

16th February 1927

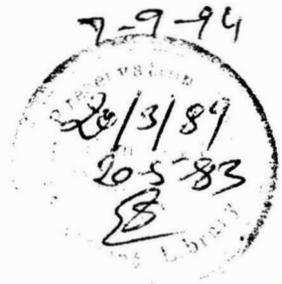
THE
LEGISLATIVE ASSEMBLY DEBATES
(Official Report)

Volume I

FIRST SESSION

OF THE

THIRD LEGISLATIVE ASSEMBLY, 1927



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LEGISLATIVE ASSEMBLY.

Wednesday, 16th February, 1927.

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

QUESTIONS AND ANSWERS.

PROCEDURE REGARDING ANSWERS TO ORAL QUESTIONS.

451. ***Khan Bahadur Haji Abdullah Haji Kasim**: (a) Are Government aware that the present procedure of answering interpellations orally is a source of inconvenience to Members who are desirous of asking supplementary questions?

(b) Are Government prepared to follow the procedure of the Madras Legislative Council, where the questions and answers are laid on the table half an hour before sitting?

The Honourable Sir Alexander Muddiman: The answer to both parts of the question is in the negative.

Khan Bahadur Haji Abdullah Haji Kasim: A supplementary question, Sir. May I know, Sir, whether the Members of this House can claim the same rights and privileges as those enjoyed by the Members of the House of Commons?

The Honourable Sir Alexander Muddiman: Yes, Sir, in this matter.

Khan Bahadur Haji Abdullah Haji Kasim: Is it not a fact, Sir, that Parliament meets after dusk to suit the convenience of the Members belonging to the different professions?

(The Honourable Member repeated the question at the Honourable Sir Alexander Muddiman's request.)

The Honourable Sir Alexander Muddiman: I do not know whether that arises out of this question, but I believe, Sir, that that is the case.

Sir Purshotamdas Thakurdas: If many Members of this House experience inconvenience in asking supplementary questions when oral replies are given, have Government any objection to putting the replies on the table also in the morning?

The Honourable Sir Alexander Muddiman: I have answered that in my reply to the first part of the question.

Sir Purshotamdas Thakurdas: I thought that the reply from the Honourable Member to the first part of the question was "No". The question was: "Are Government aware that the present procedure of answering interpellations orally is a source of inconvenience to Members". I understood the Honourable Member to say, "No".

The Honourable Sir Alexander Muddiman: I said " No " to both parts.

Sir Purshotamdas Thakurdas: I see.

IMPERIAL DAIRY EXPERT IN BANGALORE.

452. ***Mr. C. Duraiswamy Aiyangar:** (a) Is it a fact that there is a dairy expert of the Government of India employed in Bangalore?

(b) If so, will Government state what the purpose and functions of that officer are?

(c) Have Government been receiving any reports of the work turned out by the Imperial dairy expert in Bangalore?

(d) If so, do Government propose to lay on the table the latest annual report of that officer?

Mr. J. W. Bhore: (a) Yes.

(b) The duties of the Imperial Dairy Expert are briefly (1) the control of the Government Cattle-breeding Farms and their dairy operations, (2) the supervision of dairy instruction, (3) experiment on and research into problems connected with the establishment of a dairy industry on a commercial scale, and (4) generally to advise Local Governments, provincial officers and military dairy farms when so desired. He is also Secretary to the Central Bureau of Animal Husbandry at Bangalore.

(c) Yes.

(d) The latest annual report of the Imperial Dairy Expert is contained in pages 110-128 of the Scientific Reports of the Agricultural Research Institute, Pusa, for 1925-26, a copy of which is available in the Members' Library.

Mr. Mukhtar Singh: Does not Government consider it to be a provincial subject?

Mr. J. W. Bhore: Does not Government consider what to be a provincial subject, Sir?

Mr. Mukhtar Singh: The dairy industry?

Mr. J. W. Bhore: Yes, but I have pointed out that his work lies in research connected with the establishment of a dairy industry and Research is a central subject.

Mr. Mukhtar Singh: Is not research into dairy questions a matter of interest to Provincial Governments?

Mr. J. W. Bhore: Provincial Governments are not precluded from undertaking research but it is also a central subject, Sir.

Mr. C. Duraiswamy Aiyangar: May I know, Sir, whether if the Local Governments arrange for dairy experts, it is not a duplication of functions and unnecessary expenditure for the Imperial Government also to maintain dairy experts in these provinces?

Mr. J. W. Bhore: We are not maintaining a dairy expert for any particular province.

EXPENDITURE ON TROOPS SENT OUT OF INDIA.

453. ***Mr. Chaman Lall:** (a) Will Government state the number of Indian troops that have been recently sent out of India?

(b) Will Government state whether all expenses relating to the despatch of such troops abroad have so far been borne by the Government of India?

(c) Will Government state under what authority and by whose order such expenditure has been incurred?

Mr. G. M. Young: (a) The Honourable Member is referred to the press communiqué on the subject which was published on the 24th January.

(b) The Honourable Member is referred to the answer given on the 31st January, to a short notice question put by Mr. Srinivasa Iyengar.

(c) No expenditure from Indian revenues has been incurred.

(Mr. Chaman Lall had changed his seat and taken a seat near the Government Benches; therefore Mr. President called on Mr. Mukhtar Singh to put his question, No. 456.)

Mr. Chaman Lall: Sir,

Mr. President: The Honourable Member must be in his seat to put his questions.

(Questions Nos. 454 and 455 after question No. 468.)

CONTRIBUTIONS BY THE IMPERIAL GOVERNMENT TO THE PROVINCIAL GOVERNMENTS FOR THE IMPROVEMENT OF AGRICULTURE AND INDUSTRIES.

456. ***Mr. Mukhtar Singh:** Will Government be pleased to place on the table a statement showing the contributions of the Imperial Government to the different Provincial Governments for the improvement of (a) agriculture and (b) industries?

CONTRIBUTIONS BY THE IMPERIAL GOVERNMENT TO THE PROVINCIAL GOVERNMENTS FOR THE IMPROVEMENT OF AGRICULTURE AND INDUSTRIES.

457. ***Mr. Mukhtar Singh:** Will Government be pleased to state if the contributions given by the Imperial Government to the Provincial Governments for the improvement of agriculture and industries are marked out to be used for definite purposes? If so, will the Government be pleased to place on the table a statement of instructions given to the Local Governments for the spending of such grants?

The Honourable Sir Basil Blackett: I propose to answer questions Nos. 456 and 457 together. No contributions are made by the Imperial Government to the different Provincial Governments for the improvement of agriculture and industries. The other parts of the questions do not, therefore, arise.

POSITION OF INDIANS IN FIJI.

458. ***Mr. C. Duraiswamy Aiyangar:** (a) Is it a fact that the Government of India refused to send an Indian deputation to Fiji unless there was a guarantee that the position of Indian immigrants in Fiji was to be deemed as equal to that of all other subjects of His Majesty resident in Fiji?

(b) Is it a fact that the Government of Fiji gave the required pledge as a condition precedent to the sending of a deputation from India?

Mr. J. W. Bhore: Yes.

INDIAN POPULATION OF FIJI.

459. ***Mr. C. Duraiswamy Aiyangar:** Will Government be pleased to state the population of Indians in Fiji as compared with the Europeans? Is it a fact that the Indians now number 65,000 whereas the Europeans and the other Whites number less than 5,000?

Mr. J. W. Bhore: According to the census taken in 1921 the Indian population in the Colony numbered 60,634 as against 3,878 Europeans. From the correspondence published in the Government of India Resolution No. 24-Overseas, dated the 12th January, 1927, it will be seen that the Indian population is now estimated at 65,500.

NUMBER OF EUROPEAN AND INDIAN MEMBERS OF THE FIJI LEGISLATIVE COUNCIL.

460. ***Mr. C. Duraiswamy Aiyangar:** (a) Is it a fact that according to the present proposals there will be in future six elected and thirteen nominated Europeans in the Fiji Legislative Council as against only three Indians?

(b) Do the Government of India propose to pursue the cause of Indians until equality is secured?

Mr. J. W. Bhore: (a) The proposed constitution of the Fiji Legislative Council is explained in the published correspondence referred to. Three seats will be provided for the elected representatives of the Indian community and three seats for the Fijian representatives, while the number of European unofficial members will be reduced by one so that they may not have a majority over the Indian and Fijian representatives together.

(b) The attitude of Government has been explained in my reply to Mr. Gaya Prasad Singh's question No. 252. Their future action will depend upon the course of events.

ABOLITION OF THE POLL-TAX IN FIJI.

461. ***Mr. C. Duraiswamy Aiyangar:** Have Government any information as to the abolition of the poll-tax in Fiji?

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

STATUS OF INDIANS IN FIJI.

462. ***Mr. C. Duraiswamy Aiyangar:** Have Government any information regarding the following matters concerning the status of Indians in Fiji:

(a) Expansion of the municipal franchise so as to secure an adequate representation for Indians on municipal councils;

- (b) Right of Indians to demand a jury of their own countrymen in criminal trials or any jury at all;
- (c) Removal of restrictions imposed on Indians by the Emigration Ordinance, the Education Ordinance, the Flogging Ordinance, the Master and Servants Ordinance, the Prison Ordinance enforcing street and menial labour on Indian prisoners, etc.?

Mr. J. W. Bhore: (a) The question will be examined by a local committee on which the Indian community will be adequately represented.

(b) and (c). These matters are still under correspondence.

COST OF THE INDIAN DEPUTATION OF FIJI.

463. ***Mr. C. Duraiswamy Aiyangar:** Will Government be pleased to state the cost of the Indian deputation to Fiji?

Mr. J. W. Bhore: The attention of the Honourable Member is invited to the reply given by me on the 27th January, 1925, to part (d) of Mr. Gaya Prasad Singh's question No. 301.

TRAVELLING CINEMA ON THE GREAT INDIAN PENINSULA RAILWAY.

464. ***Mr. M. S. Aney:** 1. Will Government be pleased to state whether the Railway Board has started or proposes to start any travelling cinema on the Great Indian Peninsula Railway for showing a film dealing with "Safety-First" matters as mentioned in the Indian Railways Report for 1925-26?

2. Will Government be pleased to state the approximate estimates of the permanent and recurring expenditure which the Railway Board will have to incur on account of the proposed cinema scheme?

3. Will Government be pleased to state what Company is entrusted with the planning and preparation of the above film for the Safety First Cinema? And at what cost? Whether tenders were invited from Indian companies?

4. Will Government be pleased to give in details the whole scheme for working the travelling cinema so as to be educative to the staff on the Railways and the travelling public?

Mr. A. A. L. Parsons: 1. A travelling cinema has been introduced on the Great Indian Peninsula Railway, and it is proposed to prepare a film on the subject of "Safety First" for exhibition on that cinema.

2. The cost of the cinema scheme is not yet known as the publicity scheme has not yet been fully settled, but the cost of altering and fitting out a vehicle as a cinema car on the Great Indian Peninsula Railway was Rs. 6,384.

3. The Great Indian Peninsula Railway has been entrusted with the planning and preparation of the "Safety First" film. The cost is not yet known, but the films will be prepared by the Publicity Department of the Great Indian Peninsula Railway and no tenders have therefore been invited.

4. The Honourable Member is referred to page 78 of the Railway Board's Report on Indian Railways for 1925-26, Volume I. The Honourable Member must understand that the whole scheme is at present experimental. Government are, however, of opinion that travelling cinemas are likely to prove of considerable value for educative and advertisement purposes, and with this object in view have decided to equip the remaining State-worked lines with travelling cinemas, which will use the films prepared by the Great Indian Peninsula Railway.

APPOINTMENT OF ENGINEERS ON SHORT TERM COVENANTS FOR STATE RAILWAYS.

465. *Mr. M. S. Aney: 1. Will Government be pleased to state if the Secretary of State has appointed any employes solely for the supervision of the construction of State-lines and capital works?

2. If so, will Government give the dates on which the appointments of these officers were made and the amount of salaries and allowances which each of these appointments carries?

3. Will Government be pleased to state whether the Railway Board represented to the Secretary of State at any time before the actual appointments by him, the necessity of any such appointment?

4. Will Government be pleased to state whether the question was brought before the Central Advisory Council of the Railway Board for their opinion at any meeting before or after reference of the same to the Secretary of State? And what opinion, if any, was given by the Central Advisory Council on the question?

Mr. A. A. L. Parsons: (1) and (3). The Honourable Member is presumably referring to certain engineers whom it was found necessary to ask the High Commissioner for India to recruit on short term covenants in order to get ahead with the large programme of new construction on which a commencement has now been made. These engineers will not, however, necessarily be employed solely on the supervision of new constructions or capital works. The Secretary of State was not addressed.

(2) A statement giving the information desired is laid on the table.

(4) The Central Advisory Council was not consulted.

Statement showing the names of Short Term Engineers appointed by the High Commissioner for India for Indian State Railways.

Serial No.	Name.	Date of appointment.	Rate of pay.
			Rs.
1	C. E. Hunt	12th February 1926	900
2	A. D. Ross	19th February 1926	900
3	R. Hunter	24th March 1926	700
4	W. G. Morrison	26th March 1926	900
5	L. Heygate	21st January 1927	950
6	T. M. Walker	21st January 1927	950
7	R. W. Langham	10th October 1926	500
8	L. W. Patrick	27th September 1926	600
9	N. J. Durrant	27th September 1926	800

Statement showing the names of Short Term Engineers appointed by the High Commissioner for India for Indian State Railways—contd.

Serial No.	Name.	Date of appointment.	Rate of pay.
			Rs.
10	J. W. Revell	27th September 1926	1,000
11	F. T. Ames	27th September 1926	1,000
12	W. P. Lewis	26th March 1926	1,000
13	B. Das	26th February 1926	800
14	V. H. Sadarangani	5th March 1926	600
15	H. Ahmad	September 1926	350
16	G. L. Davis	October 1926	800
17	C. A. P. Hart	October 1926	650
18	P. J. De Lantour	July 1926	1,000
19	S. S. Gupta	February 1927	400
20	A. Orr	26th March 1926	800
21	W. E. Thomas	26th March 1926	1,000
22	O. G. Stanley	19th March 1926	1,000
23	F. S. de V Gould	12th March 1926	850
24	A. K. Aga	27th September 1926	500
25	Capt. W. J. Kettle	10th October 1926	950
26	Angell Smith	28th January 1927	800
27	D. J. Stott	26th March 1926	700
28	H. G. Bengough	19th March 1926	650
29	W. R. Macnab	10th October 1926	550
30	W. S. Milne	27th September 1926	800

PROVISION OF AMENITIES FOR THIRD CLASS PASSENGERS BY RAILWAYS.

