerce Member that the relative prices of these two seem to be so far apart that it was not possible to conceive that the one industry would be hit by the other, because when silk piecegoods sell at Rs. 5½ a yarn, artificial silk yarn sells at Rs. 1-12-0 a lb. Now the Honourable the Commerce Member forgot this important fact, that when there is this counterfeit thing largely coming in, there will be a great impetus given to the introduction of artificial silk cloths and the vast bulk of the people of this country will take more and more to the fabric, artificial silk, in preference to the indigenous silk. Now that is a point which cannot be overlooked, and that is a point which I dare say was overlooked by the Honourable the Commerce Member. Our apprehension in that direction is that the genuine silk industry will be very badly hit by the introduction, in this nice fashion, of a lower duty on this artificial silk yarn and thread in this country. Whether it hits the handloom industry or any other industry, there will be this additional temptation for the people, by the greater facility of this import of artificial silk, to take to that kind of fabric in preference to the

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genuine indigenous silk in the country. Might I also submit that in my own constituency there are three places where silk and silk fabrics are very largely manufactured, and my apprehension is that in addition to the other disadvantages which accrue from the introduction of this particular item it will directly hit in the long run the indigenous silk industry of India. I would also submit that if at all this will be giving an indirect temptation to people in this country to prefer this counterfeit thing to the genuine silk article. And by way of substantiating what I said a few minutes ago about my apprehension that China will be hit, I would refer this House to the item—Item 134 of the present Tariff Act—articles which are liable to duty at 30 per cent. *ad valorem*—silk piece-goods and other manufactures of silk not otherwise specified 45A. Now, silk from China to-day has to pay a duty of 30 per cent. *ad valorem*. With this additional facility of importing artificial silk from Italy and artificial silk yarn and thread from the United Kingdom at a diminished rate of duty of 7½ per cent., I submit it has been shown clearly how it affects silk imports from China.

Lastly, Sir, I would submit that, in addition to the fact that this sacrifice of revenue involved in these proposals has no corresponding advantage. by way of giving relief to the millowners, it actually has the prospect of directly hitting our own indigenous silk industry and would force us to favour Italy and the United Kingdom at our expense. With these words Sir, I move this amendment.

Kumar Ganganand Sinha (Bhagalpur, Purnea and Santhal Parganas : Non-Muhammadian) : Sir, I intervene in this debate only to elicit certain information from the Honourable the Commerce Member. Representing as I do a part of the country which is vitally interested in the indigenous silk trade I would like to know how the proposal before the House benefits the handloom industry and the silk industry. My Honourable friend who has just spoken has shown rather exhaustively that the retention of this item in the Bill is not going to benefit the mill-owners to any appreciable extent. As a matter of fact the Bill if passed will give very little protection to the textile industry. I am afraid, on the contrary, the artificial silk yarn from the United Kingdom and the Continent will flood the Indian market and will injuriously affect the indigenous silk industry in this country. The statistics of the sea-borne trade of India show that an enormous quantity of artificial silk is being imported into this country from the United Kingdom, Germany, France and Italy. That being so, I would like to draw the attention of the Honourable Member to an extract from the Bihar and Orissa Administration Report of 1925-26, which describes the condition of the silk trade at Bhagalpur, the place in which I am particularly interested. It reads :

“ The Silk Institute at Bhagalpur has achieved great success in introducing new kinds of silk for use by the Bhagalpur weavers, who formerly only used *tassar* and wove plain silk cloth or a mixture of cotton and silk called *bafta*. The institute has developed the use of mulberry, eri and muga silk, and with the assistance of the late Mrs. Kilby produced a number of charming designs in coloured silk. A trade in these is being slowly built up both in India and abroad, while a large number of fly-shuttle looms are now being used in Bhagalpur town.”

Under these circumstances, Sir, I would be opposed to any measure that would in any way impair the indigenous silk trade. Sir, I support the amendment.

Mr. K. C. Neogy : Sir, I rise to support this amendment. I am not going to repeat what I said this morning on the subject ; but I would refer to one observation made by my Honourable friend Mr. Kunzru. He said that the principal consideration that weighed with the Select Committee was that this Bill to a certain extent relieved the handloom weaver, for the reduction of the duty on artificial silk would act as a relief to them. Sir, my Honourable friend after doing his best to injure the handloom industry, is now anxious to mete out step-motherly affection. Yesterday he made a proposal that Rs. 12 lakhs should be set apart for the benefit of the handloom industry, in the provinces a proposal which on the accepted official interpretation of the Devolution Rules, I think, it would be difficult for the Government of India to give effect to. Here is another proposal of my friend Mr. Kunzru to give some indirect relief to the handloom industry. Let us analyse the position for a moment. Mr. Kunzru is anxious that the indigenous yarn industry should be protected. That was the reason why, I think, he voted in favour of the measure that we passed yesterday. At the same time he is prepared to agree here to a measure which would enable artificial silk to be imported at a cheap rate and which would enable it to compete more or less successfully with that very indigenous yarn which he wants to protect. I do not know whether my friend is aware of the inconsistency of his position....

Pandit Hirday Nath Kunzru : He is more consistent than you.

Mr. K. C. Neogy : My Honourable friend further stated that, as the difference in the price of artificial silk and real silk was very great, and as Sir Purshotamdas Thakurdas did not think that the reduction of duty would affect it in any way, he did not see any reason to object to this proposal.

Sir, so far as the question as to whether the difference in the price of indigenous silk and artificial silk yarn is very great or not it is a question of fact undoubtedly, and when I read out a complaint from a silk centre in Bengal that artificial silk had, as a matter of fact, done a lot of injury to the indigenous silk industry that, I submit is also a question of fact. But my Honourable friends Mr. Kunzru and Sir Purshotamdas Thakurdas fancy that they are quite safe in coming to the conclusion that the indigenous industry will not be injured at all. Sir, I repeat what I said this morning that we want facts, and not the theory of Honourable Members while we are dealing with this serious question.

Sir there is one point to which reference was made by my friend Mr. Shesha Ayyanger, and that was whether this reduction in duty is likely to benefit England at all. The Honourable Member in charge the other day pointed out that it was Italy which exported artificial silk yarn in larger quantities, and although England came second, the difference between England and Italy in point of import was very great. As a matter of fact, he pointed out that in the year 1926-27, Italy had exported about six times the quantity that England exported to India. Sir, I have looked up the more recent figures. Take the seven months of the year 1927, January to July, the latest period for which figures are available.

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In this period of seven months, England has exported 8,25,000 and odd pounds, whereas Italy has exported 17,34,000 and odd pounds; that is to say, the proportion is not 6 to 1, but 2 to 1, and as a further evidence that England is fast recovering her position, I would refer the Honourable Member in charge to the figures for January and July respectively. In January last England exported 1,31,000 and odd pounds to India, while in July she exported 1,85,000 and odd pounds. In the case of

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Italy, in January last she exported 6,17 thousand odd and in July only 2,59 thousand odd. If this rate of progress goes on, I for my part will not be able to hold my Honourable friend so very innocent as he wanted us the other day to believe him to be in this matter. Sir, I have already stated that, if you take the figures for the last six years, you will see that the import of artificial silk yarn has increased by over 30 times. I will give the exact figures to the House. In 1921-22, the total import of artificial silk yarn was 70,000 lbs. In 1925-26 the total has gone up to 26,70,000 lbs. Sir, that does not look as if the import is being hampered by a duty of 15 per cent. Sir, the question is whether we are going to give any further encouragement to the import of artificial silk yarn. I can speak from my personal observation that, as a result of this increasing quantity of artificial silk yarn coming to this country, the whole market of Bengal is flooded with cheap shoddy fabrics, which undoubtedly compare very favourably in price with the indigenous silk but which are far less durable. And I know it is a fact—I can bear personal testimony to it—that as a matter of fact on account of cheapness these articles are displacing Bengal silk to a certain extent. My Honourable friend the Member in charge may point out that a very large quantity of Indian silk yarn is imported and that a very large quantity of raw silk is imported into this country for the purpose of manufacture. But I want him to remember that, so far as Bengal is concerned, we utilise a very large quantity the indigenous silk yarn that we produce. That is to say, that argument ought not to apply to Bengal, whatever weight it may have in reference to the other provinces. Sir, the misfortune of this industry is, so far as Bengal is concerned, that it is not represented in this House by a man like Sir Victor Sassoon. It has not got friends like Sir Purshotamdas Thakurdas or Pandit Hirday Nath Kunzru. It is Bengal's misfortune not to be represented in this House by stalwarts like the Victor Sassoons and Purshotamdas Thakurdases and Kunzrus. But that, I humbly submit, should not weigh with the Government in coming to a decision on this question. Sir, the tragic history of a well-known Bengal industry has formed the theme of numerous political speeches. I have the honour to belong to that city which was famous for its muslin. Sir, muslin exists now in the perorations of our political leaders and my fear is that, if Government were to proceed at this rate, heedless of what the result might be of their action on the indigenous silk industry in Bengal, the Bengal silk industry also might survive only in the perorations of my Honourable friend Pandit Kunzru's eloquent speeches. Sir, it is a misfortune that, when we are discussing this question which affects three or four provinces of India not very strongly represented in this House, that we should miss the commanding presence of men like Pandit Madan Mohan Malaviya, whose clarion voice was raised yesterday in support of the millowners' interests. I do hope, Sir, that, although they are absent from the floor of the House

(*An Honourable Member* : "Here he comes.") We will have their support when we go into the lobbies.

Pandit Hirday Nath Kunzru : Sir, my Honourable friend Mr. Neogy has said many things in excitement which I am sure he will regret on calmer reflection. He need not be sorry that Bengal is not strongly represented here. Bengal could not have a more pertinacious defender of lost causes than my Honourable friend. He represented me as having said many things which I never said. All that I said in my first speech was that nobody in the Select Committee, not even those who have appended minutes of dissent, expressed any dissatisfaction with the position as it was explained to them in the Committee, either with regard to the handloom industry or with regard to artificial silk. Men who are not experts like me had therefore to accept that position, and we came to the conclusion that there was really no objection to the lowering of the duty on artificial silk. He also knows—in fact I told him expressly—that in view of the facts he wished to bring out, I for one would have no objection to a reconsideration of the matter, but that there was absolutely no reason, in order to reconsider the question of silk, to ask that the Bill should be recommitted. I wish to remind my friend of these facts, as within half an hour he seems to have forgotten them. I do hope.....

Mr. K. C. Neogy : Is the Honourable Member in order, Sir, in referring to a conversation which took place outside the Chamber ?

Mr. President : Pandit Hirday Nath Kunzru.

Pandit Hirday Nath Kunzru : I do hope, Sir.....

Mr. K. C. Neogy : If you permit him, Sir, to refer to these conversations, I am entitled to reply.

Pandit Hirday Nath Kunzru : I am not referring, Sir, to anything said by Mr. Neogy. I only hope, Sir, that he will have a more retentive memory in future.

As regards artificial silk, the Honourable the Commerce Member will certainly explain the position again, and if the situation in Bengal is as parlous as it has been stated to be by my Honourable friend Mr. Neogy, there is no one who would not give a chance to the silk industry of Bengal. Nobody wishes that cheap foreign imitation stuff should come into competition with the real stuff of this country. But my Honourable friend, in the eloquent speech which he delivered, never told us what the respective prices of artificial silk and real silk were.

Mr. K. C. Neogy : I accept your statement.

Pandit Hirday Nath Kunzru : The Honourable Member tells me that he accepts my statement. Well, then, if real silk is three times as dear as artificial silk, it does as a matter of fact seem difficult to accept that artificial silk is coming into competition with real silk. I am afraid my Honourable friend contented himself merely with the cutting which he read out to us. He did not pursue the matter further. He did not ask the men concerned in the silk industry in Bengal what the position was.

Mr. K. C. Neogy : They are not organised as your friends of the mill industry of Bombay.

Pandit Hirday Nath Kunzru : These people do not belong, he says, to Bombay. That is all the more reason why my Honourable friend, who

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is exclusively concerned with Bengal, should have taken care to inform himself of all the facts bearing on the subject. He should have known that he would be the sole and valiant defender of Bengal in this Assembly and he ought to have come well armed—panoplied from head to foot—so that he might be able to resist all attacks. If he has not done so, he must bear a portion of the blame along with the Members of the Select Committee.

Mr. K. C. Neogy : What was the Servants of India Society doing ?

Pandit Hirday Nath Kunzru : The Servants of India Society took as much care as it possibly could to acquaint itself with the facts in company with members engaged in commerce and industry.

Mr. K. C. Neogy : Give us the facts then.

Pandit Hirday Nath Kunzru : There was an opportunity, Sir, for discussing this subject when this Bill was referred to the Select Committee, but my Honourable friend was not one of those who discussed this matter.

Mr. K. C. Neogy : I did refer to it in my speech.

Pandit Hirday Nath Kunzru : Not, Sir, in one-tenth of the detail in which he has referred to it now. If the matter was so serious, of such first class importance, if it affected Bengal in the way in which he now thinks it does, it was his clear and imperative duty on the very first day to sound a note of warning and ask us to consider it not merely from the point of view of Bombay but also of helpless Bengal. Having omitted to do that, not having taken sufficient care to acquaint himself with all the facts, he has no right now to turn round upon us and attack us for mistakes which really are his own.