466. *Mr. M. S. Aney: Will Government be pleased to state whether the Railway Board in pursuance of a resolution unanimously passed by the Railway Standing Finance Committee on the 13th November, 1925, called upon the Agents to note in framing their programmes of expenditure for 1926-27 and 1927-28, the various suggestions which have been made in the Advisory Committees or in Railway Finance Committee for the provision of amenities for passengers and especially third class passengers, the cost of carrying out the same and the reasons why any such suggestions have been turned down or modified?

Mr. A. A. L. Parsons: Agents have been asked to include in their quinquennial programmes commencing with the programme for the quinquennium 1927-28—1932-33 a description of the measures proposed for improving the standard of comfort of the travelling public, particularly the lower class of passengers, together with the approximate expenditure proposed and have been informed that the opportunity should also be taken of explaining to what extent they have been able to meet any suggestions made to them by their Advisory Committees or brought to their notice as the result of discussions in the Standing Finance Committee.

ACTION TAKEN ON RECOMMENDATION MADE BY ADVISORY COMMITTEE OF RAILWAYS.

467. *Mr. M. S. Aney: Will Government be pleased to place on the table a statement giving the following details:

(a) Names of the Advisory Committees and the suggestions made by them in the years 1925-26 and 1926-27?

- (b) Recommendations that have been accepted and carried out with the cost incurred during the same period?
- (c) Recommendations not accepted or carried out with reasons for rejection during the same period?

Mr. A. A. L. Parsons: (a), (b) and (c). I would refer the Honourable Member to the Quarterly Summaries of the Proceedings of the Local Advisory Committees of Railways which are in the Library. I place on the table a list of the Advisory Committees.

List of the Local Railway Advisory Committees.

1. Assam Bengal Railway Local Advisory Committee.
2. Bengal and North Western Railway Local Advisory Committee (U. P. Committee).
3. Bengal and North Western Railway Local Advisory Committee (Bihar and Orissa Committee).
4. Bengal Nagpur Railway Local Advisory Committee.
5. Bombay, Baroda and Central India Railway Local Advisory Committee.
6. Burma Railway Local Advisory Committee.
7. Eastern Bengal Railway Local Advisory Committee.
8. East Indian Railway Local Advisory Committee (Calcutta Committee).
9. East Indian Railway Local Advisory Committee (U. P. Committee).
10. Great Indian Peninsula Railway Local Advisory Committee (Bombay Committee).
11. Great Indian Peninsula Railway Local Advisory Committee (C. P. and Berar Committee).
12. Madras and Southern Mahratta Railway Local Advisory Committee.
13. North Western Railway Local Advisory Committee (Lahore Committee).
14. North Western Railway Local Advisory Committee (Karachi Committee).
15. Rohilkund and Kumaon Railway Local Advisory Committee.
16. South Indian Railway Local Advisory Committee.
17. H. E. H. the Nizam's Guaranteed State Railway Local Advisory Committee.

APPOINTMENT OF AN ADVISORY COMMITTEE ON THE BENGAL NAGPUR RAILWAY.

468. ***Mr. M. S. Aney:** Will Government be pleased to state whether the Bengal Nagpur Railway has appointed any Advisory Committee? If so, how many members on the Committee are from Central Provinces?

Mr. A. A. L. Parsons: The Bengal Nagpur Railway has formed a Local Advisory Committee. There is no member from the Central Provinces on it.

Mr. M. S. Aney: Will Government take steps to have some representatives of the Central Provinces on that Committee?

Mr. A. A. L. Parsons: I will convey the Honourable Member's suggestion to the Agent of the Bengal Nagpur Railway Company but the Government will not be prepared to direct him to put an inhabitant of the Central Provinces on the Local Advisory Committee.

Mr. C. Duraiswamy Aiyangar: May I ask the Honourable Member whether the Government are prepared to make any arrangements by which Members of the Legislative Assembly will be taken on the Local Advisory Committee as *ex officio* members in those parts in which the particular railway runs?

Mr. A. A. L. Parsons: The Government have carefully considered the question and for reasons of a quasi-constitutional nature they are not prepared to adopt that proposal.

Mr. C. Duraiswamy Aiyangar: May I know what harm is expected if Members of the Legislative Assembly are on the Local Advisory Committees?

Mr. B. Das: Is it not a fact that Mr. Sim replying on the floor of the House said that the Bengal-Nagpur Railway was going to have four Local Advisory Committees, one at Nagpur, one at Adra, one at Vizagapatam and one at Calcutta? How is it then that in Nagpur a Local Advisory Committee has not been formed so far?

Mr. A. A. L. Parsons: I am afraid I do not know what Mr. Sim said on the floor of this House. Will the Honourable Member give me notice?

Mr. R. K. Shanmukham Chetty: Has the Honourable Member considered the advisability of asking the local Agents to co-opt the members of the Standing Finance Committee for Railways as *ex officio* members in the respective areas from which they come?

Mr. A. A. L. Parsons: Yes.

Mr. R. K. Shanmukham Chetty: Has any step been taken in that direction?

Mr. A. A. L. Parsons: No, for the reasons that I have given in answer to Mr. Duraiswamy Aiyangar's question.

Mr. B. Das: Is it not a fact that the Honourable Mr. Sim gave us to understand that the Bengal Nagpur Railway was going to have four Local Advisory Committees at four different places and one of them was to be at Nagpur?

Mr. A. A. L. Parsons: I do not remember.

Mr. B. Das: Will the Honourable Member look into it?

Mr. Chaman Lall: May I now, with your permission, put questions Nos. 454 and 455?

Mr. President: Mr. Chaman Lall.

BOYCOTT BY AUSTRALIAN SEAMEN OF SHIPS INTENDED FOR CHINA.

454. **Mr. Chaman Lall:** Are Government aware that Australian seamen have announced their intention of boycotting ships intended for China?

Mr. E. B. Howell: The Government of India regret to say that they have no information.

Mr. A. Rangaswami Iyengar: May I know if the attention of Government has been drawn to the news appearing in the Press that the Australian Commonwealth have decided not to send troops to the Chinese operations?

Mr. E. B. Howell: Does that question arise, Sir?

Mr. Chaman Lall: May I ask the Honourable Member whether it is not a fact that news has appeared in the papers that Australia is not going to support the British adventure in China?

Mr. E. B. Howell: I have no official knowledge of that.

Mr. A. Rangaswami Iyengar: Am I to presume that Honourable Members on the opposite side never read Reuters' news about the Chinese operations at all?

DESPATCH BY THE SELF-GOVERNING DOMINIONS OF TROOPS TO CHINA.

455. ***Mr. Chaman Lall:** Will Government state whether any self-governing Dominion has helped the British Government by sending troops to China? If not what necessity was there for the despatch of Indian troops abroad?

Mr. G. M. Young: So far as Government are aware no Dominion Government has despatched troops to China. As regards the latter part of the question the Honourable Member's attention is invited to the pronouncement on the subject in His Excellency the Viceroy's address to the Assembly on the 24th January.

Mr. Chaman Lall: Arising out of that answer, may I ask the Honourable Member whether that address did not contain a statement that Indian lives and Indian property were in danger in China, and whether it is a fact that no Indian lives and no Indian property are actually in danger in China?

Mr. G. M. Young: As regards the first part of the question His Excellency the Viceroy's address is part of the proceedings of the House. The Honourable Member can read it as well as anybody else. As regards the second part I have no information.

Mr. Chaman Lall: May I ask whether the statement made by His Excellency the Viceroy was made without any facts to corroborate it?

(Cries of "Order, order.")

Mr. Chaman Lall: May I ask the Honourable Member whether he will give me a reply to my question, namely, whether a statement was made by His Excellency the Viceroy regarding Indian lives and Indian property being in danger and whether there were no facts to corroborate it?

Mr. A. Rangaswami Iyengar: May I know if the Honourable Member's attention has been drawn to the news published by Reuter to-day that in the House of Commons Lord Stanley replied that Indian troops would not be employed on service outside the external frontiers of India except for defensive purposes and in very grave emergencies and that this was in pursuance of the Resolution of the Legislative Assembly in 1921, and whether Government propose to give effect to the full text of that Resolution?

Mr. G. M. Young: My attention has been drawn to that statement but I have not yet seen it.

EXTENSION OF THE REFORMS TO THE NORTH-WEST FRONTIER PROVINCE.

Mr. Abdul Haya: With your permission, Sir, I propose to put the following question of which private notice has been given.

Mr. President: I have no notice.

The Honourable Sir Alexander Muddiman: It is not a private notice question. This is a question that was postponed at my request.

Mr. Abdul Haya: (a) Will the Government please state if it is a fact that they have decided not to take any action on the Resolution regarding the extension of the Reforms to the North-West Frontier Province passed by this House on March 19, 1926? Have they decided to keep this question in abeyance until the appointment of the Statutory Royal Commission on Reforms?

(b) If the answer to part (a) be in the affirmative, will the Government please state the reasons for this decision?

(c) If no decision regarding this question has been arrived at, will the Government please state the probable date by which a decision may be expected?

Mr. President: Before an answer is given I should like to know exactly the procedure that is followed in such cases. The Chair has no intimation whatever as to the proposed question and I do not know how it is that the Honourable Member (Mr. Abdul Haya) gets up in this House and puts that question. I should like to know by what arrangement the question is being asked without the Chair knowing anything about it.

The Honourable Sir Alexander Muddiman: I should like to explain that it is my fault. When I spoke to you this morning about Mr. Jinnah's question I forgot that Mr. Abdul Haya had a question postponed on the same terms. I should have brought it to your notice and I regret that I did not do so.

Mr. President: The Honourable Sir Alexander Muddiman.

The Honourable Sir Alexander Muddiman: (a) The answer to both parts of the question is in the negative.

(b) Does not arise.

(c) No date can be indicated.

EXTENSION OF THE REFORMS TO THE NORTH-WEST FRONTIER PROVINCE.

Mr. M. A. Jinnah: (a) Will the Government be pleased to inform the House whether they have taken or propose to take any step with regard to the Reforms in the North-West Frontier Province in view of the Resolution passed by the Assembly in March, 1926, and if so, what?

(b) Will the Government be pleased to make a full statement of the position regarding the question of Reforms in the North-West Frontier Province?

The Honourable Sir Alexander Muddiman: (a) Government have been, and are in correspondence with the Chief Commissioner on the subject, and have not yet matured any proposals.

(b) The position regarding the introduction of a reformed constitution in the North West Frontier Province was fully stated in my speech in the House on the 19th March, 1926. Government do not consider it necessary to make any further statement on the position than was then made.

Lala Lajpat Rai: Has the attention of Government been drawn to a paragraph in the "Pioneer" announcing that the Government have decided to establish a Legislative Council in the North West Frontier Province on the lines of the Morley-Minto scheme?

The Honourable Sir Alexander Muddiman: No, my attention has not been drawn to that.

Lala Lajpat Rai: Is there any truth in that statement?

The Honourable Sir Alexander Muddiman: As I have already said, the Government have not come to a decision

PRIVATE NOTICE QUESTIONS AND ANSWERS.

ISSUE OF EMERGENCY CURRENCY TO THE IMPERIAL BANK OF INDIA.

Sir Purshotamdas Thakurdas: Sir, I beg to put two questions to the Honourable the Finance Member of which you have been pleased to allow short notice, and which the Honourable Member, I understand, is prepared to answer to-day.

822. (a) Is it a fact that the Government of India in August 1924 had promised emergency currency to the Imperial Bank of India as follows:

Rs. 4 crores at 6 per cent.

and

Rs. 8 crores at 7 per cent.?

(b) Did the Imperial Bank of India apply to Government for emergency currency last week when the Bank Rate was six per cent., and is it a fact that this was refused at six per cent., but was offered at 7 per cent.?

(c) Is it a fact that this refusal of Government necessitated the raising of the Imperial Bank of India rate to 7 per cent. last week?

(d) Will Government be pleased to state their reason for this change of policy in advances of emergency currency to the Imperial Bank?

The Honourable Sir Basil Blackett: (a) In August 1924 the Government modified the general orders under section 20 of the Paper Currency Act of 1923 detailing the procedure to be adopted in actual practice in connection with the issue of seasonal currency so as to provide that the entire amount of loans made from currency against bills of exchange outstanding at any time shall bear interest at Bank rate subject to a minimum limit of 6 per cent. for the first 4 crores and of 7 per cent. for subsequent 8 crores. This modification was intimated to the Imperial Bank but no undertaking was given or implied that the Government would always make advances at the minimum rates mentioned irrespective of financial conditions.

(b) On Monday, the 7th February, the Imperial Bank informed the Controller of the Currency that it desired to borrow towards the end of the week and on Wednesday, the 9th February, the Controller informed the Bank after having previously consulted the Government of India that the Government were not prepared to lend under 7 per cent.

(c) Yes.

(d) There has been no change of policy. The financial conditions at the time when the Bank desires to borrow must obviously govern the rate at which loans are made on such occasion. On the present occasion financial conditions did not justify an expansion of currency while the Bank rate was below 7 per cent. Conditions were entirely different on the last occasion of the issue of emergency currency.

TOTAL DEFLATION OF CURRENCY SINCE THE 1ST APRIL 1926.

823. **Sir Purshotamdas Thakurdas:** Will Government be pleased to state the total deflation of currency effected by them in India since the 1st April, 1926, up to date?

The Honourable Sir Basil Blackett: The contraction of note issue effected by cancellation of notes issued against securities between the 1st April, 1926 and the 7th February, 1927 was 30,77 lakhs, but during this period the amount of notes issued against silver bullion and rupees increased by 17,46 lakhs, the net result being a contraction of 13,31 lakhs.

Sir Purshotamdas Thakurdas: With reference to the Honourable Member's reply to question No. 822 (a), may I ask the Honourable Member whether the construction which he now seeks to put, namely, 6 per cent. as the minimum rate, does not clash with the Government of India's letter to the Bengal Chamber of Commerce, dated the 25th August, 1924, the last sentence of which reads as under:

"It is proposed in future while retaining the limit of 4 crores when the bank rate is at 6 per cent., to permit the issue of the remaining 8 crores when the bank rate is at 7 per cent., etc."

Does not that give the clear impression that the rate will be 6 per cent. for the first four crores and does not the construction which the Honourable Member to-day puts upon it clash with this letter to the Bengal Chamber?

The Honourable Sir Basil Blackett: Certainly not. The intention from the first was that 6 per cent. should be the minimum rate. There has been no change of policy from the first.

Sir Purshotamdas Thakurdas: May I draw the Honourable Member's attention to the fact that his letter to the Bengal Chamber of Commerce does not have the word "minimum" at all?

The Honourable Sir Basil Blackett: I do not know whether it contains the word "Minimum". It contains the word "permit" and I have nothing to add.

Sir Purshotamdas Thakurdas: May I hand over a copy of that letter to the Honourable Member and suggest that he is now putting a new construction on the letter to the Bengal Chamber of Commerce?

The Honourable Sir Basil Blackett: There has been no change whatever of policy. This was the intention of Government from the beginning and that intention has been carried out.

Sir Purshotamdas Thakurdas: Is the Honourable Member aware that this intention was only known to him and that the construction is not borne out by the impression which the commercial community till now has had.

The Honourable Sir Basil Blackett: These are the words of the letter to the Imperial Bank:

"No loan shall be made until the bank rate rises to 6 per cent. The entire amount outstanding at any time shall bear interest at the bank rate, subject to a minimum rate of 6 per cent. for the first four crores and 7 per cent. for the rest."

Sir Purshotamdas Thakurdas: Will the Honourable Member be pleased to give the date of that letter?

The Honourable Sir Basil Blackett: The facts were published with the evidence of the Currency Commission.

Sir Purshotamdas Thakurdas: May I ask whether that letter was given the same publicity as the letter to the Bengal Chamber of Commerce?

Mr. A. Rangaswami Iyengar: May I know whether this effort on the part of the Government to raise the bank rate to 7 per cent. has had anything to do with the exchange ratio?

The Honourable Sir Basil Blackett: The Honourable Member seems to be inviting me to embark on a long discussion.

Sir Purshotamdas Thakurdas: With reference to the Honourable Member's reply to (d), may I ask whether he is prepared to say what is the difference in the financial conditions to-day and those in August 1924?

The Honourable Sir Basil Blackett: That requires a long discussion. The differences are many. As to one, I have in my hand the weekly issue of a Bombay Broker's circular which says:

"A possible explanation of this reported action on Government's part is that while it would be perfectly willing to supply *bona fide* trade requirements, it is evidently of opinion that there has been a considerable persistent borrowing of rupees against sterling securities, these borrowings being for the purposes of speculation in exchange."

Sir Purshotamdas Thakurdas: Will the Honourable Member say whether he always bases the policy of Government on information conveyed in a broker's circular, whose name he is not prepared to give to the House?

The Honourable Sir Basil Blackett: Brokers sometimes are right.

Sir Purshotamdas Thakurdas: Does the Honourable Member suggest that in this information the brokers are absolutely right?

The Honourable Sir Basil Blackett: They certainly sometimes divine the intention of Government correctly.

Mr. Ghanshyam Das Birla: May I know the name of the broker who issued this circular?

The Honourable Sir Basil Blackett: I will give the Honourable Member a copy.

Sir Purshotamdas Thakurdas: May I ask the Honourable Member whether the bank rate affects only certain people who may be supposed to be indulging in speculation or whether it also affects genuine trade and the genuine borrower?

The Honourable Sir Basil Blackett: I do not think it is much use continuing this discussion which is getting beyond the limits of question and

answer. I will repeat the statement that in the opinion of the Government of India financial conditions did not warrant the issue of emergency currency at a rate below 7 per cent.

STRIKE AT KHARAGPUR ON THE BENGAL NAGPUR RAILWAY.

Mr. V. V. Joglah: Will the Government be pleased to state if any further information has been received from the Bengal Nagpur Railway Company regarding the strikes and shooting resorted to at Kharagpur in this connection, and, if so, what it is?

The Honourable Sir Charles Innes: I am sorry, Sir, that I have not very much information to give the Honourable Member. The report which the Agent has promised me has not yet reached me but I understand that some Members of the House have not seen the press communiqué issued by the Agent yesterday in Calcutta and I propose first to read out the substance of that communiqué:

"The general situation as regards the strike on the Bengal Nagpur Railway remains substantially unchanged. Late on Monday night train control telephone wires between Calcutta and Kharagpur were cut but communication was restored before mid-day on Tuesday. The traffic staff at Tatanagar who struck work on the 12th instant and resumed again on the 13th stopped work again to-day but 60 men have been drafted in from Kharagpur to take their places and the station is in a position to handle all traffic offering. Pointsmen at Shalimar remain on strike and their places will be taken by 40 men drafted in from Kharagpur. Two inward goods trains are being dealt with at this station to-day and it is expected that all traffic offering can be handled there on Wednesday. All mail and passenger train services are being maintained throughout the line though some degree of late running is inevitable. With the exception of Tatanagar, strike is confined to Kharagpur and the section between Kharagpur and Calcutta."

Last night I got another wire to say that all sections are working except Kharagpur to Shalimar. That means, I suppose, that the Tatanagar staff has gone back and resumed work on Monday.

The Kharagpur workshops were closed and the traffic yard has been worked by well affected workshop men, also Shalimar and Santragachi. All passenger trains are running but there is a limited goods service in the Kharagpur-Shalimar section.

I may say that I am keeping myself in touch with the Agent and if I get any further information I will give it to Honourable Members at the earliest possible moment either in reply to such private and short notice questions as you may allow or in any other way that may seem fitting.

Mr. Chaman Lal: May I ask the Honourable Member whether it is not a fact that the Agent of the Railway says that there was violence on the part of the workmen and because of that violence he asked the Auxiliary Force Volunteers to mobilise and clear out the workmen from the station yard? Will the Honourable Member tell us what sort of alleged violence was indulged in by these workers in the station yard?

The Honourable Sir Charles Innes: I have no further information on that point beyond what I gave in the statement.

Mr. President: The Honourable Member is expecting further reports and in view of that it would be futile to pursue this matter, especially as he has agreed to answer any private and short notice questions that Members may desire to put.

(Mr. Joshi rose).

Does the Honourable Member wish to ask a supplementary question?

Mr. N. M. Joshi: Sir, I wanted to repeat my question again, whether Government are prepared to make an impartial inquiry into the grievances of the men as well as into the situation.

The Honourable Sir Charles Innes: That, Sir, is not a request for information but a request for action. As I told the Honourable Member, I am not prepared to make any statement on the subject.

UNSTARRED QUESTIONS AND ANSWERS.

GRANTS TO LOCAL GOVERNMENTS.

94. **Mr. Mukhtar Singh:** Will Government be pleased to place on the table a statement showing the following information:

- (a) the amount of grants given to the Local Governments during the last five years,
- (b) the amount spent by the different Local Governments during each year,
- (c) the amount of surplus which remained unused by the Local Governments in each year,
- (d) the purpose for which the money has been utilised by different Governments?

The Honourable Sir Basil Blckett: No contributions are made by the Imperial Government to the different Provincial Governments for the improvement of agriculture and industries. The other parts of the question do not, therefore, arise.

SCALES OF PAY OF SORTERS OF THE RAILWAY MAIL SERVICE.

95. **Mr. N. M. Joshi:** (a) Is it a fact that the All-India Postal and Royal Mail Service Union prayed for the equalisation of the scales of pay of the Royal Mail Service?

(b) Has that request been granted?

(c) If the proposal has not yet been accepted, do Government propose to equalise the Royal Mail Service scale of pay with the Post Office scale with effect from the dates the Dead Letter Office scale was equalised?

The Honourable Sir Bhupendra Nath Mitra: (a) Yes. The All-India Postal and Railway Mail Service Union has asked for the equalisation of pay of Railway Mail Service sorters with that of postal clerks.

(b) A scheme for equalising the pay of postal clerks and Railway Mail Service sorters has, with the approval of the Standing Finance Committee, been provided for in the budget estimates of the Post and Telegraph Department for 1927-28.

(c) Does not arise.

TIME TEST OF THE RAILWAY MAIL SERVICE.

96. **Mr. N. M. Joshi:** (a) Is it a fact that in the Conference of the heads of all the postal and Royal Mail Service Circles held at Calcutta, sometime back, it was decided to provide in the time test, which is said

to be the basis for determining the strength of a Sorting Section or of a Sorting Mail Office, for several items of work for which no provision appears to have been made in the time test?

(b) If so, will Government lay on the table a copy of the time test with the several items of work for which provision has been made by that Conference and also state if the recommendation has been accepted and necessary action taken thereon to revise the establishment of the Sorting sections and Sorting Mail Office?

(c) If the recommendation has not yet been accepted, what are the reasons for the same?

The Honourable Sir Bhupendra Nath Mitra: (a) Yes, in 1919. The Conference of Heads of Railway Mail Service Circles assisted by Postal Officers of the Directorate.

(b) and (c). A copy of the Time Test recommended by the Conference with an asterisk against the items added by that Conference is laid on the table. The recommendation was neither accepted nor rejected by the Director-General and no action was taken. The question was kept over for examination until the financial position had improved. The Director-General now proposes to have the time test of the Railway Mail Service overhauled.

Department and class of work.	Present time basis.	Proposed time basis.
MAIL DEPARTMENT.		
Bags received	at 0 10 each	at 0 10
Bags despatched	at 0 10 "	at 0 10
Transit bags opened	at 3 0 "	at 3 0
Transit bags closed	at 3 0 "	at 3 0
Mail lists received	at 0 30 "	at 0 30
Mail lists despatched	at 3 20 "	at 3 20 A
Mail bags opened	at 3 0 "	at 0
Mail bags closed	at 3 0 "	at 3 0
Return-train bags opened	at 10 30 "	at 7 0
Return-train bags closed	at 10 30 "	at 10 30
*Well transit opened	.....	at 7 0
*Well transit closed	.....	at 10 0
Total time required for Mail Department	.....	.....
SORTING DEPARTMENT.		
Unregistered articles received	at 0 2½ each	at 0 2½ B
Unregistered articles despatched	at 0 2½ "	at 0 2½ B
*Newspapers and large covers	.....	at 0 3 C
*Undecipherable articles disposed of	.....	at 0 10
*Transcription of vernacular articles	.....	at 0 5
*Unregistered articles for foreign countries addressed in vernacular	.....	at 0 10
*Stamping of articles posted in letter-boxes (when there is no van peon attached to the section)	.....	at 0 1
*Preparation of a labelled bundle	.....	at 0 30
Total time required for Sorting Department	.....	.....
REGISTRATION DEPARTMENT.		
Registered bags opened	at 1 5 each	at 2 0 (including Regd. bundles.)
Registered bags closed	at 1 15 "	at 2 15
Registered letter mail articles received	at 0 20 "	at 0 30
Registered letter mail articles despatched	at 0 15 "	at 0 20

Department and class of work.	Present time basis.	Proposed time basis.
REGISTRATION DEPARTMENT—contd.		
*Booking of a registered letter	M. S.	M. S. at 3 0
*Weighment and examination of an insured envelope received	.....	at 0 30
*Weighment and examination of an insured envelope despatched	.....	at 0 30
Total time required for Registration Department	.....	.....
PARCEL DEPARTMENT.		
Parcel bags opened	at 1 30 each	at 3 0
Parcel bags closed	at 2 25 "	at 3 30
Insured bags opened	at 4 15 "	at 4 15 D
Insured bags closed	at 4 40 "	at 4 40 E ₁
Registered parcel mail articles received	at 0 40 "	at 0 40
Registered parcel mail articles despatched	at 0 25 "	at 0 30
Unregistered parcel mail articles received	at 0 20 "	at 0 20
Unregistered parcel mail articles despatched	at 0 10 "	at 0 10
* Weighment and examination of an insured parcel	.....	at 2 0
* Outside parcel received	.....	at 0 10
Outside parcel despatched	.....	at 0 10
Total time required for Parcel Department		.....
MISCELLANEOUS.		
* Work <i>vide</i> rules 136 and 88 of the Post Office Manual, Volume IV, etc.	.....	at 20 0

A.—Including the time for writing up mail lists and 3' 20" are to be allowed for every 40 or less entries.

B.—In the case of travelling sections 0' 3" and T. D. sections 0' 4".

C.—In the case of travelling sections 0' 4" and T. D. Sections 0' 5".

D.—In the case of sorting offices 5' 0".

E.—In the case of sorting offices 5' 30".

Note.—According to the rules the Head Sorter is required to supervise and check the sorting work of the section, but the strict application of the time-test does not provide for the extra work required of the head sorter. It is, therefore, proposed to add to the actual time arrived at by the time-test a period of half an hour for each sorter justified by the time-test. In no case, however, should the additional establishment for supervision be more than 1 sorter *per set*.

WORKING HOURS OF EMPLOYEES OF THE RAILWAY MAIL SERVICE.

97. **Mr. N. M. Joshi:** (a) Is it a fact that the Railway Mail Service employees working in running sections are required to attend office, on the day of their return to Headquarters or on the following day as the case may be, that they are required to attend the platform at a certain hour (from 15 minutes to 1 hour as the case may be) fixed by the Superintendent of the respective Division, before the departure of the train by which they are to proceed and that they are generally detained at the station after reaching their beat, for a period extending to one hour and more?

(b) Has any definite datum been laid down for the purpose of counting the time spent under the above items for calculating the working hours of a running section?

(c) If not, do Government propose to consider the question of counting the time so spent towards duty and to issue necessary orders?

The Honourable Sir Bhupendra Nath Mitra: (a) The facts are generally as stated by the Honourable Member though the periods of time to which he refers vary according to circumstances.

(b) and (c). The matter is under examination and steps have already been taken to give relief in cases where it is considered to be urgently required.

GRANT OF HOUSE RENT ALLOWANCES TO THE MAIL GUARDS AND
OTHER INFERIOR SERVANTS OF THE RAILWAY MAIL SERVICE IN
THE MADRAS PRESIDENCY.

98. **Mr. N. M. Joshi:** (a) Is it a fact that the house rent allowance sanctioned for the postmen and inferior servants of the Post Offices at Madras and at some important district centres in that Presidency, have not been sanctioned for the mail guards and other inferior servants of the Railway Mail Service who are respectively of equal cadre with the former?

(b) If so, do Government propose to sanction the same rates of allowances for the mail guards and other inferior servants of the Railway Mail Service?

The Honourable Sir Bhupendra Nath Mitra: (a) Yes.

(b) The question has been taken up by the Director-General.

MOTIONS FOR ADJOURNMENT.

STRIKE AT KHARAGPUR ON THE BENGAL NAGPUR RAILWAY.

Mr. President: I have received two notices for adjournment on the subject of the strike at Kharagpur about which we have just had some questions. In view of the fact that the Honourable Sir Charles Innes has not received the report from the Agent which he expects shortly, and in view of the fact that he is always ready to supply the information to Honourable Members whenever available, do the Honourable Members who have given notices of these motions for adjournment propose to press them?