Before I sit down, I should only like to say that in view of the facts which he has pointed out, or rather the facts which he has alleged, I should have no objection for my part to the matter being reconsidered. The Honourable the Commerce Member, too, a few minutes ago, said that that was a matter which stood by itself and could be considered separately on its own merits. I hope he will find it possible to allow it to be reconsidered. Nothing will be lost if we do not reduce the duty on artificial silk at once, particularly as it was not recommended by the Tariff Board.

Pandit Madan Mohan Malaviya : (Allahabad and Jhansi Divisions : Non-Muhammadan Rural) : I apologise to the House and to my Honourable friend, Mr. Neogy, for having been absent for a few minutes when this discussion came on. I am really sorry for it, as I think it is the duty of every Honourable Member of this House to be in attendance while the House sits. I submit that the proposal before the House deserves the sympathetic consideration of Government. I do not wish, nor do I need to go into facts and figures, as was done by my Honourable friend, Mr. Neogy. I am content to say that artificial silk is coming to India in increasing quantities, and no facts and figures are needed to show that it must compete with the indigenous silk industry. I am in favour of every

step being taken by Government to shut out foreign stuff ; particularly when it is imitation stuff and worthless stuff Government should take every step to shut it out from the country by all legitimate means. We have to remember on the one hand, that the people are cheated by these stuffs which do not last long, and on the other, that we have to encourage the indigenous industry and we ought to take every step that may be necessary towards that end. I do hope on these general grounds the Honourable the Commerce Member will re-consider this question, and if the facts and figures at present available may not help us to solve the question, I hope that he will allow the matter to stand for the present where it does, remove the clause to which Mr. Neogy's remarks relate, and deal with the matter later on when the need for action has been made more clear.

The Honourable Sir George Rainy : I should like, Mr. President, to explain, if I can, what exactly this proposal means. The material which is called artificial silk is altogether a new textile material, and it is only in the years since the war that it has come into general use. In the first years after the war, some 5 or 6 years ago, its price was almost as high as the price of real silk, but in the course of the last 5 or 6 years the price has dropped with extraordinary rapidity, and at the same time, the material has become very popular and is now used on a scale which begins to approach the scale on which the older and more familiar textile materials are used. All over the world, you are beginning to find in constant use fabrics of various sorts made—not entirely of artificial silk—but more commonly of a mixture of artificial silk with other materials, and particularly with cotton. So far as India is concerned, it is these mixed goods made partly from artificial silk and partly from cotton that we are chiefly concerned with. The imports from other countries of these piecegoods have increased very rapidly and between the years 1924-25 and 1926-27 the imports of these piecegoods have more than doubled. The attraction of them is largely this, I think, that the mixture of the artificial silk gives a better and more decorative appearance to the fabric and therefore it is more attractive to the purchaser. At present both these mixed piecegoods, made partly of artificial silk and partly of cotton, and the artificial silk yarn that is imported into this country are dutiable at 15 per cent. But both the cotton mills in Bombay and elsewhere and also some of the handloom weavers particularly in Southern India have begun to manufacture these piecegoods made of a combination of cotton and of artificial silk, and the manufacturer has to pay on the artificial silk yarn that he uses the same rate of duty as is imposed on the imported fabric which competes with what he makes. All that is proposed in this particular time in the Bill is to reduce the duty on the artificial silk yarn from 15 to 7½ per cent. so that the manufacturer in this country, whether he be a handloom weaver or whether it be a cotton mill will have a definite advantage in competing with the imported piecegoods. Now, more than one speaker has expressed a desire that India should rely as far as possible on the materials she herself produces. If that is the intention the only way in which that could be done would be not only to impose a very high duty on the artificial silk yarn (I should think that at least 100 per cent. would be necessary), but you will also have to impose a duty on a similar scale on the piecegoods made from the combination of artificial

[Sir George Rainy.]

silk yarn with other materials. That would be a very drastic proposal indeed—to compel the consumer to wear only the materials actually produced in India, especially when the fiscal measures necessary to introduce this compulsion would have to be very severe.

Mr. Mukhtar Singh (Meerut Division : Non-Muhammadian Rural) : On artificial silk the duty is 30 per cent. in Japan.

The Honourable Sir George Rainy : If my Honourable friend suggests that in order to equalise matters some reduction ought to be made in the duty on silk, whatever its merits, it is hardly germane to the discussion at the present moment. I should like to repeat once again the figures I gave on the former occasion as regards prices. Five or six years ago artificial silk yarn and real silk yarn were selling at not very dissimilar prices. Today the price of artificial silk yarn is about one-third of the price of real silk yarn. In these circumstances it seems to me that, as regards competition with real silk, the reduction in the duty from 15 to 7½ per cent. can only have a negligible effect. It will make very little difference indeed from that point of view. But it may make a quite appreciable difference to the cotton mill and to the handloom weaver if they can get a little cheaper the material which they require in order to produce the kind of piecegoods that the consumer is more and more beginning to demand. I think, Mr. President, that the Government of India were perfectly justified in putting forward this proposal in the belief that it would not injure any interest in India and that it would be an appreciable benefit both to the handloom weaver and to the cotton mills.

Before sitting down I will only refer very briefly to the suggestion that the Government of India have acted with the desire to benefit some interests outside India. If Honourable Members are determined to cherish these suspicions it is very difficult for me to say anything that will persuade them to the contrary. But surely in this matter the reason for taking action is obvious. As I have already told the House, the original suggestion came from the Bombay Chamber of Commerce. At that time the Government of India were unable to accept it. The next development occurred when I visited Bombay in April and interviewed the Committee of the Bombay Millowners' Association and asked their opinion upon it, any they gave their opinion then and there unhesitatingly in favour of the proposal. I do not recollect in the least whether it was actually mentioned on the occasion of the deputation to which one Honourable Member has referred. But if it was not, the reason was that it had already been discussed between myself and the Bombay Millowners' Association. Apart from that the Government of India had no discussion with anybody else at all. I do hope that Honourable Members will not vote under any impression of that kind, for which there is really no justification of any sort.

Mr. President : The question is :

“ That paragraph 10 of the Schedule to the Bill be omitted.”

The Assembly divided :

AYES—35.

Abdoolah Haroon, Haji.
 Aney, Mr. M. S.
 Ayyangar, Mr. M. S. Sesha.
 Belvi, Mr. D. V.
 Bhargava, Pandit Thakur Das.
 Chaman Lal, Diwan.
 Dutt, Mr. Amar Nath.
 Farookhi, Mr. Abdul Latif Saheb.
 Goswami, Mr. T. C.
 Gour, Sir Hari Singh.
 Iyengar, Mr. A. Rangaswami.
 Iyengar, Mr. S. Srinivasa.
 Kelkar, Mr. N. C.
 Kidwai, Mr. Rafi Ahmad.
 Kunzru, Pandit Hirday Nath.
 Lahiri Chaudhury, Mr. Dharendra Kanta.
 Malaviya, Pandit Madan Mohan.
 Mehta, Mr. Jamnadas M.

Moonje, Dr. B. S.
 Mukhtar Singh, Mr.
 Murtuza Saheb Bahadur, Maulvi Sayyid.
 Naidu, Mr. B. P.
 Neogy, Mr. K. C.
 Prakasam, Mr. T.
 Bang Behari Lal, Lala.
 Rao, Mr. G. Sarvotham.
 Sarda, Rai Sahib Harbilas.
 Shafee, Maulvi Mohammad.
 Siddiqi, Mr. Abdul Qadir.
 Singh, Kumar Rananjaya.
 Singh, Mr. Gaya Prasad.
 Singh, Mr. Narayan Prasad.
 Singh, Mr. Ram Narayan.
 Sinha, Kumar Ganganand.
 Sinna, Mr. Siddheswar.

NOES—52.

Ahmad, Khan Bahadur Nasir-ud-din.
 Alexander, Mr. William.
 Ayyangar, Mr. V. K. Aravamudha.
 Ayyangar, Rao Bahadur Narasimha
 Gopaldaswami.
 Bajpai, Mr. G. S.
 Blackett, The Honourable Sir Basil.
 Bray, Sir Denys.
 Coatman, Mr. J.
 Cocke, Mr. H. G.
 Cosgrave, Mr. W. A.
 Courtenay, Mr. R. H.
 Crawford, Colonel J. D.
 Crerar, The Honourable Mr. J.
 Crofton, Mr. R. M.
 Dakhan, Mr. W. M. P. Ghulam Qadir
 Khan.
 Dalal, Mr. A. R.
 Dalal, Sardar Sir Bomanji.
 Donovan, Mr. J. T.
 Dunnett, Mr. J. M.
 Ghuznavi, Mr. A. H.
 Gidney, Lieut.-Colonel H. A. J.
 Haigh, Mr. P. B.
 Haji, Mr. Sarabhai Nemchand.
 Irving, Mr. Miles.
 Joshi, Mr. N. M.
 Kabul Singh Bahadur, Captain.
 Keane, Mr. M.

Khin Maung, U.
 Kikabhai Premchand, Mr.
 Kirk, Mr. B. T. F.
 Lamb, Mr. W. S.
 Mitra, The Honourable Sir Bhupendra
 Nath.
 Mohammad Ismail Khan, Haji Chaud-
 hury.
 Moore, Mr. Arthur.
 Mukherjee, Mr. S. C.
 Murray, Sir Alexander.
 Parsons, Mr. A. A. L.
 Purshotamdas Thakurdas, Sir.
 Rahimtulla, Mr. Fazal Ibrahim.
 Rainy, The Honourable Sir George.
 Rajah, Rao Bahadur, M. C.
 Ruthnaswamy, Mr. M.
 Sams, Mr. H. A.
 Sassoon, Sir Victor.
 Singh, Rai Bahadur S. N.
 Sykes, Mr. E. F.
 Tonkinson, Mr. H.
 Wright, Mr. W. T. M.
 Yakub, Maulvi Muhammad.
 Yamin Khan, Mr. Muhammad.
 Young, Mr. G. M.
 Zulfikar Ali Khan, Nawab Sir.

The motion was negatived.

The Honourable Sir George Rainy : Sir, I move :

“ That in paragraph 10 of the Schedule to the Bill, in the proposed Item 43-A, the words ‘ Artificial silk yarn and thread ’ be substituted for the words ‘ Artificial silk yarn and silk thread ’.”

The Select Committee in this particular Item, Mr. President, made a modification intended to change the definition. The original definition in the Bill referred also to artificial silk warps. We were advised, however, that the warps ought not to be specially mentioned. This advice came from those who had actual experience of the trade and the Committee decided it would be better to mention in the definition only artificial silk yarn and thread. Unfortunately, however, the actual wording of the amendment made in the Select Committee did not correctly carry out the intention, and as the entry stands in the Bill, as reported by the Select Committee it would almost certainly be interpreted as referring to artificial silk yarn and silk thread that is not artificial silk thread but real silk thread. It is quite clear that it was not the intention to interfere at all with the duty on the real silk thread. It is for this reason that the amendment proposes that the entry should read “ Artificial silk yarn and thread ”. If that wording is adopted, I do not think there can be any doubt. Sir, I move.

The motion was adopted.

The Honourable Sir George Rainy : Sir, I move :

“ That in paragraph 11-A of the Schedule to the Bill for the proposed Item 54, the following be substituted, namely :—

‘ 54. The following *PRINTING MATERIAL*, namely, type, leads, brass rules, wooden and metal quoins, shooting sticks and galleys and metal furniture ’.”

This amendment, Mr. President, is entirely consequential on an earlier amendment which has already been passed by the Assembly. I do not think it requires any further explanation, and I therefore move it.

The motion was adopted.

The Schedule was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

The Honourable Sir George Rainy : Sir, I move that the Bill, as amended, be passed.

The motion was adopted.

The Assembly then adjourned for Lunch till a Quarter to Three of the Clock.

The Assembly re-assembled after Lunch at a Quarter to Three of the Clock, Mr. President in the Chair.

THE BAMBOO PAPER INDUSTRY (PROTECTION) BILL.

The Honourable Sir George Rainy (Member for Commerce and Railways) : Sir, I move that the Bill to amend the law relating to the fostering and development of the bamboo paper industry in British India, as reported by the Select Committee, be taken into consideration.

Sir, it will not be necessary, I think, that I should say more than a very few words in support of this motion. The Bill was referred to the Select Committee unanimously and the Select Committee has presented a unanimous report without making any changes in the Bill. In my speech on the motion to refer the Bill to the Select Committee, I explained fairly fully the objects of the Bill and I do not think I need go over the same ground again.

Sir, I move.

Mr. N. C. Kelkar (Bombay Central Division : Non-Muhammadan Rural) : Sir, while supporting the motion that the Bill as reported by the Select Committee be taken into consideration, I wish to address certain remarks to this House. I may at once say that they arise out of paragraph 5 of the Report. I have not tabled any specific amendment for this purpose, but I think that will not be taken as an objection to my making a few remarks on the Bill. What I am now seeking to obtain in my remarks is not necessarily by any amendment of any of the clauses of the Bill as now reported upon by the Select Committee, but I contend that what I want to be secured can be obtained by executive action. I consider that this is the proper occasion for me to make those remarks. If I lose this opportunity, I fear there will be no occasion for bringing this point to the notice of the Honourable the Commerce Member. Sir, as I have already said, my remarks arise out of paragraph 5 of the Report. Without disclosing any of the secrets of the Select Committee, I may say that I mentioned the point that I am going to state to the Select Committee then and there, and I told the Honourable the Commerce Member that I would take up this point in the House, if in the interval I got sufficient material to rely upon. After having gathered sufficient material, I am now satisfied that the point that I am going to place before the House is a reasonable proposition. In the first place, I may at once say that I am pleading for the refund of certain excess duty which was levied upon a kind of paper about which I contend there should have been absolutely no doubt as to its quality and its consequential exemption from the levy of that duty. I want two things, first, a refund of duty to all importers on imports of newsprint, white or coloured, which were allowed to be cleared on payment of the old schedule duty but on which subsequently the customs authorities have made demands for payment of less charge in consequence of the revised ruling of February 1927 for reasons stated ; then, refund of duty on all imports of newsprint, white or coloured, on which the importers have been made to pay the provisional duty of one anna per lb. pending the final decision of Government in this matter, as the customs officers actually collected from them duty in the way indicated above and reasonably they have been expecting the law to be amended.

Now this Bill is a very good thing because it removes one positive injustice. The House will remember that this Bill is giving justice to those people who have suffered injustice during a recent short interval. The Act of 1925 definitely gave protection to certain kinds of paper imported. That went on till 1926. In that year doubt was raised and opinion was sought for from headquarters as to what the proper action was and the Government confirmed the existing state of things. The thing went on then for one year more and only in February last—1927—was another ruling given, I suppose on the authority of the law officers, which

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goes contrary entirely to the original intentions of the Tariff Board, which recommended the exemption, the original intentions of the Act of 1925, the interpretation put upon the measure by the then Commerce Member, and I say again, the interpretation that is now being embodied in the tariff schedule by the present Bill. So you will remember, Sir, that from the time of the original recommendation of the Tariff Board up to this moment and hereafter of course for as long as may be, there has been one continuous thread of intention running all along except for a brief period of four or five months. So we are now by this Bill removing that injustice and putting the thing beyond doubt. But what I am saying is this. If you are removing one injustice you should take the occasion for removing also another injustice, namely, the refund of duty which was unreasonably collected under an alleged doubt. The Government have shown in this case that they have a sufficiently elastic conscience, but my grievance is that they have an elastic conscience only in one direction. They can make their conscience elastic enough to recover excess duty though previously no duty was to be levied. They can come in on the scene at any time, give notice and demand the recovery of less charge. On the other hand, I ask why should that economic conscience not be elastic enough to give a refund where a refund is legitimately due.

Now I will take the sub-clauses of paragraph 5 with regard to which I am making my remarks. Sub-clause (2) of paragraph 5 says there was a doubt, but until the Tariff Board had investigated the question it could not be said that this was clear beyond all doubt and for this reason it was impossible for the Government, at the time the ruling of 1927 was published, to announce that they intended an amendment of the law. Now, if there was a doubt, I contend in the first place, that the benefit of the doubt should not be taken by Government but should have been given at once to the importers of paper. With regard to paragraph 3, it is stated that there is a practical difficulty in the way of giving a refund. If refunds of the difference between the two rates of duty are now to be given, there is no guarantee that the benefit will reach the ultimate consumer and there is no reason why the importer who has been paid the price which includes the duty at the protective rate should receive a refund from Government. Now, Sir, this argument is based upon the supposition that those who are concerned in the refund are only merchants, that is, people who have imported paper but have passed it on to other consumers, not having used it themselves. But I think there is another class of people whom I can name and, if this line of argument in this part is to be assumed to be correct, it necessarily follows that those other people of whom I am now speaking ought to get this refund. Take the case of a newspaper man who does not do any job work, who imports paper for his newspaper and can prove at any time most reliably that he has consumed the imported paper for the purposes of his newspaper alone. In that case I contend that this line of reasoning does not apply. This line of reasoning applies strictly to people who are merchants and importers of paper for sale, who have passed the goods off their hands and according to the assumption made here have recovered the duty as well as the price. But it can be shown in the case of people who consume their own paper that the duty has been paid by them and that it has not

been shared by any one else and that they have consumed the whole quantity of paper themselves. This is an outstanding and clear case against the line of reasoning adopted in paragraph 3.

Then paragraph 4 says: "Why should we make a discrimination between this class of people and the other class?" My simple answer to that is that it is quite right and fair that discrimination should be made where discrimination can be made and where it is equitable to make it. If the line of reasoning in this part is to be accepted, it means only this: that if we have committed one wrong, let us commit another wrong in addition. But I may at once reply to that by saying that two wrongs never make one right. Now it has been obvious all along from the Reports of both the Tariff Boards and from the proceedings in this House in 1925 as also the action subsequently taken in 1926—it is absolutely clear that there should have been no doubt as to the exemption which was due to certain kinds of paper. Newsprint is a case in point, and I will show at once that there should have been absolutely no difficulty, no doubt, as to the exemption to be given to newsprint. The Tariff Board Report of 1925 (paragraph 18) says:

"With few exceptions the important Indian newspapers are printed on newsprint, a kind of paper which contains about 70 per cent. of mechanical wood pulp" which means at least 5 per cent. higher than the point about which there seems to be some contention.

If newsprint by common consent generally contains 70 per cent. of wood pulp, then surely that paper should have been allowed to be exempted merely by the description of it, without its being subjected to any chemical or other analysis. The present Tariff Board of 1927 has also said:

"It might be fairly claimed that it was the intention in enacting the Bamboo Paper Industry Act to exempt from the protective duty such printing paper as fulfilled these conditions."

"These conditions" means that the paper should contain more than 65 per cent. of wood pulp; and from the first Report I pointed out that by common consent newsprint is acknowledged always to contain more than 65 per cent. Therefore, under these circumstances, objection should not have been taken to the paper coming in being exempted from the protective tariff duty. Now, what is the justification for Government for doing this in this case? They are making a profit out of their own doubt. Who raised that doubt? It

3 P.M.
was not the executive Government which of course was entitled to pass orders and issue rulings on a question like this, but I suppose somebody, some interested people in Calcutta, raised the question again in 1927, and I am told that the law officers of the Government gave that opinion. But when the Statute is there and when the intentions can be ascertained and verified from point to point from 1925 up to now, I do not know why the Government should have listened to the interpretation put by its law officers. Nobody would have sued them if they had continued their old action as in 1926. Therefore, Sir, here is a case in which the interpretation was right till 1926, that is for more than a year; it was again confirmed in 1926 and remained valid till February 1927, and it is now, as we see here, going to be confirmed by the present Bill. Therefore, here is a small period of, what shall I say—shall I call it insanity between long periods of sanity. And who is to suffer for this spell of a doubt, a *missma*, created by the Government themselves unnecessarily? Why should the importer suffer for the doubt created by the Government themselves? It is the Government who should suffer and not anybody else. But, Sir, it is not a case

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of suffering by Government in having to pay out what has been illegitimately collected, but it is a case of suffering by the importer for a fault for which he is in no way responsible. This small interval of invalidity between long periods of validity reminds me of a story of a fastidious Treasury Officer. We all know that pensioners have got to produce life certificates when they present themselves to receive their pensions. Now it so happened in this real story which was narrated to me, that a pensioner went before a Treasury Officer and presented two life certificates. One was for January and another was for March. The Treasury Officer said : " I admit you were alive in January by the certificate ; I admit also that you were alive in March. But what proof is there that you were alive in the month of February of that year ? " The present case is almost similar to that. Exemption was valid before 1925, it was valid in 1925, it was again valid in 1926, and even now by the present Bill, which will last for a long time, the exemption will remain valid. When was it invalid, Sir ? For the brief period of February to September. That is, on the face of it, absurd, and I do not know why Government should not show their large-heartedness by paying out money which has been illegitimately collected. Remember, that Government in this case has not made small profits. In one case which has come to my knowledge, one person in May and June has paid about Rs. 6,000 duty. Now, that is certainly a large sum, and Government are not entitled to recover so much from an importer simply because a certain doubt had arisen at a certain time. (*An Honourable Member* : " Illicit gain.") Yes, certainly it is a case of illicit gain, it is a case of wrongful loss to a certain party and wrongful gain to Government. I would in this connection, Sir, allude to the remarks made by my friend Colonel Crawford in March last, he had raised that specific point then. If that was not a regular notice of asking for repayment from the importer to the Customs House, it was certainly a notice given by Colonel Crawford on behalf of importers generally to this House or to the Honourable the Commerce Member. Therefore, I contend, Sir, that this refund should be given, and it can be given under section 40 of the Sea Customs Act. The Sea Customs Act says this :

" No customs duties or charges which have been paid and of which repayment wholly or in part is claimed in consequence of the same having been paid through inadvertence, error or misconception shall be returned unless such claim is made within three months from the date of such payment ".

This, Sir, is a negative statement of the position. The section says that no payment shall be made unless a claim has been put therefor within three months. Putting it as a positive statement, therefore, we can say that if a claim is made within three months of payment, then the party becomes entitled to a refund. And I lay stress upon the reasons which are referred to in the section. Inadvertence, error and misconception. And I base my claim for this refund upon these facts. It is an error. It is a misconception. Perhaps it may not be inadvertence. But it is error and, even apart from that, it is misconception, which of course now has been clearly proved by the present Bill. For these reasons I bring this claim for refund—and it is a substantial claim—to the notice of the Commerce Member and I hope he will consider my arguments and set the matter right, which he can do without my moving any amendment therefor, by executive action.

Mr. H. G. Cocke (Bombay : European) : Sir, I do not want to follow the remarks of my Honourable friend which were always interesting and at times humorous but I wish to say that I have considerable sympathy with this claim for refunds. The point I do wish to raise is one in connection with the Schedule to this Bill. Item No. 156 deals with writing paper. But nothing is said about envelopes. I understand that envelopes have been included in the term "writing paper" by a customs notification, but we all know that notifications are liable to be altered and therefore I wish to say that I consider it would have been much more satisfactory had the word "envelopes" been included and I should like an assurance from the Honourable Member in charge that it is the intention to include envelopes in that heading, not only to-day but continuously. Many of my lawyer friends could make out a very good case that envelopes are not writing paper and I have no doubt they could make out an equally good case that writing paper is equivalent to envelopes. But at any rate I understand in the trade it is looked upon as an omission that writing paper is referred to and not envelopes and I therefore trust the Honourable Member will have some assurance to give to the House on that subject.

The Honourable Sir George Rainy : Sir, I shall try to be very brief because, if I may make a confession, I share the feeling that I know is deeply felt in most hearts in this House that it would be a good thing if the Rainy part of the season were soon over. (Laughter.) I have listened to the siren strains from my Honourable friend Mr. Kelkar on the other side of the House, in which he has endeavoured to soften the stony hearts of not only, I think, the Commerce Member but possibly of the Finance Member also over this question of retrospective effect. Now, Mr. President, the Report of the Select Committee in which this matter was very fully discussed is dated the 31st August 1927. It is now the 8th September and, as no notice of an amendment has been tabled, I think I may take it that the House generally has been satisfied with the reasons given by the Select Committee that in one case retrospective effect should be given to the amendment of the law (*Mr. A. Ranga-swami Iyengar* : "Oh, no."), while in the other case it was not right or expedient to do so. The reasons are fully stated in the Report of the Select Committee and I do not wish to go through them again. My friend, Mr. Kelkar, said he would take them *seriatim*, but there was one to which he did not refer, unless my ear misled me. First he dealt with Item No. 3, and he rejected the argument in that paragraph on the ground that it was not only a question of the importer, that is, also of the merchant who imported for sale to others, but also of the direct importer who imported paper simply for his own use. But I did not hear him refer to Item 4 which is to this effect that, if refunds were to be given only to those who imported for their own use and not for sale, it would mean an unjustifiable discrimination between one class of importers and another.

Mr. N. C. Kelkar : I referred to that and said discrimination would be justified.

The Honourable Sir George Rainy : I apologise to the Honourable Member for unintentionally misrepresenting him. I did not hear that reference. But I am afraid I cannot at all agree with him that the discrimination would be justified. Then the Honourable Member said that, although he did not give notice of any amendment, he believed that the importers could obtain what they wanted by executive

[Sir George Rainy.]

action. I am very doubtful whether that is in fact the case, and I think the Honourable Member must take the views expressed in the Report of the Select Committee as being the views of the Commerce Department and of the Government of India, and I am afraid I can hold out no hope to him that he will get what he wants. If, however, the point he is raising is a question of law, if he suggests that under the law an importer will be entitled to a refund, that is a totally different matter and obviously not one for discussion in this House. If the importers have their remedy under the law, then they must be left to exercise it.

My Honourable friend Mr. Cocke mentioned a small point in connection with entry No. 156 in the Schedule. I understand the point is this, that he desires that envelopes should be specifically mentioned in the definition of "writing paper" so that there should be no doubt that they were included. Had this point been brought to notice at an earlier date, it might have been possible to amend the Schedule. I do not think it is necessary myself, for I have examined the ruling of the Central Board of Revenue, which seems to me to show clearly that the present interpretation of the law by which envelopes are included in writing paper is correct. But, as I say, I might have been prepared to consider an amendment had this matter been brought to my notice earlier. I should regard it as extremely dangerous to make an amendment on the spur of the moment at the eleventh hour. One is so apt to overlook particular points and one may quite inadvertently make an unintended change in the law with very curious results. I am quite prepared, however, to consider the matter, and if it appears there is likely to be any doubt on the subject, in all probability there will be a Tariff Bill in the cold weather Session, and the necessary steps can be taken then.