Mr. Chaman Lall: I am in entire agreement with your suggestion and I do not intend to press my motion for adjournment in view of the fact that no information is available to-day. But, with your permission, I may add also that I hope no hindrance will be placed in the way of our getting the information supplied by the Agent.

Mr. M. K. Acharya: I also agree to your suggestion, Sir. It may wait.

THE INDIAN FOREST BILL.

LAI'D ON THE TABLE AS PASSED BY THE COUNCIL OF STATE.

Secretary of the Assembly: Sir, in accordance with Rule 25 of the Indian Legislative Rules, I lay on the table the Bill to consolidate the law relating to forests, the transit of forest-produce and the duty leviable on timber and other forest-produce, which was passed by the Council of State at its meeting of the 15th February, 1927.

THE STEEL INDUSTRY (PROTECTION) BILL—*contd.*

Mr. President: The House will now resume further discussion of the motion:

"That the Bill to provide for the continuance of the protection of the steel industry in British India, as reported by the Select Committee, be taken into consideration."

Mr. M. A. Jinnah (Bombay City: Muhammadan Urban): Sir, the motion before the House is that the Bill be taken into consideration. To that an amendment has been moved by my Honourable friend Mr. Jamnadas Mehta that the Bill be recommitted to the Select Committee. Sir, according to your ruling we are entitled to discuss not merely the question, which may be somewhat narrow, that the Bill be recommitted, but also the Bill itself because it has to be taken into consideration by this House. That being so, I, Sir, wish to deal with all the points generally that arise in this discussion.

Now, Sir, the first question that has been pressed in this House is that this Bill amounts to or is in fact Imperial Preference. Now, Sir, I have tried my best to consider this matter and I must confess that I cannot see how this Bill lays down any policy of Imperial Preference. You find, Sir. . . . (*An Honourable Member:* "The Tariff Board says so.") The Tariff Board does not say so. I shall prove to the satisfaction of the Honourable Members if they will allow me to put my facts and my arguments, and I hope to convince them, that the Tariff Board does not say so. I only hope that Honourable Members will have a little patience and will keep their minds open. I hope and I venture to say that I shall succeed in convincing you.

Mr. Jamnadas M. Mehta (Bombay City: Non-Muhammadan Urban): Do not prophesy.

Mr. M. A. Jinnah: Unless of course you close your minds or unless they are closed already. I believe they are so far as the Whip is concerned. But anyhow I do not really want, Sir, to introduce any kind of heat or passion into this debate. I do not wish even to take any notice of some remarks which were made by Mr. Birla, except that I would only say that in his calmer moments when he revolves in his mind what he has said he will regret it, and I think it was not befitting the dignity of a man of the position of the Honourable Mr. Birla. But I do not want, as I say, to indulge in any kind of personal recrimination. Nor do I wish to introduce any heat or passions. Let us calmly consider the subject. We have got three proposals before us. We have got the Government Bill of differential duties. We have got the amendment of my Honourable friend, Mr. Chetty, of weighted averages, with this qualification, that there should be a basic duty and an additional duty, an additional duty liable to increase or decrease; and if I may take the liberty, I congratulate my Honourable friend, Mr. Chetty. His was a reasoned speech. His was a fair and frank statement of his case and he advocated his case ably. But I hope that I may be able to satisfy him where the serious flaw is in his proposal.

Well, Sir, to get back to my point, is this Bill Imperial Preference? Now, Sir, as I understand Imperial Preference, it is not a new thing. It has been dealt with at very great length by the Fiscal Commission in their

Report, and if Honourable Members will take the trouble of going through it carefully they will find that, boiling it down as far as one can, it means this. The idea underlying a scheme of Imperial Preference is that the duty on British steel is so low compared to that on foreign steel that duty-paid British steel is able to undersell duty-paid foreign steel. Will that be the case here? Certainly not, because the foreign steel will still be imported duty-paid for Rs. 7 less; and the home steel only requires Rs. 120 as the fair selling price, while the British steel under the differential system of duties which is embodied in the Bill cannot be imported duty-paid for less than Rs. 123. Who gets the preference? Is that Imperial Preference? (*Several Honourable Members: "Yes, yes."*) I shall have to learn it.

Mr. Jamnadas M. Mehta: You might begin now.

Mr. M. A. Jinnah: Well, I am not going to learn from Mr. Jamnadas.

Mr. Jamnadas M. Mehta: Learn from Sir Charles Innes.

Mr. M. A. Jinnah: Mr. Jamnadas, I know, because he carries a few books under his arms, poses as a great economic authority.

Mr. Jamnadas M. Mehta: You are a greater authority.

Mr. M. A. Jinnah: No, I am not. I am asking you, where does the preference lie? Is that Imperial Preference? Now the Fiscal Commission in their Report, having dealt with this question, refer to the position of this Legislature and they quote from the Report of the Joint Select Committee and they say that this was the position laid down by the Joint Committee as to the position of this House. This is what the Joint Select Committee on the Government of India Bill say:

"Whatever be the right fiscal policy for India for the needs of her consumers as well as for her manufacturers, it is quite clear that she should have the same liberty to consider her interest as Great Britain, Australia, New Zealand, Canada and South Africa. In the opinion of the Committee, therefore, the Secretary of State should as far as possible avoid interference on this subject when the Government of India and its Legislature are in agreement and they think that his intervention, when it does not take place, should be limited to safeguarding the international obligations of the Empire or any fiscal arrangement within the Empire to which His Majesty's Government is a party."

Having quoted this paragraph the Fiscal Commission proceeds:

"In his despatch of the 30th June, 1921, the Secretary of State said that on behalf of His Majesty's Government he had accepted the principle recommended by the Joint Committee in this passage. It is true that some doubt may be aroused by the words 'any fiscal arrangements within the empire to which His Majesty's Government is a party.' But we have explained that Imperial Preference as hitherto practised and as understood by us cannot involve any dictation by His Majesty's Government to any portion of the Empire. The convention which the Secretary of State has undertaken to establish gives, it is true, no assurance that a policy favoured by the Indian Legislature will necessarily be adopted. But it does, we think, give a practical assurance that no fiscal measure which the Indian Legislature does not approve will be adopted in India. Any fear, therefore, that particular applications of a policy of preference can be made contrary to the wishes of the Legislature appears to us to be illusory. Nevertheless we would put the matter beyond all possible doubt by asserting as our third principle that no preference should be granted on any commodity without the explicit approval of the Indian Legislature."

[Mr. M. A. Jinnah.]

Sir, then in paragraph 262, which is very short—I do not want to read these paragraphs to you, but I think I ought to make the position clear—it is said:

"We recognize that the question of Imperial Preference is one which can only be determined in accordance with Indian opinion, and that the Indian view can be best ascertained by a reference to the Council of State and the Legislative Assembly, without whose free consent no such policy can be adopted. We feel confident that the Indian Legislature will consider the obligations of India in this matter," and so on.

Now, Sir, this was a report which was made in 1922. Here, Sir, I now turn to the Government, and I turn to Sir Charles Innes. When Sir Charles Innes introduced this Bill, he naturally of course, very cautiously, did not explain the position of the Government with regard to Imperial Preference, although the paragraph 105 in the Report of the Tariff Board refers to that question; and he did not make the position of the Government clear, even after the Bill was introduced and even after the discussion took place at the time when the motion was that the Bill be referred to a Select Committee: Sir Charles said that that matter would be threshed out in the Select Committee. Up to the present moment, Sir, we have not got a clear idea from the Honourable Member speaking on behalf of the Government of India on this point. I therefore ask him to make this position clear. I would ask the Honourable Member to make a statement on the floor of the House on behalf of the Government. It is entirely an Empire sentiment; and in the terms of the Report of the Fiscal Commission, no legislation involving Imperial Preference can be undertaken without the consent of the Central Legislature. I say that this does not embody the principle of Imperial Preference.

The next point is, is this British preference as such? Now, Sir, the position seems to be this. The Tariff Board—if you will read the Report and analyze it—takes this view—and remember, after all, the Tariff Board is an expert body. The Tariff Board has been at this business for over three years and a half. The Tariff Board sat over this particular inquiry with which we are now concerned for eight months, and the Tariff Board have made their recommendations and put forward their scheme. Ordinarily, Sir, it will be very difficult for anyone to say that that scheme should not be accepted, unless you find that it was fundamentally, radically, wrong on the face of it. You cannot say—and I do not venture to say—that any of the three schemes which hold the floor of the House to-day are perfect. My friend, Mr. Jamnadas, said that the scheme is speculative. Well, has anyone ever heard of any hypothetical scheme which did not involve a certain amount of speculation? How are you going to control, for certainty, all the factors in any scheme of this character? Is Mr. Jamnadas's scheme not speculative? How do you know for certain that those factors will remain absolutely stationary for seven years? Every hypothetical scheme must be speculative. Very well. Then, what is the good of saying that it is a speculative scheme? The Tariff Board, who examined a number of witnesses, who examined various documents and papers, after eight months of laborious work, for which I have no hesitation in congratulating them most warmly (Hear, hear)—have put forward a scheme before the Government. The Government, I take it, have also examined it, had as the Government may be, incompetent as the Government may be. But they have examined it, and they dare not touch a single word of it. They say, "We will give effect to it". Now, Sir, I do not say that this scheme

is perfect. I do not know what my Honourable friends here would have suggested if they had been members of the Tariff Board. I do not know whether, if my Honourable friends on this side had been on the Treasury Benches, they would have overruled this scheme and started a new one and put it before this House. But, Sir, I think it will be conceded that it is a matter that requires a great deal of investigation and a great deal of consideration before you turn down a particular scheme which has been evolved after eight months of labour by your Tariff Board. Now, Sir, we have got this scheme. What is the scheme and what is the objection to the scheme? As far as I have been able to gather the only objection that embarrasses the minds of some Honourable Members—it does at first sight embarrass one's mind—is that it savours, it smacks of British preference, not Imperial Preference but British preference. Well, Sir, let us examine whether this is British preference or whether it is in the interests of India. If I was convinced in my mind that this was Imperial Preference, if I was convinced in my mind that this was British preference as such at the sacrifice or at the expense of or against Indian interests, I would be the first to vote against this Bill without hesitation. But is that so? First of all what does the Tariff Board say? The Tariff Board say this: (*Mr. C. S. Ranga Iyer*: "Page 58.") No, Sir, you must not mislead me; where they talk of Imperial Preference, this is what they say in paragraph 105:

"It may be urged that a system of differential duties in the form suggested involves the adoption of Imperial Preference in relation to steel. In the sense that our proposals necessarily imply a definite decision on the question of policy, such a statement of the case is incorrect."

(*Mr. Jamnadas M. Mehta*: "Go on.") Yes, Mr. Jamnadas, I will:

"In our Chapter on the price of imported steel we have already explained that while we have some grounds for confidence in the stability of future prices of imported British steel, the future price of Continental steel is wholly uncertain. We contemplate that in the proposed scheme of differential duties, the duties on British steel will be definitely fixed for the period of protection and those on Continental steel will be liable to variation. At what point the prices of Continental steel will stabilise and whether there will then be any difference between the duties imposed on Continental and British steel are matters which depend on the future play of economic forces, and which cannot therefore be foreseen."

I think, Sir, that Honourable Members do not appreciate the position. The position is this: if you read the whole of this Report you will find that the Tariff Board has dealt with the position of British prices and Continental prices. They have after careful consideration come to the conclusion that British prices are more or less stable and I shall prove that in a minute. They have come to the conclusion that Continental steel prices are not stable; and let me tell you that fluctuations took place to the extent of £5, £4 and £3. "Why?" you will ask. I shall explain that. They say that Continental steel prices are so fluctuating that it is not a stable market so far as Continental steel is concerned. The main causes are depreciation of exchange and dumping and, Sir, I submit with great respect to some Honourable Members that they have not yet quite appreciated these causes. Dumping and exchange depreciation are the causes. How long will these continue? These are facts. How long it will continue the Tariff Board say, "We do not know". Now, let me proceed

Pandit Motilal Nehru (Cities of the United Provinces: Non-Muham-
madan Urban): What is the fact? If the Tariff Board do not know any-
thing about it, what are the facts?

Mr. M. A. Jinnah: The fact therefore is that it is necessary that you should put an additional duty which will be liable to be reduced as the prices stabilise. I do not know whether I have made myself clear.

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhammedan Rural): I am afraid not.

Mr. M. A. Jinnah: Very well; I shall try again. What the Tariff Board says is this: it is a case of dumping; it is a case of unfair competition. (*An Honourable Member:* "How?") I shall prove it if you like from the evidence that was taken by the Tariff Board. Before the War between the prices of Continental steel and the prices of British steel the difference was 5 or 10 shillings. I will prove it from the evidence of Mr. Anandji and Mr. Trivedi. I have got it here. Of course now that Germany and Belgium have stabilised exchange to that extent speculation has disappeared; but France has not. The Tariff Board say that this additional duty over and above the basic duty is necessary for this unfair competition and dumping. I shall satisfy you that that is the line of argument of the Tariff Board; and as soon as Continental steel gets back to its normal state and prices are stabilised, that is to say, when there is no dumping and no depreciation of exchange, which two grounds of course give them an advantage and enable them to sell at lower prices. When prices have become normal, there will be no need for an additional duty. The moment that stage is reached, this so-called British preference will not exist, as the additional duty may go. I say it is a differential duty which I say any country is entitled to resort to under given conditions and I shall prove to you that other countries have done it

Mr. R. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): May I ask the Honourable Member, if there is unfair competition between Britain and the Continent, why should we be called upon to equalise it?

Mr. M. A. Jinnah: I am very much obliged to my Honourable friend, Mr. Shanmukham Chetty, for putting that question to me. I will tell, 12 NOON. you why, because we want to sell our home steel, and it competes with both half and half. Remember that Tata Steel has got to be sold. Against whom has it got to compete? Is it only against British steel? No. Is it only against Continental steel? No. If Continental steel is dumped here and there is an unfair competition, how will you get a fair selling price of Rs. 120 for home steel

Mr. Jamnadas M. Mehta: By bounties.

Mr. M. A. Jinnah: Yes, I will come to the question of bounties in a minute. My friend Mr. Jamnadas is very keen on bounties.

Mr. R. K. Shanmukham Chetty: By putting a duty on the weighted average system.