Mr. President : The question is :

"That the Bill to amend the law relating to the fostering and development of the bamboo paper industry in British India, as reported by the Select Committee, be taken into consideration."

The motion was adopted.

Clauses 2, 3 and 4 were added to the Bill.

The Schedule was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

The Honourable Sir George Rainy : Sir, I move that the Bill be passed.

The motion was adopted.

THE INDIAN SECURITIES (AMENDMENT) BILL.

The Honourable Sir Basil Blackett (Finance Member) : Sir, I move that the Bill to amend the Indian Securities Act, 1920, for certain purposes, as reported by the Select Committee, be taken into consideration.

Sir, this Bill has been considerably reduced in scope by the Select Committee. I do not pretend, Sir, to be entirely satisfied with the Bill as it has emerged from the Select Committee.

But on the principle that half a loaf is better than no bread I am content to take this Bill as it stands for the time being and to consider at leisure whether further action should be taken to secure the full objects with which the Bill was originally introduced.

The Bill, as originally introduced, had two main purposes in view. In the first place, a judgment of the Madras High Court, known as the Bapuli judgment, revealed two defects in the existing law relating to Indian securities. In the case of promissory notes declared to be payable on demand, although the loan to which they relate may have been notified for discharge, the Government under that judgment is found to be liable to pay the principal as well as the interest up to the date of the demand by the holder, and it is optional with the holder of the promissory note to defer the demand as long as he pleases and the Government are not entitled to dispute it. That obviously is an unsatisfactory position from the point of view of Government. A loan may be at a high rate of interest and the Government may use its powers to notify the loan for repayment with a view to re-borrowing the amount in question at a lower rate of interest. That is a thing which is frequently done. It is obviously undesirable that the tax-payer should continue to be liable for interest at the higher rate indefinitely and that the holder should be able to secure to himself that higher rate indefinitely simply by not making a demand for the payment which the Government have notified that they are ready to make. Both as regards the principal and as regards interest, there are difficulties. As regards the principal, the position under that judgment is that the Government are required to retain all the books for an absolutely indefinite period until the demand is made and a time may come when it may be very difficult, if not impossible, to prove that the payment has actually been made or not. The Select Committee, after considering these, came to the conclusion that they did not desire to relieve the Government from the liability to pay the principal however long the demand might be deferred, 100 years or more. But as regards the interest, they have agreed that it is desirable that the Government should cease to be liable to pay any interest beyond the date notified by the Government as the date on which they are prepared to repay the principal. If the holder does not demand repayment of the principal on the date on which the Government offers to repay, the principal remains for him to take whenever he wishes, but interest does not continue to accrue against Government beyond the date named by the Government. The second difficulty that was felt to arise was that the elaborate safeguards for the protection of the Government and other claimants prescribed under the Indian Securities Act can be circumvented by the legal representative of the deceased holder of a lost Government security if he obtains a certificate under the Indian Succession Act. Government on the recommendation of the Advocate General proposed to alter the Indian Securities Act with a view to filling up that possible lacuna in the law. The Select Committee think it desirable that the Government should reconsider this question, and if they find that the civil courts issue succession certificates without the enquiry required by section 10 of the Indian Securities Act, the Select Committee recommend that the Government should consider the desirability of amending not the Indian Securities Act but the Indian Succession Act.

The Government propose in accordance with the recommendation of the Select Committee to consider that matter and if they think fit

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no doubt further legislation will be introduced at a later date. The result is that the Bill is reduced to a very small compass and I think after the explanation I have made the House will have no difficulty in passing it.

Sir, I move.

The motion was adopted.

Clause 2 was added to the Bill.

Mr. President : The question is :

“ That clause 3 do stand part of the Bill.”

Mr. Aney.

Mr. M. S. Aney (Berar Representative): Sir, I rise to move the amendment that stands in my name. The amendment is as follows :

“ That in clause 3, in the proposed section 18-A^{*} for all the words occurring after the word ‘ after ’ the following be substituted :

‘ a period of three years from the date on which a notice for receiving the amount due on such security would be issued ’.”

The main object of this amendment is this. The Bill that was originally brought and referred to the Select Committee provided in clause 3 enacting a new section proposed to be a substitute for section 18 of the Securities Act, that the Government should be absolved of all liability for principal and interest after six years after the date on which the amount on the security was due or, became payable. That was the provision in the original Bill. When this matter was referred to the Select Committee, I made it clear in my speech that that was an iniquity, that the liability of the Government subsisted so long as the actual payment was not made and was of a permanent nature in a way under the Act ; and it would not be equitable to those who hold the security that, after a certain date on which the amount was due, they should be deprived of the right of receiving the amount due on the security and that Government should be entitled to claim without any payment on discharge for principal and interest as well. That point was discussed in the Select Committee and in the Select Committee for reasons which have been stated in the report it was conceded that so far as the principal was concerned, the liability of the Government should remain there so long as the payment was not made. But as regards interest it was agreed that there should be some period of limitation beyond which the right of the security holder to claim interest on the amount should cease. On that point I find that there seems to be some misunderstanding. As to what was actually agreed in the Select Committee I am glad to find that we have not to rely merely on impressions or frail memories. It has been very lucidly put in and summarised by the Honourable Sir Basil Blackett himself in a memorandum which was issued by him and circulated to the members of the Select Committee. He stated there in paragraph 2 the exact position which was

agreed to in the Select Committee when this matter was first discussed in March last, in the following words :

“ Some of the members of the Committee were not willing to agree to Government putting in a plea of limitation in respect of the principal. They were ready to allow such a plea in respect of interest as they realized that it was in the interest of Government and the tax-payer that loans obtained at higher rates of interest should be converted into loans bearing lower rates and that such operations would be defeated if any security holder should continue to hold securities and claim higher rates of interest for long periods extending after the date on which the securities were due or notified for discharge.”

That was the position agreed to. I want to make it clear that this clearly indicated that the Committee was not prepared altogether to dispense with but was only inclined to retain some period of limitation for which the interest was to accrue and accumulate even after the amount on the security was due or became payable. But under the clause as it now stands in the report of the Committee all interest will automatically cease after the day on which the amount due on the security becomes payable. Now what I claim to bring about by my amendment is that there should be a period of three years limitation during which the interest should be allowed to accumulate, and after that period the claim of the security holder for interest should cease. That is the change which I want to bring about. If the original Bill had been passed into law there would have been a period of 6 years limitation during which the interest would have accumulated. (*An Honourable Member* : “ No.”) That is not merely my understanding of the Bill but the only legal and sensible consequence of the clause. If there was a period of limitation for 6 years after which the liability of the Government was to cease, it meant that for that period of 6 years interest would necessarily accumulate, if no actual payment was made to the creditor during the period, and the person entitled to the security would have been also entitled to claim the amount of interest due on it during that period also. Thus the Honourable Members would realise that in my amendment I am making a concession in favour of the security holders more modest than what the Government was prepared to make when I simply urge that at least, so far as the interest is concerned, a period of three years should be allowed during which the interest can accumulate, and after that it should altogether cease. That is the real significance of the change which I want to bring about in the Bill as amended by the Select Committee in the interests of the numerous security holders. I think I have made my position sufficiently clear and I commend this amendment to the acceptance of the House.

Sir Purshotamdas Thakurdas (Indian Merchants Chamber : Indian Commerce) : Sir, although I was not present at the final meeting of the Select Committee at which the Report was decided upon and signed, I believe I am correct in saying that what my Honourable friend Mr. Aney suggests is not only not feasible but is very far from being customary in commercial circles. My friend, Sir, suggests that when Government loans fall due for repayment, if the lender, the man who holds the Government scrip, chooses to leave his money with Government, even though Government are prepared to pay back the debt, interest should continue to run for a period of three years practically at the discretion and at the pleasure of the lender. What, Sir, would happen in connection, we will say, with the Bombay Development Loan which bears

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interest at 6½ per cent. free of income-tax and which is due for repayment in 1935? The rate at which Government can borrow to-day is 4½ per cent., and I will take it for granted that in 1935 the rate will be the same. Now everybody who holds the Development Loan scrip will stick to it for three years and continue to earn interest at 6½ per cent. free of income-tax. And if my friend's amendment is carried it will only amount to this, that if the rate of interest is lower than the rate carried by the loan which is due for repayment everybody holding that loan will simply not present it. On the other hand, if the rate of interest current at the time happens to be higher, they will all hasten to the Government treasury and get their money back. I am afraid it is an absolutely one-sided proposition, and I hope my Honourable friend will not press this amendment.

Mr. T. Prakasam (East Godavari and West Godavari *cum* Kistna : Non-Muhammadian Rural) : Sir, I support the amendment moved by Mr. Aney. It is an elementary rule that a cause of action cannot start and end at the same moment. What is proposed in clause 3 of the Bill is that the cause of action should start the moment the Government notify that they are ready to pay the amount, and that it should be taken that the lender is not entitled to claim any interest from that moment. Sir Purshotamdas Thakurdas has been stating something about a loan which is fixed to be repaid after a particular period. That stands on a different footing altogether from the on demand pro-notes that the Government take in their favour from the people. What would be the case with regard to such notes? Government issue a notification, and not even a letter to each individual informing him that they are ready to pay. We know how many people would notice notifications, how many of the villagers who would be investing their monies in these loans, would be noticing them. With regard to such cases—I am sure there are a large number of cases existing on that basis—I think it cannot be contended by the Government with any reason that the starting of the cause of action and the closing of the cause of action should be at the same time. It is a very unreasonable position and I hope the Honourable Member in charge of the Bill would see the error that this clause involves. It is a very reasonable request that is made in the amendment that there should be a period of at least three years after the cause of action starts. After lending the money to the Government people believe that it is a Government pro-note which is as good as a real estate. The people concerned may be somewhere and they may not be able to notice all these notifications and they should not be put to the inconvenience of losing interest from the moment that the notification is published. For these reasons, I support the amendment.

Mr. Nirmal Chunder Chunder (Calcutta : Non-Muhammadian Urban) : Mr. President, I think there is a great deal of misconception as to the scope of clause 3. As a matter of fact, it is opposed to all juristic principles that a creditor should be in a position to compel the debtor to pay interest even though the debtor is not only willing to pay back the money, but makes a tender. I use the word 'tender' advisedly, because publishing a notification is the only way in which a Government wishing to repay a loan can make a tender. With regard to all that Mr. Prakasam has said, if you just imagine how a Government loan is repaid, you will find out that there is nothing much in his argument. In the first place, Sir, it

is only the Government promissory notes which provide that Government may not before a particular date pay off the amount. In that case, when Government wish to pay off that loan, I suppose Government will give at least notice of 5 or 6 months or even more. In fact, the thing will be provided for in the Budget, and so forth. So there is no chance of the thing being done, of Government repaying a loan, without the people at large knowing anything about it. Having regard to all these circumstances, however much I may regret it, I think I must differ from Mr. Prakasam.

The Honourable Sir Basil Blackett : Sir, I would appeal to my Honourable friend, Mr. Aney, to withdraw his amendment. I think he is under a misconception. There is no question but that in the original Bill the intention was that there should be a period of limitation in regard to the interest and also that interest should cease to accrue after the date mentioned by the Government as the date on which they would offer to make repayment. There is no change in that matter from the original Bill. The change is in regard to the principal. The Honourable Member has, I think, confused limitation with accrual. There is no provision now in the Bill that the interest which was due at the date mentioned as the date of repayment should not be payable to the holder, without any limitation running. What we propose is simply this that after that significant date interest should cease to accrue, and that is, I think, quite in accordance with the legitimate position as between creditor and debtor as was well expressed by Mr. Nirmal Chunder Chunder, namely, that the debtor having offered and made a definite tender of repayment from that date, he should not be liable to continue to pay interest if the creditor for his own purposes does not take repayment then and there.

Mr. President : The question is :

“ That in clause 3, in the proposed section 18-A, for all the words occurring after the word ‘ after ’ the following be substituted :

‘ a period of three years from the date on which a notice for receiving the amount due on such security would be issued ’.”

The motion was negatived.

Clause 3 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

The Honourable Sir Basil Blackett : Sir, I move that the Bill, as amended, be passed.

The motion was adopted.

THE VOLUNTEER POLICE BILL.

Mr. President : The House will now resume further consideration of the following motion moved by the Honourable Mr. Crerar on the 24th August :

“ That the Bill to make provision to enable volunteer police forces to be constituted temporarily and employed locally for the purpose of preserving the public peace and protecting persons and property, and to define the powers and duties of such police,

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be referred to a Select Committee consisting of Maulvi Muhammad Yakub, Mr. J. M. Dunnett, Mr. M. Keane, Mr. A. Rangaswami Iyengar, Mr. D. V. Belvi, Dr. A. Suhrawardy, Pandit Hirday Nath Kunzru, Mr. Abdul Haye, Colonel J. D. Crawford, and the Mover; and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

Lala Lajpat Rai (Jullundur Division : Non-Muhammadan) : Sir I regret I cannot support this motion. I have no hesitation in saying that the motive behind the Bill and the abstract principle underlying it are both laudable, but the Bill as presented and the time at which it has been presented force me to raise a series of objections to the Bill. My objections fall under three heads. My first objection is that the Bill is inopportune. This is not the time for such a Bill to be put on the Statute-book. My second objection is that it is liable to be used or abused for communal and political purposes and therefore it should not be proceeded with. My third objection is that the Bill is unworkable and therefore useless. In my judgment it cannot be made workable unless the Honourable the Home Member agrees to radical changes being made in the Bill including that part of it which he considers to be of the essence of the measure.