Mr. M. A. Jinnah: I quite see the point of my friend Mr. Chetty. Even my friend Mr. Chetty in his weighted average system has followed this principle, namely, that he is putting an additional duty; but he is putting an additional duty on both British as well as Continental steel. Therefore, he is not only penalising the Continental steel that deserves to be penalised, but he is also penalising British steel against which there is no case of dumping or unfair competition. He thinks, therefore, he has achieved his object by avoiding the idea of British preference. But he

fails in achieving his object, and I may answer him at once although I am taken away from my line,—I don't mind it,—he does not achieve his object at all, because once you have British steel which comes in duty paid at Rs. 129 and Continental steel at Rs. 111,—that will be the case under his scheme,—you will at once raise the price of steel because you have British steel which cannot come in for less than Rs. 129, and Rs. 129 which you are fixing is not necessary for the protection of Tatas, because the fair selling price which we have to secure to Tatas is Rs. 120. Why do you want Rs. 129? Who will pay the difference of Rs. 6 between Rs. 128 and Rs. 129? Who will pay that difference? It is the consumer who will pay it and I shall satisfy my friend that it will mean Rs. 48 lakhs to the consumer per year on this and further on the fabricated steel. I will give you the figures in a minute. Not only that. If the British steel cannot be imported duty paid for less than Rs. 129, the Tatas will put up their price. Who will pay for it? There again it is the consumer who will pay for it. Why? It is not necessary for the protection of Tatas to give them Rs. 126 or Rs. 127. We want to secure to Tatas Rs. 120 fair selling price. Then my Honourable friend will say "Oh, the consumer of Continental steel will benefit". But will he benefit? Will he get the Continental steel which will come here duty paid at Rs. 111, for Rs. 112 or Rs. 115? I will prove to the House from the records that the consumer will have to pay very nearly as much as the price of British steel, and if that is so, what is the result? The consumer has to pay Rs. 6 more for British steel; he will have to pay more than Rs. 120 which is the fair selling price of Tatas steel, and he will have to pay for Continental steel very nearly the same price as for British steel. Do Honourable Members realise what will be the consequence of it? Who will suffer? It is the consumer. And if I am right—and I will show you the figures,—I venture to say, it will go up to several crores of rupees in seven years. Do you want the consumer to be burdened with this unnecessary burden? With what object? Merely to avoid so-called Imperial Preference.

Pandit Nilakantha Das (Orissa Division: Non-Muhammadan): What is the approximate amount in one year?

Mr. M. A. Jinnah: If I go on answering questions, Sir, I shall probably take the whole day.

Mr. President: If the Honourable Member does not wish to answer questions, he must not resume his seat.

Mr. M. A. Jinnah: I really did not know what the question was, but I do not think it really arises out of the point that I am now discussing.

Mr. President: The Honourable Member need not give way if he does not want to answer questions.

Mr. M. A. Jinnah: I am always glad to give way, but I do not think I should answer questions if I give way; it is for me to consider whether I should answer them or not.

Well, Sir, to proceed further. I will finish with the paragraph which I was reading. This is what the Tariff Board says:

"Our inquiry is confined to economic issues, and if the system of differential duties is desirable in the interests of India on economic grounds for the adequate protection of Indian industries and for a fair adjustment of the burden involved, we do not feel debarred by political considerations from recommending them."

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(*An Honourable Member*: "What are the political considerations?") The Political considerations are these, that you would think it is preference to British steel.

Mr. C. S. Ranga Iyer: No, it is British preference.

Mr. M. A. Jinnah: No, no, and because there is a difference made between the amount of duty that is imposed on Continental steel and the amount of duty that is imposed on British steel, therefore it is British preference, and therefore, although it may be sound on economic grounds and in the interests of India necessary, still you will not have it? (*Honourable Members*: "No, no.")

Pandit Motilal Nehru: The thin end of the wedge.

Mr. M. A. Jinnah: Well, Sir, when I am told that although it is in our interest, that although on economic grounds it is sound and for the benefit of this country

Pandit Motilal Nehru: You do not admit that.

Mr. M. A. Jinnah: My friend Pandit Motilal says it is the thin end of the wedge. Thin end of the wedge or not, it is for our benefit, if it is sound economically and in the interests of India, if you still say that you will not have it (*Honourable Members*: "No, we will not have it"), then, Sir, standing here alone, I will have it.

Mr. Jamnadas M. Mehta: Have it.

Mr. M. A. Jinnah: If it is in the interests of my country I will have it. (*An Honourable Member*: "That is the point".) That is the point, Sir, and let this House decide whether that is so or not. Do not start with this thin end of the wedge argument. Is it for the good of India? (*An Honourable Member*: "Yes.") If it is for the good of India, then I will support the measure, and whoever does not support, can go into the other lobby. If it is against the interests of India, I will not support it.

I want the House to come back to the point. Perhaps I will read to you at once now, if I can possibly get back to the issue, the words of a very great authority in Bombay, a merchant prince, who presided over the Indian Chamber of Commerce. This is what he said. (*An Honourable Member*: "Who is that?") Mr. Lalji Naranjee. Do not prejudge him. This is what he says:

"You will all, I hope, agree with me when I say that sound economics cannot be based on mere sentimentality, and that emotional arguments are never to be introduced in a discussion of economic subjects. In economics two and two will always make four, and it does not matter if the two on the other side is either Indian or foreign."

Now, Sir, I want the House to get to that frame of mind, and if you get to that frame of mind, then I will say this. Our position really in this House is this. We have got three proposals before us, and we have got to select the best. That is the position in which this House is placed to-day. (*An Honourable Member*: "Which is the best?") That is the point, and that is for you with your intelligence to decide. You exercise your intelligence and decide and vote as you think best. (*An Honourable Member*: "We do.") Very well, then let us proceed. Let us take the

first proposition now. Supposing it was a question of quality, would you differentiate or not? Even Mr. Jamnadas says "yes". And nobody can object to it. Now, first of all, let me put it before the House. It was said: "Oh, but standard steel comes from the Continent: what about that?" (*An Honourable Member*: "Yes.") Yes. How much, will you tell me? (*An Honourable Member*: "As much as you want.") Let me tell the Honourable Member that during the last so many years even Mr. Trivedi in his examination stated that he had only one order given to him. And let me examine how much of the standard steel comes to India.

Mr. Ghanshyam Das Birla (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): May I interrupt for one moment, Sir. I want to inquire whether, except in structural sections, there is anything like standard or non-standard quality.

Mr. M. A. Jinnah: I am going to answer that question in a minute and I am on that point now. I say we have got very definite figures. British steel of these four classes, with which we are concerned, imported into India is about 86,000 tons and the Continental steel which is imported into India of these four classes is 271,000 tons. (*An Honourable Member*: "What is the Indian production?") Well, India produces at the present moment 380,000 tons. Out of that you may deduct the rails—I think they are about 195,000 or 200,000—and that leaves 180,000 tons. Out of 180,000 deduct the tin bars and galvanised sheets, which at present India produces and thus it would leave about 125,000 tons of these four classes—I believe I am correct—and India will probably with its increased output do so by 70,000 more. But to get back to my point, we have 271,000 tons of Continental steel. Now, the question is, first of all, how much of this 271,000 is standard steel? Let us consider that. It has not been, Sir, up to the present moment, put before this House, even with any show of appearance, that any portion of this 271,000 tons comprises standard steel. Has anybody put it before the House—except for the *ipse dixit* and the assertion of Mr. Birla? Why does he say that? The question is, why does he say that? Has he got the figures? Has he given the House any explanation why this inference is to be drawn? He says: "Oh, standard steel comes from the Continent and therefore it will be penalised."

(On Mr. Birla rising again.)

Mr. President: Order, order. I want the Honourable Member to proceed.

Mr. M. A. Jinnah: Now, Sir, the position is this. We have got four classes: structurals, bars, plates, and black sheets. The question of standard steel does not arise in the case of black sheets. It also does not arise in the case of bars and plates, mostly non-standard, except a few thousands. The same may be said of structurals. So there is a very small amount of standard steel with regard to the class plates. It will probably be a few thousand tons. Then you find a few thousand tons in the structural materials. You find, therefore, that if you take the bars, they are 111,000, structural material 96,000, plates 28,000, black sheets 36,000. That makes 271,000. Now the structural 96,000 are non-standard barring a few thousand. The bars are practically the whole amount non-standard. The plates a few thousand out of the 28,000 are standard, the rest

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are non-standard. And the black sheets 36,000 altogether non-standard. Therefore, nearly 90 per cent. or more than 90 per cent. of the Continental steel is non-standard. My Honourable friend says "How?" (*An Honourable Member*: "He said 'No'.") Well, but I have got these figures here. Mr. Birla at any rate did not give us any figures. I am at least giving some figures to the House, and I am perfectly willing that you should put me right if I am wrong. Now, Sir, if that is correct, then my first proposition stands, that, on the principle of different qualities, would you not be justified in differential duties being imposed? Would you or would you not? (*Lieut.-Colonel H. A. J. Gidney*: "Certainly.") Very well, that is point No. 1.

Now, for point No. 2. Would you or would you not impose a differential duty if I satisfied you that this is a case of dumping, of unfair competition? You will not do it even if it hurts you? Very well, don't do it. (*An Honourable Member*: "It doesn't hurt.") Now, I will show you that it does. I will explain it to you in a minute. I will give you first of all the figures: see whether it is dumping or not. You find Continental imports in 1921-22, 176,000; in 1922-23, 261,000; in 1923-24, 248,000; in 1924-25, 308,000. (*Mr. Jamnadas M. Mehta*: "Shouting does not make an argument.") Well, Sir, impertinence is no argument. An interruption of this character does not help anybody. When my Honourable friend was speaking, I did not say that he was shouting. Does it do any good? Why cannot you preserve some dignity? (*Sir Darcy Lindsay*: "Hear, hear.") You find that the Continental imports in the year 1924-25 went up to almost double. Is that, Sir, dumping or is it not? (*An Honourable Member*: "It is not dumping.") Well, Sir, now, what does the Tariff Board say? You will find what they say about dumping in para. 129. They say:

"The Steel Company's proposal for the introduction of "Anti-dumping" legislation does not require any detailed discussion. The claim is partly based on the statement that the price of English rails offered in India has been below that at which similar rails have been sold to English railways. But in accordance with ordinary business practice, export prices of rails and other kinds of steel even before the war were lower than the home prices and we have discounted this feature of the European steel market by basing our proposals on export prices. Further, the effect of the depreciation of Continental exchanges on import prices has been met by our proposal of additional duties on steel of non-British origin. The objects which the Steel Company has in view will, therefore, be attained without the enactment of a special anti-dumping measure. In any case, as we have already pointed out in Chapter VI, we believe that, under the existing commercial treaties, the proposal, in the form in which it has been presented to us, is not practicable."

You will find in paragraph 95 the Tariff Board again deal with the question of dumping. This is what they say:

"But in any case, we consider that a system of bounties, while it may to some extent protect the Indian industry against losses due to foreign competition, is not nearly so effective in preventing unfair competition, especially where it is aided by the uncertain factor of a depreciating exchange."

Therefore, the Tariff Board had before them the evidence of dumping, and now let me refer you to the evidence of dumping. You will find it in the evidence of Mr. Anandji Haridas. Sir, if I may say so, I have read his evidence and he has created an impression upon my mind that he has given his evidence frankly, honestly and against his own vital interests, because he is one of the biggest dealers and therefore what he said is not so much in his own interest as in the interests of India.

He actually advised the Tariff Board to take steps against anti-dumping. This is what he says in his evidence :

“Mr. Anandji: That is what I said. But there is this additional difference that I want to make between British steel and Continental steel by having a higher duty on Continental steel—call it dumping duty or anything you like—and that duty shall be with the Government of India for payment to the Steel Company whenever there is a fall in prices.

Dr. Matthai: When you have a general scale of duties, you have a fund out of which bounties may be financed.

Mr. Anandji: I don't want to put the same duty on all steel.

Dr. Matthai: We are doing that. This would simply mean an extension of the scheme.

Mr. Anandji: Distinction between countries with a depreciated currency and England.

Mr. Matthai: Germany has not got a depreciated currency. I understood you to mean that on the one side there was to be a duty for Great Britain and on the other side a duty for all the other countries.

Mr. Anandji: I was wrong there. I would make a distinction between England and the Continental countries.”

Sir, Mr. Anandji has shown by figures also what the position is. Well, Sir, if the case of anti-dumping is proved—at least proved *prima facie*—the Honourable Members will say, “Oh, if it is a case of anti-dumping, why not call these anti-dumping duties?” That would be the next question, “Why not call them so? In that case we do not mind the difference.” That is what it comes to. Again I would refer the Honourable Member to the Report of the Fiscal Commission and also to the steps that have been taken by other countries on these lines and see how it is possible, having regard to the commercial treaties, to make out a case of anti-dumping. It is a very difficult case to make out having regard to the terms of commercial treaties between different nations. I have got one instance. Australia all of a sudden discovered that we were sending pig-iron and cricket balls there. The theoretical ratio in India is 2*sh.* I do not want to go into the exchange question here.

Mr. Ohaman Lall (West Punjab: Non-Muhammadan): That is where two and two do not make four. (Laughter.)

Mr. M. A. Jinnah: Because it is not an economic question. It is the currency policy. What was done was this. The Australian Government imposed an anti-dumping duty on Indian pig-iron and cricket balls because the exchange value at that time was 1*s.* 4*d.* to 1*s.* 6*d.* So the Australian Government thought that our exchange had depreciated to such an extent that we were entering into unfair competition with regard to pig-iron and cricket balls. It was then pointed out to the Australian Government that this was merely a theoretical ratio of 2*sh.* and that they had gone wrong. Subsequently, Sir, they repealed the measure which they enacted. I put it to you, therefore, is it or is it not a very difficult thing to establish a case within the strict terms of the treaties? You have got to prove to the hilt that the country which is entering into unfair competition or is dumping its goods is doing so in India at a cost lower than the cost prevailing in its own market or in that country. It is a proposition which it is very difficult to prove to the hilt. The Tariff Board, therefore—I say all credit to them—get round and say, “We are satisfied that there is dumping; we are satisfied that there is unfair competition; and we can do it by this method without

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creating any hue and cry or any further difficulty and we shall so recommend." I really therefore ask you to dismiss from your minds this idea that this is really not in the interests of India. If it is so, then let us examine it now.