I will take the last point first. The answer given to me by the Honourable the Home Member on the last occasion, *i.e.*, when he moved the motion for referring the Bill to the Select Committee, was to the effect that the word "temporarily" in the Preamble was of the essence of the measure. I was sorry to see that the reporter of an important Anglo-Indian paper ridiculed my enquiry. There are some persons here in the Press Gallery who are always ridiculing Members on this side of the House. I do not make any grievance of it, but I would like them to listen first before indulging in any ridicule of that kind. Happily or unhappily, I do not stand alone on that point. I have in my hand the opinions given by competent authorities to whom the Bill was sent for opinion. Many officers of Government share my views not only about the dangers of communal and political troubles being accentuated if the provisions of the Bill are put into operation in the present state of public feeling in the country but they also take objection to the word "temporarily". Sir, the Bill provides that a volunteer force is to be recruited "*temporarily*" to meet emergencies. I have carefully read the speech which Sir Alexander Muddiman made at the time when he introduced the Bill. I have carefully read the Statement of Objects and Reasons and I have also listened to the speech made by the Honourable the Mover of the Bill on the last occasion in this House. I find no indication in any of these speeches and statements how a temporary force is going to be trained before any emergency has arisen. A force can be created only when an emergency has arisen. It is admitted on all hands that a force which has not been properly trained and disciplined will be of no use for the emergency. We have not been told how this force will be trained or disciplined in time to meet that emergency. My submission is that the whole thing is left entirely in a nebulous form. The word "*temporarily*" is extremely vague, and it does not define what is meant by it. Therefore, if an emergency arises and if a force is recruited temporarily for the purpose and if that force is not a trained or disciplined one, it will be of no use whatsoever. If a force is to be trained only during the emergency period, then probably by

the time the force is trained, the emergency will have passed away. Therefore, I submit that the word "temporarily" practically makes the provisions of the Bill unworkable and useless for the purpose for which they are intended. I contend that under the provision of this Bill, the training is to be given after the force has been recruited. Without training, a force of this kind would be useless. Nay, some authorities hold that it would be more embarrassing than helpful.

My second contention is that this is inopportune. We are in the midst of a communal wave and also, I may say, in the midst of a political conflict. In this country, the Government and the people of the country are not identical. The Government is not made by the people. The people have no hand in the constitution of the Government. The Government is not responsible to the people. We often find that the interests of the Government and the interests of the people are not identical. The Government of this country is conducted by an official hierarchy, which is recruited mostly from outside. The Government is one which is imposed on us from outside. Under these conditions, it is only natural that those people who are struggling for emancipation, for making this Government responsible to the people, who are struggling for self-government being introduced into this country, should often find themselves in the unhappy position of being up against the official hierarchy that is ruling the country. Their interests not being identical, the conflict, as has been shown on many occasions by actual experience, is very keen and bitter. Under these circumstances, there is a mutual distrust between the two parties which is only inevitable and I should say natural. The people do not trust this Government fully and the Government does not trust the people fully. As a result of this mistrust the people are all divided into two sections—one in favour of the Government and the other against it. These latter are Nationalists. Most of the people support the Nationalist party and the Nationalist demands, and whenever there is a cry of disorder and anarchy there is a conflict of opinion between the Nationalist forces and the Government forces. What the Government is pleased to call disorder and anarchy is considered to be perfectly legitimate and essential for the political progress of the country by the other side. Therefore, we are not always at one in interpreting disorder and anarchy. We may illustrate this from the history of the non-co-operation movement. In the days of the non-co-operation movement we found that the Government was ranged on one side and the people on the other. When in 1905 our countrymen in Bengal started the Swadeshi movement, and started the boycott of foreign cloth they had to start picketing shops which sold foreign cloth. In 1921, in pursuance of the non-co-operation programme, the vast majority of educated people who supported that programme started picketing not only the foreign cloth shops but also the liquor shops. Therefore, it is obvious that in this political struggle there are two parties whose interests are diametrically opposed to one another, whose view of law and order and whose view of anarchy and disorder are at variance with one another. Under these circumstances it is natural for both parties not to trust each other fully.

Now, Sir, this point has been raised by several officials to whom this Bill was sent for opinion. They do not like this Bill because they suspect that the recruitment of this force might strengthen the anti-Government forces, i.e., those forces which they consider to be anti-Government. They think it is possible that recruitment might take place with political motives

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and might embarrass and harass the Government. On the other side, we also are suspicious that recruitment might take place with the object of suppressing the political movement on the ostensible ground of disorder and anarchy under conditions which we consider to be unjustified. I mean to say, that though we on our side may not consider that there is any disorder or anarchy to be put down or suppressed the Government may hold a different view and may use the forces raised by virtue of this measure against us to suppress what they consider disorder and anarchy. Under these circumstances we in this part of the House are not prepared to be a party to the giving of any power to Government which might be used against us in the prosecution of our political movement. Therefore, although it is said by several Governments and several authorities that the measure being permissive there is no harm in making an experiment, I for one am not prepared to take that view. We know from experience how permissive measures have been turned into repressive measures ; how once a permissive measure has been placed on the Statute-book it has been used for the purposes of repression. Therefore, I very seriously doubt whether, under the present circumstances, this measure is a sound one to be put on the Statute-book at least from our point of view.

Some analogies were given by Sir Alexander Muddiman in his speech when introducing the Bill and those analogies have been repeated by several people whose opinion was sought and who have given their opinions. There is the analogy of the General Strike in England and the situation that arose thereunder when the people made an appeal for the maintenance of law and order ; and it is said a similar condition in this country might arise. In fact, some people have said that the non-co-operation movement was a movement of that kind. I submit the analogy does not apply at all. In England the people and the Government are one. The Government is made by the people and the people are responsible for that Government, while the Government itself is responsible to the people. In India that is not the case. Neither is the Government responsible to the people nor are the people responsible to the Government. Therefore, that analogy does not hold good at all. There is no question of a civic sense of duty. I grant that it is desirable to arouse and develop a civic sense of duty. But this sense of duty can only have full play when both sides recognise their responsibility to each other, when they are for practical purposes one. Under the present circumstances this civic sense of duty is liable to be interpreted in different ways by the two parties and therefore I submit the analogy of England has no application. In fact the analogy of those countries which have got self-government does not apply to India, in any case ; and that analogy not being applicable, I submit the object with which the Bill is introduced is not fulfilled. I might perhaps take some risk in the matter if I found that the Bill gave us something tangible and valuable. We are asking every day for the Indianisation of the services, for the Indianisation of the Army and for the Indianisation of the police ; and if there be any chance of an auxiliary police force being recruited and raised under this Bill to be used for emergency purposes, perhaps we might find ourselves in a position to support this measure to some extent. But that is not the case. No attempt is being made in this case to recruit men to an auxiliary police force to be trained and disciplined and kept in readiness for all emergencies. That is not the case

here. If there were advantages of real discipline and training one might be tempted, even to take the risk that this trained and disciplined force may be used against ourselves, we take that risk when we plead for the Indianisation of the Army. An Indianised army may be used against us by this Government, but then the corresponding advantages that we will have a trained Army ready when we get self-government. But even that much is not granted by this Bill. When on the last occasion I raised the question, the Honourable the Home Member clearly said that the word "temporarily" was of the essence of the Bill. Therefore, I find nothing in the Bill which would tempt me to give my support to it. The objections I have raised go practically to the root of the Bill and I believe that no amount of changes in the language of the Bill are likely to reconcile us to the Bill as at present framed. Some of my friends are of opinion that instead of the District Magistrate and Superintendent of Police being the authorities to recruit this police force and select members, there should be appointed a board of representatives of the people who in conjunction with the District Magistrate and the Superintendent of Police may recruit and select the members of the force. Sir, I am not so simple as to believe that Government is likely to agree to this, and therefore I think it will seem no useful purpose to raise that point in the Select Committee. If, however, the Honourable the Home Member is likely to give us any assurance to that effect, perhaps some of us might be able to change our views. But my objection that the Bill is liable to be used for communal and political purposes, will stand still. In this opinion I am supported by a large number of officials who have given their opinions on this Bill. I submit therefore that the Bill is inopportune. Perhaps it may be useful to have a Bill of that kind at some other time. At present it is liable to be abused and it is liable to increase the mistrust which already exists between the Government and the people.

I therefore oppose the Bill, but before I conclude I desire to show by reading to you some of the opinions of Local Governments and other officials consulted how my views are supported by them. At the outset, Sir, I may state that in the opinions received, no opinions have come from the Bombay Government and the Madras Government. I learned on inquiry that no opinions have as yet been received from those Governments. Those are important parts of the country which are entirely unrepresented so far in these opinions. The whole of Southern India have submitted no opinions—at least those opinions have not been given to us and I was told only yesterday that they had not yet been received in the office. So we have to confine ourselves to the opinions of Local Governments in Northern India and I will take first the opinion given by the Chief Commissioner of the North-West Frontier Province, at page 5. You will see, Sir, that he says there :

"I have come to the conclusion that it would not be likely to serve any useful purpose in this province. Volunteer forces have been employed in times of disturbance to assist in the maintenance of order but they have usually been levies employed under their own Khans and it has not been found necessary to give them any particular powers. If an additional force were required it could still be employed in this way and I do not think anything would be gained by enrolling them as volunteer police."

The next opinion is that of the Judicial Commissioner of the North-West Frontier Province. He distinctly says :

"So far the District Magistrates of Kohat, Bannu and Hazara have sent in their opinions. They are opposed to the Bill, though on different grounds. While according to the District Magistrate of Kohat the ~~reason~~ is unsuited to his district, consisting, as it does, almost entirely of a rural population, the District Magistrate of

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Bannu considers it unnecessary in view of the existing provisions of the Police Act which in his opinion are quite sufficient for all practical purposes and should be allowed free operation. The District Magistrate of Hazara, on the other hand, holds that it is open to serious objection for two reasons, *viz.* (1) that the public morality is extremely low"—

—that is his own opinion—

“and the existing forces of law and order are regarded with aversion rather than with sympathy and therefore the civic sense has not yet reached such a stage as to make the introduction of a measure of this kind safe and (2) that in any crisis such a Force would only be an added source of anxiety. My own opinion continues to be that the Bill is totally and completely unsuited to the people and conditions of the North West Frontier Province.”

Then, Sir, we come to the opinion of the Inspector General of Police, North-West Frontier Province. Quoting from one officer he says :

“ The scheme in practice would be productive of extra work, embarrassment and anxiety to the Superintendent of Police in times of trouble. The third officer, Mr. Lawther, in the first place objects strongly to the omission of any provision for the exercise of control over Volunteer Police Forces by the Inspector General of Police, and further points out that the civic sense, involving, as it must, a repression of sectarian and communal prejudices, does not and cannot exist in the India of to-day. I fully agree with Mr. Lawther and would add that it follows that, without this civic sense, the scheme for the creation of a Volunteer Police Force is not within the range of practical politics.”

Then, Sir, we come to the Government of Bihar and Orissa who are very strongly opposed to this Bill. They say in paragraph 2 as follows :

“ His Excellency in Council considers that the Bill as introduced in the Council is still open to the objections put forward in Mr. Sifton's letter and sees no reason to differ from the opinion expressed by Sir Henry Wheeler's Government in that letter that the Bill is unworkable and impracticable, at any rate in Bihar and Orissa.”

Every one wants to save his own province from the effects of this Bill.

Then in paragraph 4 the Chief Secretary to the Government of Bihar and Orissa says :

“ Further the temporary nature of the Force has been emphasised. The force is to be embodied only to meet an emergency and this means that in the stress of meeting a difficult situation the District Magistrate and Superintendent of Police will have to find time to select, enrol and organise it. It would be difficult to create discipline in such a force even if it were of a semi-permanent nature ; being merely temporary means that it will be entirely untrained and its value will consist merely of its constitution of ‘ men of good will ’.”

Then in the last paragraph, paragraph 6, he says :

“ His Excellency in Council would, however, prefer, that the Bill should be dropped forthwith ; experience in Calcutta and Delhi shows that when suitable material is available, the existing law makes it possible to create an emergency force ; when such material is not available, the Bill will either be a dead letter or if used will be a source of danger rather than of protection ”.

There is another letter, Sir, on this file from the Government of Bihar and Orissa, which says :

“ The objects of the Bill are, accordingly, on the one hand, to provide a material accession of strength to the regular police for the preservation of the public peace and the protection of life and property, and on the other, to exploit the value of co-operation by the public and to encourage the growth of a civic sense. The Bill, therefore, contemplates the introduction by the District Magistrate of a volunteer police organisation for use in cases of emergency.

The scheme apparently takes its origin from the striking success of special constables in England during the general strike of 1926. The Local Government are convinced that the analogy is misleading."

Then he says :

"It is true that the non-co-operation activities five years ago bore some resemblance to the general strike in England, but it cannot be supposed that, if the proposed Bill had been law at the time, any considerable body of voluntary police would have enrolled for restraint of that movement. Nor is such a national emergency contemplated in the Government of India's letter as the occasion for the use of volunteer police. The proposal instead is for the local enrolment of volunteers to cope with local disorder."