Of the three suggested methods I will take first of all the scheme of Mr. Jamnadas Mehta. Well, Sir, he does not find a supporter in his own camp in Mr. Chetty except a half-hearted support. Certainly he does not find a very warm supporter in Mr. Birla and when you have the doctors differing I think the patient is in danger, and I hope that Mr. Jamnadas Mehta will reconsider his position and not press his scheme. Now, Sir, Mr. Jamnadas Mehta's scheme is this. He says, put a duty or tariff *cum* bounties. He says that bounties should be given in respect of these four classes. He says, "I put forward before you a splendid scheme. Never mind the Tariff Board. They worked over it for eight months, they may be experts but they have all gone wrong. I arrived in Delhi in January. I hardly sat in the Select Committee owing to the obstructive attitude of Sir Charles Innes who deliberately prevented me because had I been present it was a lost game to him." However much I may differ from Mr. Jamnadas Mehta I respect his views and have always held that by temperament and constitution he is a constructive genius. When he gets exuberant he becomes a destructive genius. He to his credit puts forward a constructive scheme. I am always open to conviction. I really have paid a great deal of attention to it: I have carefully considered it. I have spent a lot of time over it in trying to understand it. These are my difficulties and I put them before you to consider whether I am right or wrong. Mr. Jamnadas Mehta says, "Give a bounty on these four classes." He says that the receipts from protective duties will come to Rs. 65 lakhs. I do not think that that figure is quite correct: I think it is about Rs. 56 lakhs, but that does not matter. It is a few lakhs here and there and when we are putting up a scheme in a hurry a few lakhs do not matter. But I will take his own figure of Rs. 65 lakhs. He says, you can give Rs. 25 lakhs out of this for bounties. Well, that is substantially correct, but in the last year—we are thinking of 7 years—it may be a little more. But when you do that, what is the object, what is the principle underlying this protection that you are giving to the steel industry? Is it merely for the benefit of the Tatas or is it for the benefit of the industry? The Tariff Board say this in paragraph 144 of their report. But, first of all, I put this question to you. Do you agree with me or do you not, that the first principle is that the protection should be discriminating? If it were left perhaps to some of us, and if we were in charge of the Government we might adopt a very different policy. I do not however wish to open up that question, but I will assume for the purposes of this Bill that the policy of protection should be discriminating and I find that that principle was endorsed by my Honourable friends Pandit Madan Mohan Malaviya and Mr. Birla in their dissenting minute on the Fiscal Commission Report.

Mr. Ghanshyam Das Birla: I never said that. What I said was that protection is always discriminating.

Pandit Madan Mohan Malaviya (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): I was not on the Commission.

Mr. Ghanshyam Das Birla: In our note of dissent we did not subscribe to the qualification of "discrimination". We said protection is always discriminating.

Mr. M. A. Jinnah: Anyhow, I think that so far as my Honourable friend, Pandit Madan Mohan Malaviya, is concerned, he has never disputed it.

Pandit Madan Mohan Malaviya: Protection is always discriminating.

Mr. M. A. Jinnah: I will just point out what the dissenting minute says. I do not want really to take up the time of the House over this point, but this is what is said:

"While we agree that the policy of protection should be applied with discrimination, we do not think that any qualifications or limitations should be made a condition precedent to its adoption We share the concern shown in the Report for the interests of the consumers, and we agree that the policy should be applied in such a manner as to reduce the burden on the consumer to the minimum necessary (*Some Honourable Members:* "Hear, hear.") for the purpose of carrying out the object in view. (*An Honourable Member:* "Quite right.") In the present economic condition of India, limitations in the interest of the consumers are necessary, but we anticipate that if immediate effect is given to the policy we recommend, India will begin to grow economically prosperous within a reasonable period of time."

Therefore, I take it that there is no dispute, at any rate so far as this Bill is concerned, that the protection must be discriminating, that the protection must not be excessive but what is necessary and that it must be given having regard to the general well-being of the community. Now, Sir, what is the idea of giving this protection? Do you want this industry to develop, to increase, to flourish, or not? Do you think that new firms will not come in? The Tariff Board in paragraph 144 of their report deal with it and they distinctly contemplate. . . . (*An Honourable Member:* "Give them also protection.") Give them also protection—that is exactly what I am trying to do which you are now by your system of bounty depriving them of. Let us see what will happen according to Mr. Jamnadas's scheme. We have got Rs. 25 lakhs which according to Mr. Jamnadas will be sufficient to pay as bounties to the Tatas on these 4 classes of goods. But remember we are thinking of 7 years and suppose new firms come in. (*An Honourable Member:* "What time will they take to develop?") (*Another Honourable Member:* "10 years.") I do not want to indulge in this sort of discussion, but if you are going merely to treat everything that the Tariff Board says as unsound, then it is impossible to argue. You must at least take certain data and certain findings of the Tariff Board for the purpose of your discussion. The Tariff Board seriously, earnestly reason it out and in their reasoning they say that one of the objects is to attract fresh capital. One of the objects is that new firms should come in, and if they do come in, will they or will they not be entitled to bounties under Mr. Jamnadas Mehta's scheme? (*An Honourable Member:* "Certainly.") (*Another Honourable Member:* "It will be 10 years.") (*Some Honourable Members interrupted.*)

Mr. President: Order, order. Mr. Jinnah.

Mr. M. A. Jinnah: Let us carry this on a little further. If the production goes on increasing—the Tata's production must go on increasing, and if new firms come in, will not the imports decrease? (*An Honourable Member:* "No.") Of course, they must decrease. If the imports decrease what will happen to your revenue? Will it not decrease? You start in

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the inverse process. As you go on, your new firms will come in. Your production will increase daily and there will be more and more competition. Look at the rails. The whole of the British rails have been displaced by the Indian steel rails—about 200,000 tons. What is the good of saying that imports will not decrease? Look at the fish-plates and galvanised iron sheets. You have already reached 14,000 tons. The whole of the galvanised iron was supplied by England. You are now making 14,000 tons of galvanised iron. The imports must decrease and will decrease. Otherwise there is no meaning in this protection at all. Your revenue must decrease also. If your revenue decreases, where are the protective duty receipts. What will happen to them? They will all go down and the claimants for bounties will increase. Where will you get the money from? You might be in a very serious position before three or four years have elapsed. Now, that is one of my answers to Mr. Jamnadas Mehta.

My second answer is this. By giving bounties, whom do you benefit? Mr. Jamnadas Mehta says—the consumer. Consumer of what? Of Continental steel, because Continental structurals will be imported at Rs. 105 and the rest of protection will be by bounties.

Mr. Jamnadas M. Mehta: 104.

Mr. M. A. Jinnah: Will he benefit by it? My friend, Mr. Jamnadas Mehta, is quite misled and I shall prove it. Let us take the figures of Mr. Trivedi and his Association. Those figures appear in a circular which he has sent round to all the Honourable Members of this House, I believe. I will take the selling price at Calcutta and the selling price at Bombay.

Beams—Calcutta 100, Bombay 145.

Mr. Ghanshyam Das Birla: What about other months?

Mr. M. A. Jinnah: If my Honourable friend will wait, I will give him the answer. What are the other figures given for January, February and March given by Mr. Trivedi's association.

Mr. Ghanshyam Das Birla: What about the last six months?

Mr. M. A. Jinnah: I am coming to that. I am afraid the Honourable Member has been captivated by the middleman. I will deal first of all with the bars. This is the report of Haridas Anandji: Calcutta 135. Bombay 140—that is for June; July, 135 and 145; August, 135 and 140; September, 135 and 175; October, 140 and 150; November, 140 and 140; December, 137 and 145. The prices are for the same steel.

Mr. Ghanshyam Das Birla: What is the cost price of landing?

Mr. M. A. Jinnah: It is admitted in evidence, if Mr. Birla will read it, that Continental steel can be bought c. i. f. at 86.

Mr. Jamnadas M. Mehta: It includes structural sections also.

Mr. M. A. Jinnah: There is no use trying to interrupt me and scoring a point. I know that perfectly well. Structurals are on a somewhat different footing. Very little of that comes from the Continent because as somebody said it is not quite safe if you are putting up a decent building to use Continental steel. Mr. Anandji himself says that so far as joists and beams are concerned you hardly ever get a man who will trust Continental steel unless he gets them tested and certified which can only be done on the Continent. Now, let us take Continental plates first. You find that in June 1925 the price in Calcutta was 142 and in Bombay 160. In July 147 and 160, in August it goes down.

Mr. Ghanshyam Das Birla: That is the retail price.

Mr. M. A. Jinnah: That is exactly the point. What does Mr. Jamnadas say? Mr. Trivedi's evidence is there. In the whole of Bombay there are 80 or 40 merchants and they form an association. They agree to sell at a particular price. They give orders 3 or 4 months in advance and your consumer has got to pay through his nose. Mr. Birla says, "what about the prices since September, 1926". I will tell you the position about them. It is a most extraordinary thing. The position is very interesting as disclosed in the evidence of Mr. Trivedi. I want the House to know all the facts and then give a judgment on this matter. This is what he says—remember he was examined in August, 1926:

"President: It will be very useful. I find from the evidence of Anandji that there is a great difference between prices realized by you and prices realized in Calcutta. Can you explain that?

Mr. Trivedi: In the first place in Calcutta there are more than 150 dealers, small and big, whereas in Bombay we have only 30 or 40 people, so they do not cut prices as they do here in Calcutta."

It is a very qualified cautious answer. But wait a minute; something more is coming:

"President: For instance in January 1926 Mr. Anandji's price for Continental bars was 137 and the price at Bombay from the Merchants' Association was 155. We are told that perhaps they were maximum prices or average prices. What are they?"

Mr. Trivedi very nearly fainted.

An Honourable Member: Is that said there?

Mr. M. A. Jinnah: Yes, yes. I am coming to it and the House will judge it.

"Mr. Trivedi: I am surprised at the figure. There must be some mistake. It may be for rods."

That is the answer of Mr. Trivedi of Bombay.

"President: You take the average price or the highest price?

Mr. Trivedi: We take the average price. It occurs in other things too.

President: Take December, 1925. Mr. Anandji's Association's price is 137-8 and the Bombay Iron Merchants' Association's price is 175 for Continental plates?

Mr. Trivedi: That also must be a mistake. It may be also that men there have taken the one-sixteenth and not the ordinary plates."

That is to say, plates are of two kinds; one is a little thicker than the other.

Mr. President: I do not wish to interrupt the Honourable Member but I should like to ask him to consider whether it is at all possible for this Assembly to put this measure on the Statute-book before the 31st March if half a dozen Members take the time which the Honourable Member has already taken.

Mr. M. A. Jinnah: Well, Sir, I do not think that is quite correct. You must remember the position that I have to occupy in this House. I have taken up a particular position with regard to this Bill, and I think, Sir, in fairness you will admit that the supporters of this Bill happen to be very few while the opponents of this Bill in this House happen to be a very large body. I think in fairness I am entitled to answer all the various speeches which number, I think, something like 9 or 10, and they took

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several hours. I think it is not fair to myself or fair to this House that I should not fully place the facts, the figures and my reasons for supporting this Bill.

Mr. President: The Chair has no objection. It is for the Honourable Member to consider whether, if several other Honourable Members follow his example, it will be possible for this Assembly to finish this Bill. The Honourable Member for Commerce has already put the whole case at great length and my Honourable friend has also taken over an hour and a half. It is for him to consider whether he will allow other Members also some chance to speak.

Mr. M. A. Jinnah: Well, Sir, that is for you to decide, not for me—whether other Members should have a chance or not. But, Sir, I have great respect for the warning, or the expression of opinion, which you have just stated. Yet I have considered this very carefully and I assure you that I do not want to take up the time of this House a minute longer than I consider necessary. But I do consider this, Sir. I think the House will observe from the questions that are put to me, which I welcome, that there is a great deal of misapprehension with regard to this matter. I think it is but right to say that if Honourable Members knew all those facts they would not put those questions.

Mr. President: Will the Honourable Member proceed with his speech.

Mr. M. A. Jinnah: Now, Sir, I was reading this part of the evidence and I say that Mr. Trivedi was surprised and thought it was a mistake. Now, we have the argument of Mr. Birla. What is the argument? He quoted the figures of September, 1926. Now, Sir, I never like to impute bad motives to people. I do not want to say that these figures may not be correct; but, Sir, we know perfectly well that these 30 or 40 men who constitute an Association must have realized that this was a startling discovery and that the question was under inquiry, and it is quite possible that they may have decided to lower their prices deliberately and advisedly soon after Mr. Trivedi's examination. Sir, therefore, when you talk of the consumer and his interest, I say, "Poor Consumer". It is the middleman who pockets the advantage.

Now, the only other question that remains is my friend Mr. Chetty's amendment and his views. Now, I have already pointed out to Mr. Chetty as to who will really benefit by this. It is the middleman not the consumer. If that is so, what does it resolve itself to? It resolves itself into this, that if you have Mr. Chetty's scheme you have an orbit or difference of Rs. 18; if you have the differentiation scheme, the orbit is limited to Rs. 7, and the more circumscribed and limited the orbit is, the less chance is there for the middleman to make a profit.

Mr. Jamnadas M. Mehta: And more for Government.

Mr. M. A. Jinnah: More for Government, yes. But excuse me, the fallacy in that lies here. Every protective duty must put some money into the coffers of the Government. The question is, is it necessary for the protection? What is the good of saying 'more in the pockets of Government'? Is it necessary? If it is, where else can it go? Into the pocket of my Honourable friend?

Mr. Jamnadas M. Mehta: To the consumers.

Mr. M. A. Jinnah: The consumers do not benefit. I have shown it.

Mr. Jamnadas M. Mehta: They do.

Mr. President: Will the Honourable Member allow Mr. Jinnah to continue his speech.

Mr. M. A. Jinnah: No, they say, "Oh wait, British steel will get the advantage". Now, I want to give you figures with regard to that. The figures are, before the War—British steel sections 38,000, bars 19,000, plates and black sheets 30,000. That means 87,000 tons before the war. That was the import of British steel. In 1925-26 we imported, sections 44,000, bars 14,000, plates and black sheets 27,000. That is 85,000. So British steel before the war was imported in larger quantity, at least by a few thousand tons, than after the war. What is the position of Continental steel? I have given the figures for Continental steel before the war. The total amount was 195,000 tons. To-day it is 271,000 tons.

Well, Sir, the position therefore is this. To sum it up, I say, Sir, that it is not a case of Imperial Preference. I ask, I call upon
 1 P.M. the Honourable Member who represents the Government to make the Government attitude perfectly clear on the floor of this House with regard to the policy of Imperial Preference. I therefore maintain, Sir, that this is not even British preference as such. It is a difference between two scales of duties, between British steel and Continental steel, intended, I say, to secure the result, namely, the minimum protection, the minimum burden on the consumer, and the general welfare of the community. I say any other scheme will upset the scales and upset the balance; and therefore, Sir, with regard to the three schemes which are before the House, I cannot but support the scheme which is embodied in the Bill.

Now, Sir, we come back to the amendment to recommit the Bill, and I want to discuss that. What, after all, will result if this Bill is re-committed to the Select Committee? What will you gain by it?

An Honourable Member: We will consider the Bill in detail once more.