"Experience of local disorder in more recent years is confined to communal fighting, mostly between Muhammadans and Hindus, and more occasionally, between landlords and tenants. To deal with such trouble locally enrolled volunteers would be peculiarly unsuited. A force intended to preserve the peace, where communities are in a state of severe tension, must be impartial and that is precisely the element that is lacking when feelings are running high. Where trouble arises concerning *kurbani* or the passage of Hindu music near a mosque, neither Hindus nor Muhammadans would be available, who would be untainted with partisan feeling."

Then, Sir, there is another paragraph about training and discipline. The Chief Secretary says :

"Such material is entirely lacking in Bihar and Orissa, save in one or two localities where there are settlements of *ex-sepoys*. Before, therefore, the Indian volunteers could be anything but a public danger, there must be weeks of training without which the force, however well-meaning and patriotic, would be little better than a rabble. It is certain that any District Officer of experience would prefer to rely in trouble upon a small but disciplined force rather than on the same force diluted with untrained volunteers. The force must therefore be raised several weeks ahead of anticipated trouble or be useless when the emergency comes."

Then also he says :

"In actual practice the Local Government believe that the Act would be a dead letter in the province. Considerable odium attaches in India to the name of police, which, thanks to the rhetoric of the politically-minded classes, is regarded as an executive arm...."

What else it can be passes anybody's comprehension. It always is an executive arm, the police in all countries. But what follows is mere significant. The police

"is regarded as an executive arm of a *foreign bureaucracy*. The call to support the police would not evoke a patriotic response, for the civic sense is not created by, but is a condition precedent to, the call to public duty. The young men of the intelligentsia, even if they were impartial, would not readily join in the event as constables, while the men of the lower classes would be at heart partisans in the event of any communal trouble, and their enrolment would equally embarrass the authorities in dealing with it."

Then, Sir, finally he says, towards the end of paragraph 4:

"For the above reasons, the Local Government are opposed to the general principles of the Bill and regard it as unworkable and impracticable, at any rate in Bihar and Orissa."

Then he says :

"It has been pointed out above that, if the force is to be trained (and without training it would be useless) it must be raised in advance of the emergency for which it is to be used."

Then finally the verdict is given in these words :

"For the above reasons His Excellency in Council after consultation with the Ministers is not in favour of the proposed Bill."

[Lala Lajpat Rai.]

So here not only the Local Government but also the Ministers are against this Bill.

Then, Sir, we come to a straight opinion from Madras, which of course is not accompanied by the opinion of the Madras Government. It is the opinion of the Madras Chamber of Commerce. They say on page '9 :

“ The Bill provides for the raising of a *temporary* police force; but to be of practical value in time of emergency it is considered that the Volunteer Police should be a more or less permanent force. Without training or discipline a volunteer force, either military or police, is of very little assistance to the Regular Forces and it is reasonable to suppose that in many cases emergencies would be of so temporary a nature that by the time sufficient Volunteer Police were collected, appointed and equipped, the need for them would have passed.”

Then we come to Burma. The opinion of those consulted by His Excellency the Governor in Council is in full agreement almost unanimously in favour of the Bill.

We then come to the United Provinces. They are decidedly against this Bill, at least their officers :

“ The most important change in the Bill is the insertion of the word “ temporarily ” in the Preamble. This has made it clear that there can be no question of constituting a volunteer force as a permanent reserve, but it is not clear whether the intention is that the force should be raised only to meet a definite emergency. Under clause 3 (1), the District Magistrate may constitute the force for such period as he may fix, * * * * The limit set by the use of the term ‘ temporarily ’ in the Preamble is somewhat vague, but there appears to be nothing to prevent the constitution of the force for a period of years even though the district is not faced with any emergency.”

This opinion is absolutely unfavourably to the wording of the Bill.

“ But if the intention is that the force should be enrolled to meet an emergency, and disbanded when that emergency is over, the Governor in Council considers that the Bill will serve no useful purpose.”

There is another letter from the Government of the United Provinces. I would read a few sentences from page 11 :

“ The Governor in Council is not sanguine, however, that these objects are likely to be secured by the legislation now proposed.”

In sub-paragraph (3) of paragraph 3 of the same letter they say :

“ The occasions on which a volunteer force, even if forthcoming, could safely be employed are also few. It would be quite impossible to use volunteers to assist the regular police in dealing with communal troubles. As the Government of India are aware, it is difficult enough to keep the regular police free from communal bias. Volunteer constables would be unreliable and would merely add to the anxieties of the local authorities. In the conditions at present obtaining, a general strike such as has occurred recently in England is hardly a contingency with which it is necessary to reckon. Volunteers might be of some assistance in dealing with local strikes in a town such as Cawnpore, provided that the strikes were not political in origin ; but even this is doubtful. When such strikes occur, opinion is usually divided amongst the educated classes, and few persons belonging to these classes are willing to risk an encounter with turbulent mill hands. Volunteers have occasionally been found useful at large customary fairs, but it is questionable whether their utility would be much increased by formal enrolment.”

In the next paragraph, they discuss the question of discipline. I do not propose to read it. In the 4th paragraph they say :

“ For these reasons the Governor in Council does not think that legislation on the lines suggested would materially help the administration.”

Then, Sir, we come to the letter of the Inspector General of Police of the United Provinces :

“ I am nevertheless unable to withdraw my general objection to the Bill as expressed in paragraphs 1, 3 and 8 of my letter (of such-and-such date) and I may say that all Deputy Inspectors-General fully agree with me in this opinion.”

He goes on to say :

“ It is very uncertain whether volunteers will come forward, and, if they do come forward, whether their motives in doing so will not be such as will embarrass rather than assist the authorities.”

That is their fear. Then in paragraph 2 he gives a very decisive opinion against a temporary force :

“ As I have stated in paragraph 2 of my previous letter, it seems to me to be quite useless to wait until an emergency arises before volunteers are enrolled and this view is supported by actual experience in England. * * * * There is a further consideration applicable to India though not to England which makes it important to have Voluntary Police here enrolled for a period of some duration. This is that if Voluntary Police are to be taken on only during the continuance of an actual emergency, it will not be possible for the Local Government to prescribe sufficiently long notice of resignation under section 8 to prevent volunteers resigning at such short notice as to embarrass the authorities who were relying on them. If, therefore, there is to be any chance of a Volunteer Police Force in this country being of any use in time of trouble, English experience as well as common sense support the view that the force must be enrolled for a specific period, as in the city of London, and trained on a quasi-permanent basis.”

So, Sir, this opinion is almost decisive. Then, Sir, we come to the opinion of the Commissioner of the Fyzabad Division. He says on page 14 :

“ In my opinion, the Act as drafted.....”

Mr. President : Order, order. These are too long quotations. Is it not possible for the Honourable Member to state in his own words the substance of the opinions he is quoting ?

Lala Lajpat Rai : With due deference to the Chair, the opinions of these officials, quoted in their own words, are much more important than any words that I can use. I do not want to take the responsibility of abbreviating them, or amplifying them or paraphrasing them.

Mr. President : Order, order. The Honourable Member knows that all these papers have been circulated to every Honourable Member of this House, and I would suggest to the Honourable Member that he should state the substance of these opinions in his own words instead of making long quotations.

Lala Lajpat Rai : Well, Sir, I know that some Honourable Members do not read all the papers that are given to them. (*An Honourable Member :* “ Question ? ”)

Mr. Amar Nath Dutt (Burdwan Division : Non-Muhammadian Rural) : I for one did not read them and did not care to read them.

Lala Lajpat Rai : It may be questioned, but I know it. I myself do not read all the papers. In deference to the Chair, I am not going to read all the extracts, but I am going to read only a few lines from each letter.....

Mr. President : I have been listening to the speech of the Honourable Member for nearly half an hour, and all that he has been doing is to read the opinions of each Local Government at length (*An Honourable Member :* “ Of each officer ”)—of each officer as well. However, I should

[Lala Lajpat Rai.]

like the Honourable Member (*An Honourable Member* : "Finish it")—
to be more brief.

Lala Lajpat Rai : The Honourable Members on the Government Benches would of course like that I were to sit down, but I am not going to comply with their request. I have got to discharge my duty. However, in deference to the Chair, I shall remember the advice that has been given and shall not read long extracts but only give the substance of each opinion recorded in these papers. The Deputy Commissioner of Lucknow whose letter consists of two printed foolscap pages summarises his objection in the following words :

"To sum up, the proposal is sound in theory as regards the development of a civic sense, and I welcome the implied recognition of the Government of India that the existing police force needs strengthening. The Bill if passed into law might be useful in the event of a grave emergency arising, but cannot be justified on that ground alone as emergencies can be dealt with by Ordinance....."

Finally, if the Bill becomes law, I would urge that its provisions are not applied to this district....."

Every one says that his own district and his own province should be exempted from the evil effects of this Bill :

"without much fuller and maturer consideration, and without further exploration of general opinion."

On page 19 the District Magistrate of Aligarh raises strong objections to the local use of police force locally enrolled. He says :

"I very much doubt whether the time is yet ripe for giving it effect in the general manner suggested."

Then I come to Assam. The Chief Secretary to the Government of Assam says :

".... but the opinions expressed on the details of the Bill indicate clearly that the measure is not likely, in present circumstances, to be of any great practical value in Assam..... In the opinion of most of the officials and of some of the non-officials consulted, the volunteer police force will be a hindrance rather than a help in times of political or communal disturbances, when the feelings of partisanship will be too strong for their sense of discipline."

Then he says that the opinion in that province is divided. There is one opinion in this case, from which with your permission I shall read to the House, a few sentences. The Superintendent of Police, Sylhet, says :

"The Swarajists and Congress Party will welcome the Bill, if the force is constituted independent of the regular police so that they may better organise their own volunteer corps. The Bill is being construed by them as an attempt to counteract their activities."

The Deputy Commissioner says :

"My personal views on the proposed Bill are distinctly unfavourable."

The Commissioner of the Assam Valley Division says :

"So far as Assam is concerned I think the proposals not likely to be fruitful.... In all racial, communal and quasi-political disturbances the individual sentiments of the persons likely to form the Volunteer Force will be engaged and the force in consequence would be untrustworthy."

I have almost come to the end. The Deputy Commissioner of Darrang says :

“ My own opinion is that the time is not yet ripe for introducing such a measure in India.”

Then comes the opinion of Mr. Chaliha, Chairman of the Local Board of Sibsagar, a Congress leader :

“ Though the proposed objects of the Bill are innocent and even commendable, its provisions are such that it may be utilised against the liberty of the subject and the political advancement of the country unless the men enjoying popular confidence only be recruited and unless the people are given a voice in the decision whether there is such emergency as to call for mobilisation of the volunteer force or whether the force collected is to be disbanded.”

Then there are unfavourable opinions of officers of the Bengal Government and Ajmer-Merwara which I will not read.

Well, Sir, I have not read the opinions which are favourable to the Bill. There are some officers who say that the Bill is innocent, it is permissive and that it may be tried. But I hardly find any very strong opinion in favour of the Bill. I maintain that the objections I have urged are very cogent against the Bill and judging from the opinion of the official world so far as it has been expressed in these opinions, the balance of opinion is against the Bill. Their opinions are based on different grounds. Our decision is also based on different ground but there are common grounds also, for example, about the temporary character of the measure, about the inadequacy of the provisions for training and discipline and the danger of its being used for communal and political purposes. On these grounds, Sir, I submit that the Bill is not a timely measure and should not be pressed. I hope the Honourable the Home Member will withdraw the Bill and introduce it at some more favourable time, in a more favourable atmosphere. The present atmosphere is not one in which it is likely to be received with that amount of sympathy and good will, as are necessary for the success of the Bill. I therefore oppose the Bill.

Mr. S. Srinivasa Iyengar (Madras City : Non-Muhammadian Urban) : I also desire to state my objections to this Bill and shall do so in the briefest possible manner. I consider that this Bill is a piece of political strategy on the part of the Central Government. I consider also that the unsophisticated opinions of the various Local Governments reveal to us that this is neither a sound administrative proposition nor a genuine national proposition. Nobody on this side of the House will be opposed to a genuine attempt to establish a volunteer force on a national and permanent footing for the training of men in civic duties, but that is not really, as I understand it, the purpose or structure of the Bill. Judged, therefore, by the purpose and structure of the Bill, I consider that this is a very half-hearted and strategic attempt on the part of the Government to set up something which is bound to fail. They will then tell us : Behold ! Here is a thing they have been clamouring for that we have given to the people of India. They have been asking for it but they are not able to work it, and therefore there is no use of giving anything further”. Whatever denials or repudiations may come from the other side, to my mind strategy is undoubtedly at the back of this measure. Let me say at the outset that I agree with the Central Provinces Government when they point out that, if you really want in an emergency that

[Mr. S. Srinivasa Iyengar.]

there should be a trained volunteer force, unless it is a permanent force, you cannot have any such thing. Where is the training to come from. The Honourable the Home Member said the other day in answer to Lala Lajpat Rai's question that it will not be within the scope of the Bill to take steps to establish a permanent force. Then again, I agree with the opinion of the Commissioner of Police in Calcutta and the Governments of Bengal and Bihar and Orissa that this force will not be of the slightest value in times of communal harassment and trouble. For, as was pointed out very forcibly by the Government of Bihar and Orissa, you do not want a local police drawn from the very factions which are warring with one another to operate as an emergency or temporary force in addition to the ordinary police force. In the ordinary police force it may be taken for granted that owing to years of training there is some measure of discipline and obedience to rules. But, if you call a temporary force into existence and try to train it, you can understand how defective it must be and how it must aggravate those very local troubles which it will be the purpose of this particular force to deal with. Therefore, Sir, I certainly prefer the opinions of the Local Governments, though it is a company which I find myself very rarely in. The only doubt which crossed my mind when I read the papers was, why is it that these Local Governments are against it? May there not be something good in it after all? But the real purpose of this Bill was soon obvious and I discovered that the Central Government was much more astute than the Local Governments and wanted to lay the responsibility upon the people of this country, and that therefore it was nothing but a political manœuvre which must be resisted by the popular party. There is no administrative necessity and no national purpose behind it. And to go and make this volunteer police force subordinate to the officers in charge of police stations, sub-inspectors and the like, that is really impossible. This is a kind of Aman Sabha which will be brought into existence. As to the men of good will to whom Sir Alexander Muddiman referred in his speech when he introduced the Bill at the Delhi Session, we know how the men of goodwill will be manufactured. We know what sort of use this volunteer force will be put to. Just those troubles which it is sought to reduce this volunteer force will aggravate. That is my fear. Of course I have not the great experience that lies at the back of the Government of India, but I do think we have got common sense; we have also our own experience, and while the heavy responsibility weighs down the shoulders of the Government of India on the other side, we do not forget that the responsibility on our shoulders is no less, and that responsibility compels me to say that this is not a measure with which a popular party can be at all in agreement. Give us an honest, straightforward volunteer force, with full liberty to elect a Committee of this House to organize it. Give us a volunteer force which we can honestly call a national force, and then I can see something in it. Or if it is to be trained as a permanent force there may be sound administrative purpose in it. But there is no national purpose behind this force. From the administrative point of view I prefer the wisdom of the Local Government to that of the Central Government. From the national point of view I prefer Lala Lajpat Rai's wisdom and my own misgivings and doubts to the wisdom enthroned on the opposite side. Therefore,

Sir, I feel bound to oppose this Bill unless of course the Honourable the Home Member agrees, of which there is very little chance, to go back upon what he said the other day about making this volunteer police force a permanent force and agrees to make all the other changes in the Select Committee which it will be our object to make. As he is not in agreement with our views it is a futile proposition for us to co-operate with Government in this particular measure and say that it may contain the germs of a really national citizens' guard out of which we may be able to make something at some remote point of time. We have seen how much we are able to make out of anything. I have not the slightest doubt whatever that it will be an impossible position if the District Superintendent of Police and the District Magistrate are given the powers which are proposed to be given in this Bill, if it is expected that really men of repute, men who have got public spirit, are to work as volunteers. I do think this is a method of sorting out those followers of the Government, and this Bill will add a large army of those who will be very anxious to have these honorary appointments in addition to the army of title-holders. It is nothing but a political Bill, nothing but an attempt to gather up an army of followers for the Government. Therefore, Sir, however much I may desire that there should be a national police, however much I may desire that there should be a proper volunteer force, I regret I am constrained to oppose this measure, having regard to its purpose and structure as revealed in its provisions, and having regard to the opinions which have been expressed by the Local Governments as to the utter inutility of such a piece of fragmentary legislation that is sought to be put upon the Statute-book.

Mr. M. Keane (United Provinces : Nominated Official) : Sir, the arguments of my Honourable friend opposite seemed to me at least to be singularly unconvincing ; his speech was amusing but not convincing. He said that this legislation is a piece of political strategy. His mind is much too acute not to see where that leads. Having told us in the same breath that every Government in India had opposed this piece of political strategy, he was of course reduced to the position that the Government of India had not even trusted the Local Governments with the secret of this piece of strategy ; otherwise of course the Local Governments also would support them in their desire to introduce this Machiavellian scheme ; the Government of India did not want to share the secret. You, Sir, will remember who was the originator and the author of this Bill, Sir Alexander Muddiman. I leave it to the House to say whether he was likely to be a Machiavelli ; that was not his character. In regard to my Honourable friend, the Lala Sahib from the Punjab, Lala Lajpat Rai, I realise that he is opposed to the Bill, and strongly opposed to it, but I was left very vague as to his own individual reasons for opposing it. For the first time, as far as I know, he has based his opinions, his convictions, entirely on the opinions of those whom we are accustomed to hear described as bureaucrats. His supporters in every case were the police officers ; he read with great gusto and great commendation the opinions of these officers and he insisted almost in defiance of the Chair in quoting their very words, so that no portion of the honey might be lost. He took a very high line over this very small Bill. He told us that Government and the people are not identical. That alone was sufficient to stamp the Bill as bad and something to be rejected. But Government

[Mr. M. Keane.]

and the people were not identical when we had the yarn Bill the other day and yet it was carried by the help of the people. The argument that the Government and the people are not identical would be a reason why we should take no Bill on the floor of this House.

Lala Lajpat Rai : I never said that.

Mr. M. Keane : If we take this very high line regarding Bills, we shall never get any Bill. Neither of the speakers who has taken the floor hitherto has attempted to discuss the principles of the Bill itself. These long quotations will not do. We have had before from all over the country very many opinions on the ratio and everything else. But that did not prevent Members of the Assembly from taking each matter into consideration and examining the Bills for themselves.

This Bill, as we know, has two aspects. There is one aspect ; the point of view of encouraging the growth of a civic sense. From the second aspect, we desire to create something that will be a help to the police. These two aspects have to be remembered. I need not delay over the first aspect. The Honourable Lala Sahib admitted that it was desirable to encourage the growth of a civil sense and through all those letters that he read it will be found that in every single one of them the desire of the Local Governments is to the same effect. They all bless that particular principle underlying the Bill, namely, the effort to create a civic sense. It is realized, everyone can see it, that the civic sense is growing up about us. It is to be seen everywhere at the present day. Some of its manifestations are due to Western influences but some are indigenous. This civic sense is growing. The seed is there and now we are told that we should let the seed wither and die. There is a call, though no doubt it is a feeble one ; are we going to turn our backs on it and pass on our way ? We cannot afford being told later—and you know that we have been told so on many other occasions—that when the opportunity was there when we had the seed, we did not help to nourish it. If there is no public opinion behind this thing, then the seed will fall on stony soil, but the fault will not be ours. We will have nothing to reproach ourselves with. The departure is a new one ; no man can guarantee success, but we can, at any rate, make our profession of faith. The Local Governments have without exception expressed approval of that particular principle of the Bill.

Now, I will turn to the other purpose of the Bill which has been criticised in some detail and to which most attention has been given in the letters which the Honourable Lala Sahib has read, I mean the purpose of creating a force that will be helpful to the police in times of emergency. The two purposes are not mutually exclusive in any way. You can encourage the growth of a civic sense as well as create a police force that will be useful. Now, the Local Governments, in whose minds the utilitarian purpose of the Bill was uppermost, have, I admit, received the Bill coldly, to say the least of it. But it is natural if you come to consider it that men whose daily duty is the task of administration and who, as we know perfectly well, have at the present time a very inadequate staff, would first like to know what is the practical aid they are going to get from the Bill rather than look to the intangible, possibly visionary aim to which I have been referring, namely, education in civic sense. That certainly is a point of view that must be considered. One was bound to get such

opinions as were quoted from police officers by the Honourable Lala Sahib. These opinions are undoubtedly in many cases opposed to the Bill. For instance the Inspector General of my own Province said that now that the Government of India are determined to go on with this Bill, his duty really is to see how far its dangers are to be minimised. (Laughter.) I forget his exact words, but I think this is the gist of what he said. This position is perfectly understandable. I am ready to quote and give all due weight to these opinions, because I want the House to consider why such opinions are given and why it is not necessary for us, as the Honourable Lala Sahib has done, to accept them unquestionably. What I want to show is that the position of the police officers is perfectly understandable. They are accustomed to deal with a trained force, with men who can and who know how to obey orders. They believe that if a volunteer force is given to them, it will be certainly composed of men, who in their opinion will be untrained men over whom their control will be small; men for whom the Bill provides very few and very inadequate punishments. Naturally they are doubtful about the utility of such a force. That, I can see and every one can see. Their opposition has been hardened by one special consideration of our own time, a consideration that is colouring the thoughts of every one at the present time, that is the communal situation. There is no question that the officers who have dealt with this point have throughout envisaged only a situation in which this volunteer police force will be suddenly brought into operation, suddenly constituted to meet an emergency that has just arisen. This whole point, I think myself, has been to a great extent misunderstood by the police officers who have given these opinions and they have all been deceived, as I think the Honourable Lala Sahib has been deceived by the intrusion of the word "temporarily". I cannot say exactly what is in the mind of the Government of India in this matter. (Hear, hear.) But as far as this Bill goes, this word "temporarily" has to be read with the clause in the Bill which lays down that the force will be constituted for such period as the District Magistrate may fix. It is not a force to be constituted only to meet an emergency. If it were so, Sir, I quite agree that it would be open to many of the objections raised by Honourable Members on the opposite side. I visualise the force as being brought into operation in normal times (Hear, hear), a force for which there would be time enough to give it training, so that when they are called upon to act, they will not act as a rabble or a mob, but will act as a trained and a disciplined force. There will be opportunity for the District Magistrate to see whether the men who offer themselves for recruitment are suitable or not. He will have an opportunity of testing their character before selecting them and of seeing that they are not men who have suddenly come forward under the spur of some partisan or communal or political feeling to join the force. That force in being created will be created temporarily to the extent that it will be for such time as may be fixed and that fixation of time would of course depend on such rules as the Local Government may make subject to the orders of Government of India. The rules of the Local Government have to be considered and these rules will show to what extent, for how long, and on what occasions, the force will be constituted, and if that is examined, if that is considered, I think it will then be clear that many of the criticisms which the Honourable the Lala Sahib has read out are robbed of their sting, practically every one of them. (Applause.)

Nawab Sir Sahibzada Abdul Qaiyum (North-West Frontier Province : Nominated Non-Official) : What about the criticisms of the Honourable Lala Sahib about our distrust of one another. He said that we are incapable of trusting one another and that no useful purpose would be served by having a volunteer force at this time of communal trouble.

Mr. M. Keane : My Honourable friend here asks me what will be the position if they cannot trust one another. My answer there also would be that that would apply mainly if it were a force that would be called up at the very moment the emergency arose. Then I say that the force probably would be stimulated and spurred by feelings from which they could not free themselves, feelings born of their own environment, communal feelings. But this force would be called up in normal times, they would have been enrolled together, their feeling of solidarity would already have been established, their comradeship in the same way cemented, and they would have acquired by that very enrolment beforehand and by their training a feeling of solidarity and comradeship that would, one might reasonably hope, mitigate at least the asperity of communal feeling.

I have little else to say, Sir, and I do not want to take up the time of the House at this late hour. I merely want the House to consider what this little Bill aims at and to take the gift horse which is being offered to us, not to look it in the mouth.

Mr. T. Prakasam (East Godavari and West Godavari *cum* Kistna : Non-Muhammadan Rural) : Sir, I thought the Honourable Mr. Keane was delivering a Sermon from the Mount after six years of struggle in this country. He started by saying that this small Bill will create a civic sense of duty in Indians. He says that the seed shall be sown now and if this opportunity is not availed of, it may be that the Government and the gentlemen who are supporting this Government will be finding this seed thrown on a stony soil and it will never grow. If Mr. Keane had been in India and if he had watched the events since 1921 (*Honourable Members* : " He has "), he would have seen what civic sense the Hindus and Muhammadans and the members of all other communities in India possessed and how, not under the orders of the Government but under the orders of the great national organisation, they formed the national volunteer force in 1921 which discharged the duties of all the police and even the military for a period. (Laughter.) Laughter comes from the opposite benches. If they remember that the Governors of Provinces could not get men to take their luggage to the railway stations, then, my Honourable friends would not be laughing. It was the national volunteer force that discharged the duties of the police and the military that made it impossible for the Governors and other officials to command even coolies to take their luggage to the stations during the period of repression. (Continued laughter.) You will laugh as long as the system of government continues to be what it is and until you are forced to vacate your seats. And may I say, Sir, how it started ? You will please note that Lala Lajpat Rai, though he made his appeal to withdraw this Bill in the gentlest possible way, has been criticised by Mr. Keane. Lala Lajpat Rai is one of the biggest leaders of India, who violated your law, your unjust law that was promulgated in 1921 declaring the national volunteer forces