Mr. M. A. Jinnah: If you want to adopt any other scheme, except the scheme which the Tariff Board has recommended, I feel absolutely certain that you will have to refer back the whole question to the Tariff Board. Your Select Committee will never be able to do it. Is this possible, Sir, for a Select Committee? A Select Committee can only accept certain data and, after accepting certain data and findings, come to a conclusion. If you want to go deeper into it, if you want to ascertain for yourselves the data, if you want to find out for yourselves what are the facts, then you must inquire yourself, or else you must take the findings and the figures and the data as they are placed before you by the Tariff Board. Do you want the Select Committee to restart an inquiry? If you challenge the evidence, if you challenge their data and findings, if you challenge their facts and figures, how is your Select Committee to come to a conclusion? Do you expect the Select Committee to go round again and sit for 8 months and take evidence? What therefore is the position? The position is this. We have got certain data. It does not matter, what does it matter whether it is a majority of one or two? What does it matter? Eventually, it is the House that must decide, and you have these three proposals before you, and they are in the shape of amendments, and it is for this House to decide and say, "Well, this, that or the other we shall accept." Or, if you like, do not accept any. That is for

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you to decide; and I say, Sir, it will be an utter waste of time to recommit the Bill to the Select Committee. What will happen? Supposing my friend, Mr. Jamnadas, with his eloquence, with his persuasive powers, with his persistence and perseverance (*Mr. Jamnadas M. Mehta*: "Thank you.") and his constructive mind, for which I complimented him not long ago—supposing, Sir, he converts one or two and they happen to sign with him. What difference will it make? Then, instead of his amendment being there, my friend, Sir Charles Innes, will put forward his amendment. Supposing Mr. Chetty succeeds (*An Honourable Member*: "We can persuade Sir Charles Innes")—well, Sir, in that case you might adjourn this House and leave my friend over there to persuade Sir Charles Innes for 24 hours if he likes and then we shall meet again on Friday. (*An Honourable Member*: "Then it is hopeless.") I therefore, Sir, say that no good purpose will be served by recommitting the Bill to the Select Committee.

Now, Sir, there is the last point, and it is this. I think that Sir Charles Innes said that if this Bill does not go through, the industry might get into very serious difficulty. Well, I understand that it was not really a threat to this House, although on that day there was a great deal of heat and passion, and probably the impression might have been created upon the minds of some Honourable Members that it was a sort of threat. (*An Honourable Member*: "It was.") Well, if it was intended to be a threat, I condemn it equally with you. But as I followed him, all that he intended was that he wanted the House to realize that a difficult situation might be created if this Bill was rejected; and that is so, because remember this, it is a fact, because, supposing this Bill is thrown out, what will happen? (*An Honourable Member*: "Nothing happens.") Supposing Mr. Chetty's amendment is carried, supposing the Government do not agree. If a person does not agree with you, then it is his fault. If you do not agree with him, then also it is his fault: it is always the fault of somebody else. (Laughter.) Why may it not be your fault? Why should we not assume that it is possible that we may be in the wrong—at least let us assume in all humility that it is possible that we may be in the wrong. It is possible that the Government may think that we are in the wrong. But if they think we are in the wrong, then what will be the position? You say you are right. The Government say they are right. Very well. What will happen? A deadlock.

Mr. President (to Members interrupting): Order, order.

Mr. M. A. Jinnah: But supposing they do not give way, then remember the convention which I read to you, that when the Government of India and the Central Legislature do not agree, then what will happen? (*Mr. M. K. Acharya*: "It will be certified.") No, it cannot be certified; then, Sir, it will be left on the lap of the Secretary of State for India, the great Moghul, and Heaven only knows what decision he may come to. In considering this deadlock, remember that the very industry that you are all agreed should be protected, the very industry which you acknowledge is a national industry, a security industry, a key industry, stands in danger, in spite of your earnest, wholehearted desire to protect it, of being neglected for at least some time, which might work a revolution in the future prospects of that industry and the concern with which we are now dealing. Now, therefore, I say that unless you have got strong, fundamental objections, besides questions, unless you think that this Bill is so bad that it cannot be accepted,—if it is merely a question of a debating

point, if it is merely a question of one being a little better than the other. Why create this crisis, this deadlock, which may result in very disastrous consequences to the very industry you want to protect? If it was a question of Imperial preference I would be with you. I say it is not a question of Imperial Preference. I say it is not a question even of British preference as such; and I say therefore that it is a pure economic issue; and if this House accepts this Bill on that pure economic basis, that the scheme is in the best interests of India, we commit ourselves to nothing more. Why are you afraid? Is it not weakness, is it not a sign of weakness to say that if you do this, in future something else may be foisted upon you? If it is in your power—of course if it is not in your power, you can keep crying—but if it is in your power, and if, as I understand, no policy of Imperial Preference can be undertaken by the Government without the consent of the Legislature, if that is so, and if I understand Sir Charles Innes to make that statement clear, then, you have the power to sanction the policy of Imperial Preference or not to sanction it. If that is so, why are you afraid? Are you not strong enough, are you not able to take care of yourselves when that question arises? Why in the name of the thin end of the wedge upset everything and create crises and deadlocks? I therefore appeal most earnestly to everyone here to consider and pause; for really it will be disastrous to let such a situation be created because I think in that case India stands to suffer.

Pandit Motilal Nehru: Sir, if I stand before this House immediately after the very illuminating speech of my Honourable friend, Mr. Jinnah, it is not because I intend to meet all the great arguments that he has put before the House. I have got very little to say and the reason why I get up immediately after him is that I want to get it off my mind as soon as possible. I am not going to enter into the whole question or go over any considerable part of the ground which has been covered by my friend, Mr. Jinnah. I wish to confine my remarks only to that part of his speech which related to the question of Imperial Preference or British preference as he called it.

Now, if it is true that the scheme of the Bill involves in it the principle of Imperial Preference or preference to Britain as against other countries of the world, I may say here at once that whatever be the advantage of the Bill, whatever boon it may confer upon the Tatas or upon the steel industry of India, either existing now or coming into existence in future, I have absolutely no sympathy with the Bill. I would rather have twenty Tatas go by the board than consent to a principle which introduces any Imperial Preference or British preference into the tariff of our country. I quite agree with my friend Mr. Jinnah when he says that this is not Imperial Preference in the sense in which somebody has called it Imperial Preference. He has cited a passage from the Report of the Indian Fiscal Commission and he says "This is Imperial Preference, but what the Bill proposes is nothing of the kind." I quite agree that what the Bill proposes has not even the semblance of what the Indian Fiscal Commission or rather the Convention to which they referred laid down as the principle of Imperial Preference. The principle which was laid down is thus stated:

"Each part of the Empire having due regard to the interests of our Allies shall give specially favourable treatment and facilities to the produce and manufacture of other parts of the Empire."

That was the main principle. Now, it will be time for us to enter into that question when we become equal partners in the Empire along with

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its other component parts. I say that the definition as given in the Indian Fiscal Commission's Report does not apply to us as we are situated and therefore my friend is perfectly right in saying that this is not the Imperial Preference which the Fiscal Commission contemplated. But does it give me any consolation? Though it does not accord with the definition of the Indian Fiscal Commission, still so long as Britain is favoured against the other countries of the world, I say it is preference to Great Britain. It may not be Imperial technically under any known definition, but every case where British goods are taxed upon one scale and other goods are taxed upon another and a higher scale, I say, is a case of preference; and that being so, I said when I interrupted my friend, Mr. Jinnah, that although it may not be Imperial Preference now, it was the thin end of the wedge. My friend said "Oh, don't be afraid of the thin end of the wedge." But I think he knows of the possibilities of the introduction of the thin end of the wedge. What happens in course of time? Now it is not only a question of Britain being favoured—perhaps not actually favoured, because Britain supplies a better class of goods and is therefore entitled to better terms from us; but what will happen when Britain sends out a cheaper kind of goods? Nobody has yet denied that Britain manufactures non-standard steel also. If by the process provided in the Bill Great Britain is enabled to exclude the other countries from the Indian market, will not this thin end of the wedge introduce in course of time a sledgehammer which will break our heads or otherwise squeeze out our lives? So, I say, Sir, that we must guard against the introduction of the principle—it may not answer any technical definition of Imperial Preference; but if the principle is there the poison is there and we must avoid it.

Now, my friend says in answer to that "But you are protected by what the Fiscal Commission has said and by what the Joint Committee has said" and he has invited my Honourable friend Sir Charles Innes to make a statement on the floor of the House that whenever it is the intention of the Government to introduce Imperial Preference it shall not do so without the sanction of this House. Now, Sir, let us examine that. I say this is one of the occasions when Imperial Preference is going to be introduced. My Honourable friend Sir Charles Innes can very well conscientiously stand up (because he is of that opinion) on the floor of the House and say "No, it is not Imperial Preference; but when it comes I shall ask your opinion". I shall wait and then the next measure comes in and my friend, Sir Charles Innes, again stands up and says "Oh, this is nothing of the kind; this is not Imperial Preference; this does not come within the definition of the Indian Fiscal Commission or some other high authority and therefore you need not be apprehensive. When we really introduce that principle we shall ask your opinion", and so on and so forth. Measures of this kind will go on accumulating to the end of the chapter and we shall always be told that Imperial Preference is yet to come. Sir, I am by nature a great disbeliever in assurances from that part of the House. I like one sound principle laid down by the vote of the House in preference to tons of assurances coming from the other side of the House.

Then again my Honourable friend's argument was "Here you have the Tariff Board, the members of which are very competent to deal with the question; they have taken great pains; they spent eight months over it and therefore we must take what comes from them as coming with all the weight that is due to their experience and their industry". Well, Sir,

it may be so. My friend and I belong to the same profession; but neither he nor I have ever taken into consideration the amount of labour, the amount of intelligence and the amount of experience brought to bear upon a case by the trial judge when we decide to file an appeal against his findings. We spend nothing like the time that he spent; and yet we as often as not succeed in getting his findings upset and having our arguments and our point of view approved by the court of appeal. But however that may be, what I ask is this: does it want eight months to discover whether this is Imperial Preference or preference of any kind whatever? When I come up against that part of the scheme, I say that he who runs may read in this Bill the principle of preference introduced. That being so, the Government scheme or the scheme of the Bill is vitiated from the very beginning, and we are not inclined to go into it.

Then my friend said, "What are these additional duties for if not for the protection of Tata's steel?" Now, Sir, I admit that the scheme propounded by the Bill does impose certain duties on both the British and Continental goods with a view to protect Tata steel. But it also imposes discriminating duties, higher duties, on Continental goods in the interests of Great Britain alone. And why do I say so? (*Honourable Members*: "No, no.") Please wait for half a minute. Whose interest is it in Madras or in Rangoon where the Tata Company's goods have not yet reached and will not reach for a good long time, that Continental steel should pay higher duties than British steel? Who is protected there except the British manufacturer? I say, I affirm, and challenge any denial of the fact, that in those parts where Tatas cannot compete with exported goods, the scheme of the Bill most decidedly gives preference to British goods over Continental goods, and that being so, I say that the Bill will operate,—at least in some of the remote parts of India,—as a protection to British goods alone and will have nothing whatever to do with the protection of Tatas. That being the case, Sir, I submit that this scheme of the Government is vitiated in principle.

As regards the other schemes, as has been pointed out, and I think very freely admitted by the propounders of those schemes, they do not arrogate to themselves infallibility or absolute freedom from all flaws; in fact the Tariff Board themselves have clearly pointed out that the scheme they have propounded is itself not free from flaws, and so also have my Honourable friends who have tabled amendments to that scheme. That being so, it is easy to find fault with any of the three schemes. When the authors of the schemes themselves admit that they are open to some objection or other, I do not think, Sir, we can condemn any one of those schemes simply because the authors of that particular scheme are unable to show to the satisfaction of the House that there are no flaws in it. That there is some flaw or other in every one of them, is admitted or can be proved. If we take that as the criterion, we shall be bound to throw out all the three schemes, because admittedly not one of them is without flaws. But why should we accept the Government scheme, is the question. My friend Mr. Jinnah has let the cat out of the bag in the concluding remarks of the speech he just made. We must say ditto to the Government, because if we do not, the Government will not agree with us, and then the Secretary of State will come in. My friend drew a vivid picture of the final scheme in which the corpse of this Bill would be found lying in the lap of the Secretary of State and that dignitary would be seen trying

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to revive it. Now, Sir, I quite admit that we must look to the consequences of any action that we take in this House; but to ask us to agree to a proposition emanating from the Government Benches with which we do not agree in point of fact, and that simply to avoid some bad consequences either to us or to the country, I think, Sir, is too much to ask, and more specially in a case like this. Of course, I do not wish to generalise. I quite admit that there may be occasions when the necessity of disagreeing with the Government on a particular point may not be so great as to justify our running the risk of all the inconveniences which would follow. This is so simply because the Government are so situated that they can defy public opinion and therefore we must yield to them. But that is a weakness which I shall not extend to questions of principle. My friend Mr. Jinnah himself said, if it were a question of principle, he would not ask us to agree to the scheme of the Bill and that he would be the first man to vote with us. Now, if I am right in what I have submitted to the House on the question of preference, I say it becomes a very important question of principle and principle alone. In fact, I have not gone into a single figure. I am quite sure my friend cannot accuse me of going about with a bundle of books under my arm or with the long tables of figures which are in front of him now; but I do claim to be able to take a commonsense view even of the most technical subjects

Mr. M. A. Jinnah: May I correct one statement? May I inform the Honourable Member that I have it on the authority of Tatas that they have already made arrangements to send their stocks to Karachi, Rangoon, Madras and Bombay?

Pandit Motilal Nehru: Well, then they have done a miracle, and we should like to see how that miracle can take place. We have to make up our minds to believe in two impossibilities. The first is a wholesale reduction of the railway freights so as to enable them to take their goods to Karachi and to Madras and to sell them at the same rate as they can elsewhere within their 400 miles radius, and the next impossibility is that, at least for the present, they cannot manufacture all the requirements of India. It is an admitted fact that they cannot manufacture all the requirements of India at present.