unlawful ; he was one of those who courted imprisonment and who had suffered imprisonment on that account. You forged the Criminal Law Amendment Act in 1921 with a view to kill the national life in the country, with a view to destroy the national police and the national volunteer force that had been organised under the ægis of the Congress. Well, Sir, it must be said, to your credit, that with all the forces you could command you could suppress the movement. You succeeded also in suppressing the great non-co-operation movement which was based on non-violence and which meant no offence to any of you, no injury to any of you ; after you succeeded, there was a change in the programme and policy of the Congress ; that great man who has departed, the late Mr. C. R. Das, changed the programme and he created a new situation by forcing Congressmen into the Councils and by making dyarchy impossible in Bengal. When you found that that was a greater force than the boycott from without, you wanted to kill that force also and you sent about 110 men as detenus beyond the seas to rot in the Mandalay forts ; and last Session we were all complaining here that a Member of this Assembly, who was one of the detenus, a Member who had been summoned by the Viceroy to attend the Assembly, was prevented from doing so. Here he is present to-day and you will find that he represents the national force of India, and that there are men outside also whose civic sense of duty has not been killed by all your efforts and with all the forces at your command. Now, you are satisfied that the Hindus and Muslims who walked hand in hand, chained through the streets of India when they were members of a national volunteer force are disunited. You imprisoned them both ; both suffered for the sake of the country, for the freedom of the land ; and when you saw that Hindu-Muslim unity, upon the basis of which this great movement of Swaraj was started, would take you to the end of your business in India, you thought you should put a stop to that unity. You tried to break it up. (Laughter.) It is not a matter for laughter. I have been one of the unfortunate or fortunate men who had witnessed many centres of the Hindu-Muslim riots, starting from the first one at Multan in 1922 ; (*An Honourable Member* : "Riots now in Nagpur".) Yes, it is going on now in Nagpur to our shame and sorrow, I say it. And then, Sir, when they saw that Hindu-Muslim unity was so strong that if it continued it would be difficult for them to resist the force of it, agencies were set on foot to break up this Hindu-Muslim unity. That was what I saw in certain centres ; that was the result of my investigation also on the spot ; and they now see to their satisfaction and to the satisfaction of all those who are not interested in the freedom of this country that Hindus and Muslims are breaking each other's heads, are killing each other and destroying each other and this land. Now, they find that this is the opportune moment to introduce this "small" Bill, giving all the power to the District Magistrate to bring into force this army, so that this army might be used against our own people even in these communal riots. Is it not a matter of shame to us that this Bill should be forced on us and that we should have to say that this Bill will be misunderstood and that this would lead to difficulties ? This is what Lala Lajpat Rai has said. On that account, so much criticism has been levelled against him. Now, Sir, I say that this Bill is a calculated measure ; it is in keeping with the policy that was started in 1921. It is introduced now with a view to remove the last spark of nationalism in this country. (*An Honourable Member* : "No, no.") I hear a voice "No, no" ; very good. But you

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must take the whole thing in continuation and see. What is the position of a District Magistrate now in this land? He was the Governor before 1920.

Mr. President : Order, order. Before the Honourable Member proceeds further with his observations, I should like to know what attitude the Government propose to take with regard to this Bill in view of the opposition to it from the non-official side.

The Honourable Mr. J. Crerar (Home Member) : Mr. President, I am indebted to you for giving me the opportunity at this stage to explain the position of Government, and I think it would conduce both to the convenience and economy of the time of the House if I indicate the impressions which have been made upon me by the speeches of the Honourable gentlemen opposite and the conclusions to which they lead me. I am naturally considerably disappointed that so many Honourable gentlemen opposite should oppose this measure. But I hope that I am logically justified in drawing from their speeches the inference, which is some balm and consolation to me, that there is evidently a substantial degree of satisfaction with and confidence in the existing permanent police force. I certainly consider that Honourable gentlemen opposite, though they are not very frequently in the habit of expressing that opinion, have a very strong justification for doing so. In particular, I notice with satisfaction that my Honourable friend Lala Lajpat Rai has not limited himself to language from which I could draw any general inference of that kind, but has actually quoted the words of a considerable number of distinguished police officers with high approval.....

Diwan Chaman Lall (West Punjab : Non-Muhammadan) : On a point of order, Sir. Is the Honourable Member making a speech or is he going to tell us whether he wants to proceed with the Bill or not?

The Honourable Mr. J. Crerar : Well, Sir, I do not intend to make a speech at any length, but I think I may be permitted to make a statement which will reasonably convey the actual position.

The Bill has, I think, been in many respects misunderstood or not quite correctly represented. There is nothing in the Bill about an emergency, and there is a provision, with regard to the point raised by my friend Lala Lajpat Rai that the Bill is a temporary one, which I think ought to be intelligible enough. There is a provision which enables the District Magistrate to continue such a force from time to time. Well, in brief, the measure was frankly an experimental measure. Its object was to have a Bill as elastic as possible which would enable a Local Government to feel its way, to initiate a scheme in its jurisdiction or in any part of it, and if the experiment showed promise of happy success, to continue it.

Then, Sir, I should like to say one word more with regard to the suggestion made by more than one Honourable gentleman opposite, that the Bill really represents a strategic or a tactical or a political device. To a large extent that has been replied to and I think adequately replied to by my Honourable friend Mr. Keane. Really, I think Honourable gentlemen opposite, will, on reflection, be prepared to agree that, having regard to the history of this Bill, it is really far less a matter of politics than of a personality. The personality is that of my predecessor,

Sir Alexander Muddiman, against whom charges of political duplicity and Machiavellian intrigue are not likely to carry conviction either in this House or in any place outside it. And, Sir, I venture to say that I am entitled, if Sir Alexander Muddiman is acquitted on that charge, as I contend he is entitled to be unanimously acquitted on that charge,—I think, Sir, that, as in a sense I inherited this Bill from him, I am entitled myself and personally to share in that acquittal. Because I must most positively and vehemently disavow that in proceeding with this measure I was animated by any calculations of that nature. Sir, it must be obvious to the House, I think, from the nature of the measure, from the terms in which it was introduced by the Honourable Sir Alexander Muddiman and from the attitude which Government have observed throughout, that there was no intention to proceed with this Bill unless it received a substantial degree of support in the various quarters of the House. The Bill has not received substantial support. On the contrary it has received a large measure of opposition. It would be useless to proceed with the measure in those circumstances and, therefore, Sir, I wish to indicate on behalf of the Government that they have no intention of proceeding further with this measure.

Mr. President : Does the Honourable Member ask leave to withdraw this motion ?

The Honourable Mr. J. Cressar : Yes, Sir.

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

STATEMENT OF BUSINESS.

The Honourable Sir Basil Blakett (Leader of the House) : With your permission, Sir, I desire to make a statement regarding the Government business for next week. We propose to ask for orders from you, Sir, that the House should not sit on Monday, the 12th, in order that that day may be devoted to the sitting of the Select Committee on the Criminal Law Amendment Bill. On Wednesday, the 14th, we propose to bring up any Government business which may remain over for disposal from to-day's list, and thereafter, a motion may be made for leave to introduce a Bill to amend the Inland Bonded Warehouses Act. Motions will also be made to take into consideration and, if passed, to pass the Indian Divorce (Amendment) Bill and the Assam Labour Emigration (Amendment) Bill, as passed by the Council of State, and the Bill to amend section 59 of the Indian Income-tax Act, which was introduced on Monday last. Thereafter, if time permits, time will be given for further consideration of the Report of the Select Committee on the amendments to the Standing Orders.

Tuesday, the 13th, and Thursday, the 15th, have been allotted for non-official Resolutions and Bills, respectively.

It is proposed, subject to your orders, Sir, that the House should sit on Friday, the 16th, in order to take into consideration the Report of the Select Committee on the Criminal Law Amendment Bill, to the passing of which during the present Session Government attach considerable importance, and this Bill will, if not disposed of on the 16th, be taken again on Monday, the 19th, and thereafter we propose to finish any business left over from the list of Wednesday, the 14th.

The House will observe that no time has been allotted for further consideration of the Gold Standard and Reserve Bank of India Bill and

[Sir Basil Blackett.]

for taking into consideration the Imperial Bank of India (Amendment) Bill. Informal discussion of all possible alternative methods of constituting the Bank and forming a directorate has, as many Members of this House are aware, been proceeding actively since last Friday. Various interesting suggestions have been under consideration. But meanwhile a week has passed and the possibility of finding time for the further consideration of these two Bills during the current Session has been rapidly receding into the distance. The House knows that the Government have throughout regarded the shareholders' plan as the one which offers the most satisfactory solution of an admittedly complex problem. The alternatives all raise troublesome and indeed controversial points and the Government would be reluctant to ask the House to adopt any plan when practical working and implications have not been fully investigated and cannot be confidently provided. It is obviously desirable that the solution to be finally adopted should be adopted after the fullest consideration. In these circumstances, the Government have regretfully come to the conclusion that the best course in the interests of all concerned is not to proceed with the Bills at present.

Mr. S. Srinivasa Iyengar (Madras City : Non-Muhammadan Urban) :

5 P.M.

I should like to know, Sir, whether there is any chance of this Bill being proceeded with in the

Delhi Session ?

The Honourable Sir Basil Blackett : I do not think that I can add anything to the statement that I have made. That is a question of prophecy.

Mr. S. Srinivasa Iyengar : Is it certain, Sir, that there is any probability of this Bill being proceeded with at all ?

The Honourable Sir Basil Blackett : I should not like to say "Yes" or "No" to that question. I cannot add anything to the statement that I have already made.

Mr. Jammadas M. Mehta (Bombay City : Non-Muhammadan) : I cannot understand why the Government after deliberately agreeing to a State Bank, are now reopening the question about a Shareholders' Bank.

The Honourable Sir Basil Blackett : I do not think there is anything in my statement which justifies the Honourable Member's remark about the re-opening of the question of the State Bank. I think that if Honourable Members will carefully consider the statement that I have read they will come to the conclusion that that gives them all the information that is available.

Mr. S. Srinivasa Iyengar : Sir, I should like to say that this is really not a correct procedure on the part of the Government. No explanation has been given for this extraordinary step that appears to have been adopted. I do not know who is responsible for it. There is not the slightest doubt that Members in this part of the House have at great expenditure of time and at great pains co-operated over this in order to establish a national Reserve Bank, a State Bank with elected Indian majority on the directorate on a wide franchise. I think the Honourable the Finance Member—the Leader of the House—and Members on the other

side must have been aware of the very strenuous efforts which have been made by non-official Members on this side of the House in order to co-operate with this Government in promoting a State Reserve Bank of a popular type and in bringing it to a successful conclusion. Under these circumstances, Sir, it is a matter of the greatest surprise, it is a matter of painful amazement to us, that the Government have felt themselves obliged not to proceed with the Bill "for the present." It is, if I may say so, a euphemistic way of saying that it is very unlikely that they will proceed with the Bill. I can draw my own inference, and Members on this side can draw their own inference. The gentlemen of the Joint Select Committee have sat for over two months over this Bill, any number of public opinions have been received, Members of this House have given it the greatest possible attention, and this has been the *pièce de résistance* of the Simla Session of the Assembly. In these circumstances I do not know on whose initiative, on whose responsibility, the House is to be treated in this fashion. I would say, Sir, that this is a procedure against which we must most emphatically protest. The Government have trifled with this House and its liberties, and have flouted its views. We have exhausted the limits of co-operation in the matter of the State Bank. Members of this House and the public outside will know that there is no use whatever in co-operating with the system of Government which is such as to abort a Bill which has been put on the agenda, upon which plenty of work has been done, and which is practically lost to us. We have had no intimation of this before, and no respect has been paid to this House and its rights and dignity. Therefore, Sir, I consider this as a bolt from the blue. One can guess where that bolt from the blue emanates. I say, Sir, that this really makes it impossible for any one to predicate co-operation hereafter on the part of Members of this House with the Government in any business. If this is the way in which we are to be treated, I would respectfully venture to ask you, Sir, to see whether the time has not come for the Standing Orders to be so amended that, when the Assembly is seized of a Bill, the Assembly should have the right to proceed with the Bill notwithstanding any unwillingness on the part of Government to proceed further with the Bill. Members on this side are in a weak position....

Mr. President : It is not the practice of this House to subject statements made by Government Members to any lengthy debate. Honourable Members are entitled to put questions with a view to elucidate these statements. I have allowed the Honourable Member, under the special circumstances of this case, to make a brief statement, by way of protest and resentment on behalf of non-official Members at the attitude of Government, but I hope Honourable Members will not go further and use this occasion for a lengthy debate on the statement.

Mr. S. Srinivasa Iyengar : Very well, Sir. That is not my intention at all. I only want to express our most emphatic protest, against this signal insult to this House. I think we should like to express our strongest resentment at the way in which we have been treated by the Government, whoever it is, or whichever part it is, because the Government is a corporation. I warn the Government, we consider ourselves to have been treated in the most scurvy fashion.

Mr. T. Prakasam : May I know, Sir, whether instructions have been received from the Secretary of State that the Bill should be withdrawn ?

Mr. President : The Chair has no information on the subject.

Mr. T. Prakasam : May I ask the Honourable the Leader of the House through the Chair, Sir ?

(At this stage all the Members of the Congress Party walked out of the House.)

Mr. President : Does the Honourable Member, the Leader of the Nationalist Party, want to enter a separate protest ?

Lala Lajpat Rai : I just want to associate myself with the protest that has been made by the Leader of the Congress Party.

THE CRIMINAL LAW AMENDMENT BILL.

The Honourable Mr. J. Crerar (Home Member) : I move that the instructions given to the Select Committee on the Bill further to amend the Indian Penal Code and the Code of Criminal Procedure, 1898, for a certain purpose, to present its Report within seven days be withdrawn and that the Select Committee be instructed to present its Report by the 14th September 1927. It has been found impossible, since the passing of the motion to refer the Bill to a Select Committee, to arrange for a meeting of the Select Committee. I understand that to-morrow and the following day a large number of the Members of that Committee would find it inconvenient to attend. It is proposed that this Committee should meet on Monday next. That is the reason why I propose that the time for the presentation of the Report should be extended.

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 13th September, 1927.