Now, Sir, one argument remains on that point, and it is this. What will happen to new industries if you adopt the Government scheme of the Bill or any of these two schemes, specially Mr. Jamnadas's which introduces a partial system of bounties? Well, at least for the purpose of answering the question I may be permitted to rely upon the dictum of the Tariff Board themselves. What do they say? They said in their first report,—I hope I am quite right, but if I am wrong I may be corrected,—they said that any new industry will take five long years in order to be able to turn out even an ounce of steel, and another five long years to be able to put their goods into the market in such a way that they can compete with the other manufacturers. Well, that being so, if a new enterprise was to be started to-day, our Bill being only for 7 years, it would have worked out and lapsed before any such question arose. It will be time for us to consider, when the goods of this new enterprising manufacturer begin to come up in the market, whether he deserves protection, and, if so, at what rate and on what terms. Sir, I do not propose to go into the other questions about dumping and the difference of quality or to

examine the figures that my friend has been relying upon,—I leave my other friends who have gone into these figures and studied them very closely to answer him on that point,—but what I submit and what I ask the House very seriously to consider is that the Bill does embody the principle of giving preference to articles of British manufacture which is a most dangerous principle for us to adopt. It is a principle which, if you once adopt it, you will not be able to get rid of in future. I quite agree with the remark made by my Honourable friend, Mr. Moore, the other day, that it would be different if the principle were honestly introduced as what it is, by saying in so many words "We would like to introduce the principle of Imperial Preference and we ask the House to agree to it." If that were so, certainly I would consider the opinion of those who approve of that principle and think that it would be for the good of India in the long run (that there may be two opinions about it I do not deny) but to bring it forward in the surreptitious way in which it has been is, I submit, even worse than getting in the thin end of the wedge; it is injecting into the system, without our knowing it, a poison which will sooner or later prove fatal.

For these reasons, Sir, I submit that the scheme of the Bill is not acceptable at all. As regards the other two schemes, I submit that the first amendment of Mr. Jamnadas Mehta for resubmitting it to the Select Committee is the most appropriate because there, as my friend the Honourable Sir Charles Innes has remarked more than once, these things can be considered across the table more conveniently and satisfactorily than they can be in all the heat that an argument in this House necessarily engenders.

The Assembly then adjourned for Lunch till Twenty-Five Minutes to Three of the Clock.

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

The Honourable Sir Bhupendra Nath Mitra (Member for Industries and Labour): Sir, it seems to me that my friend Mr. Jamnadas Mehta, who has declared himself on the floor of this House to be a protectionist from political convictions, is apt to be very suspicious of the recommendations of that expert body, the Tariff Board, which was established with reference to a Resolution of this House to study the requirements of the various indigenous industries in regard to protection and to make recommendations in that respect. Those recommendations must naturally be based wholly on economic and not on political considerations. The speech which my friend delivered in this House last Monday reminded me of another speech which he delivered on a previous occasion, namely, the 2nd of June 1924, when this House was considering the previous recommendations of the Tariff Board which were incorporated in the first Steel Industry (Protection) Bill. On that occasion also my friend was suspicious of the recommendations of the Board because they were unanimous and because they had the support of Government, and he expressed the opinion on the one hand that they would be inadequate to meet the needs of the industry and on the other hand that they would hit the consumer. Time has shown that those suspicions have proved groundless. Last Monday I was glad to find several of the speakers on the Benches opposite congratulating Govy

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ernment and the House on the efficacy of the measures which were adopted in 1924. If I may say so, Sir, those congratulations are due in a greater measure to the Tariff Board; and I submit that the admitted efficacy of their first recommendations is a strong argument for our not turning down light-heartedly, and mainly on political considerations, their later recommendations which are now before the House. I have no doubt in my own mind that time will again establish the soundness and the efficacy of the Tariff Board's present recommendations, whatever doubts may be entertained by some of my friends on the other side in regard to them largely on political considerations. The Board has been accused of inconsistency in connection with its present recommendations, but I submit, Sir, that it is hardly fair to level such a charge against the Board if as a result of further experience, and maturer consideration in the light of that experience, they have found themselves compelled to modify some of their previous conclusions. As I have already said, Sir, it seems to me that the principal objection to the Tariff Board's proposal about differential duties is a political one, namely, that the proposal, if accepted, will constitute a back-door for the surreptitious introduction by Government of a system of Imperial Preference. I was sorry to find that my friend Pandit Motilal Nehru, for whom I have the highest respect, was also expressing that view. In the Select Committee, Sir Charles Innes made a statement which we hoped would have helped to remove this misapprehension and it had undoubtedly that effect on a large number of members of that Committee.

Mr. A. Rangaswami Iyengar (Tanjore *cum* Trichinopoly: Non-Muhamadan Rural): On a point of order, Sir. The statement was made in the Select Committee. Can the Honourable Member refer to it?

Mr. President: Is the statement made to the Select Committee on record?

The Honourable Sir Bhupendra Nath Mitra: I have not quoted it yet, Sir. I have simply referred to the fact that a statement was made. But what I am going to say will afford an explanation of what I have just said. Mr. Jinnah in his speech asked Government to make their position perfectly clear in this connection, and I have been asked by Sir Charles Innes to repeat to this House, on behalf of Government, the statement which he made to the Select Committee. That statement runs as follows:

"If a policy of Imperial Preference were adopted by India, it would mean that we would have two scales of duties throughout a great part of our Import Tariff—a lower duty for British manufactures and a higher duty for non-British manufactures. The basis of the scheme would be Empire sentiment and a desire, even at some sacrifice to India, to give the British manufacturer an advantage over the Continental manufacturer. The Legislature is not asked to adopt such a policy and it is not intended to ask them to adopt it. Nor could it be adopted without the consent of the Indian Legislature. What has happened is that the Indian Tariff Board has found, in the particular case of steel, that it is in India's interest, in order to keep down the price of standard steel as well as adequately to protect the Indian steel industry, that we should impose lower duties on British steel than on Continental steel. The basis of the proposal is not Empire sentiment, but India's interest. That is the essential difference. Moreover, the difference in the duties will disappear if Continental steel prices rise."

Now, Sir, I hope that will make clear to my friends on the other side who have still any suspicions on the subject, that it is not the intention of Government or the Tariff Board to introduce into India by the back door of this particular measure Imperial Preference. The sole object of

the Tariff Board's proposal, as was explained more fully by my friend Mr. Jinnah this morning, was to devise an arrangement which would be effective to the steel industry and which would also throw the minimum amount of burden on the consumer. As I understand the position, it was only by an accident that that measure included as an element the grant of differential duties to articles of British manufacture.

I have no desire, Sir, to take up the time of the House by trying to explain to it the merits of the three proposals now before it. My Honourable friend Mr. Jinnah has already done his best to put the case with his usual eloquence. I shall deal now with the specific proposal before the House, namely, the proposal to remit the Bill to the Select Committee. I have failed to understand what the precise object of this proposal is. My Honourable friend, Mr. Jamnadas Mehta, said that the Select Committee had not carefully examined the alternative method of a protective duty *cum* bounty; and apparently, his main, if not his sole, object in securing a recommittal to the Select Committee was that that particular alternative should be more fully considered. Now, Sir, it appears from the report of the Select Committee, and also from Mr. Joshi's minute of dissent, that that alternative was fully considered by the Select Committee; and I shall quote what the Select Committee say in their report:

"As a result of our discussions, the great majority of us were satisfied that only two methods were practicable in present circumstances."

That means clearly that by a great majority they ruled out the third alternative proposal of a protective duty *cum* bounty. That being so, I submit that there is no justification for this House to refer the matter back to the Select Committee, and it was evident from the speeches of my Honourable friends, Messrs. Chetty and Birla, on Monday last that even now, they do not favour that alternative. Now, Sir, the only other argument which I have heard seriously urged in regard to this proposal for a recommittal to the Select Committee was I think placed before the House by Mr. Acharya. He said that the present report—the so-called majority report—is signed by 7 or 6 members, while the minority report is signed by 6 or 5, and that if we sent back the Bill to the Select Committee, probably as a result of further deliberations there might be a larger number of members of the Select Committee who would be inclined to sign a majority report, or things might improve so far that there would be a unanimity. Now, Sir, is that within the range of practical politics? Supposing we sent back this Bill to the Select Committee and we again had a majority report and a minority report, signed by similar numbers of members as the Reports now before the House, is it the intention of the House that those reports should go back to the Select Committee, and this process should continue indefinitely? I submit that the House has before it sufficient data to come to a definite conclusion in regard to the Bill one way or the other, and that it should be purely wasting the time of the House if we sent the Bill back to the Select Committee to reconsider the points which they have already considered and considered very carefully.

My Honourable friend, Mr. Jinnah, has already pointed out the objections to Mr. Jamnadas Mehta's proposal about a protective duty *cum* bounty, and in that connection it was mentioned by my Honourable friend Pandit Motilal Nehru that that proposal was the only arrangement which would not injure the consumers in areas where Tata's steel does not compete with Continental steel. I should like to remind the House that

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the measure before it is intended to provide protection for the steel industry for 7 years, and though it may be true that at the present moment Tata's steel has not had access to those particular markets, I should be inclined to hope that with the amount of protection provided it will gradually find its access to those markets and we should certainly be prepared for that contingency. Mr. Jinnah mentioned that he had information that Tatas were actually trying to explore some of those markets. I have definite information obtained from the Indian Stores Department that Tatas have established an agency in Rangoon and are trying to push their goods into the Burma market. (*An Honourable Member*: "At a loss.")

Mr. B. Das (Orissa Division: Non-Muhammadan): The Indian Stores Department never buy Tata's goods.

The Honourable Sir Bhupendra Nath Mitra: I did not catch what the Honourable Member said, but if he wanted to allege that the Indian Stores Department never buys Tata's goods, I think he is absolutely under a misapprehension.

Mr. B. Das: But that is the fact. They buy very little.

The Honourable Sir Bhupendra Nath Mitra: What about the large quantity of rails which are purchased by the Railways from the Tatas and which provide the Tatas with the largest portion of their custom in India.

There is only one other point with which I should like to deal. Mr. Jinnah in his speech referred to one particular portion of Sir Charles Innes's speech on the 26th January, 1927, which he thought might lend colour to an impression on the part of Members of this House that that particular portion of the speech was meant to be in the nature of a threat. I have read the speech over again and for my part I have no hesitation in saying that that was far from the intention of my Honourable colleague.

Lala Lajpat Rai (Jullundur Division: Non-Muhammadan): No one ever alleged it.

The Honourable Sir Bhupendra Nath Mitra: Sir Charles Innes is fully entitled to take credit for having piloted through stormy debates in this House various measures for affording protection to our steel industry and he was rightly congratulated in this House the other day for the efficacy of the measures which he has succeeded in introducing. That being so, he takes a peculiar interest in the well-being of this industry and the words which he uttered on the 26th January, 1927, seem to me to have been spoken more in the voice of plaint than in the voice of threat. He feels, and I entirely share his feeling, that if it is impossible to continue to it this measure of protection, there is a great danger to this basic industry of India. I do not know whether many of my Honourable friends in this House have paid a visit to Jamshedpur. Well, I was there last December and I was absolutely impressed with the magnitude, and value to the country, of the undertaking there. I have visited various parts of India and I can say honestly that I have never come across any other industrial centre where the labourer is so well cared for. I do not mean to say that conditions there are as perfect as they should be, because I have not the least doubt that no conditions on this earth can ever be perfect. But I repeat again that the conditions there are certainly much better than what I have ever seen in any other industrial centre in India. I had the

pleasure of having an hour's discussion with the trade union of the labourers and I was asked by them for advice as to how they were going to spend the regular income which they now manage to collect.

Mr. President: I am afraid that if my Honourable friend opens up that subject, there is my friend Mr. Joshi who is sitting behind him to follow him up.

The Honourable Sir Bhupendra Nath Mitra: As this is the only opportunity I have of speaking on this motion, I hope you will give me a few more minutes.

Mr. President: The Chair has no objection, but let the Honourable Member take care of his friend.

The Honourable Sir Bhupendra Nath Mitra: As I said, Sir, the trade union people discussed with me the best means of spending this regular income which they are now getting and which is being collected through the agency of their employers. We went into various items of benevolent activities of a trade union and most of the items I found were already being provided for by the employers. The employers had provided the labourers with houses. I quite agree that the number of houses is not yet adequate. They have provided them with medical facilities, and educational facilities, far above the standard of what you can come across in any ordinary station in India. I would implore my friends on the other side not to take any action which must inevitably lead to the break up of this happy colony. On the other hand, I hope that by giving their approval to the Government Bill, and dropping this motion for re-reference to the Select Committee, for which as I have said there is no justification, they would be able to assist in building up in India many other centres of industrial labour like the one which at the present moment exists at Jamshedpur.

Mr. N. M. Joshi (Nominated: Labour Interests): Sir, this morning the big gun of the Independent Party thundered for a long time. There was no doubt some argument, but there was much of sound and fury and there was a great volume of dust raised. Whatever little argument there was has demolished the case for the amendment of my Honourable friend from Coimbatore, but the dust that was raised had merely clouded the issue as regards the motion before this House. As I took part in the debate when the Bill was sent to the Select Committee I do not wish to repeat the arguments which I used on the best method by which we can protect this basic industry. I had stated this as my opinion that this industry if it is to be protected ought to be protected after being nationalised. Sir, during the last three years we have paid 2 crores and 9 lakhs as bounty to the Tata Iron and Steel Company. The consumer has also paid according to my estimate—the figures are not given by the Tariff Board—by way of high prices perhaps an equal sum. We propose to give protection to this Company for seven years more. If I can make some estimate of the amount of protection, either by way of bounties, if we approve of them or by the high prices which the Company may be able to obtain, my estimate is that during these seven years we may give to this Company about 5 crores at least. We shall have during the ten years' period given to this one Company a sum of about 10 crores. The Tariff Board estimates the assets of this Company at about 12 crores and on these 12 crores the Tariff Board, when calculating the works cost, have provided for a profit of about a crore of rupees every year. During these ten years they will get a sum of 10 crores. Now, if the Select Committee had adopted my proposal for

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nationalising this industry, it is quite possible that instead of giving them 10 crores it would have been necessary for us to give them 12 crores, 2 crores more, but during the ten years, if we nationalised this industry, we could have got an interest of a crore of rupees every year. The tax-payer of India, if my proposal had been adopted, would have merely given for that industry 12 crores, but would have obtained a good rate of interest. I feel the Select Committee has made a great mistake in not adopting my proposal. Perhaps the Select Committee thought that as the House is at present constituted my proposal was too democratic, but, Sir, I feel that when the House is more democratised than it is to-day there will be a much better chance for my proposal. But, Sir, even if my proposal for nationalisation was not adopted, the Select Committee ought to have adopted at least my proposal for giving bounties, the money for the bounties to be realised by raising the income-tax. Unfortunately the Select Committee believed that this House represents an electorate consisting of income-tax payers and big landlords and was not likely to approve of such a proposal and threw it out with contempt. I again repeat that when this House is more democratised in the future, that proposal will have a much better chance than the other proposals put forward either by the Select Committee or by the other Members, but, Sir, even if the Select Committee had not accepted that proposal I thought the Select Committee would at least accept the proposal of bounties and import duties. Unfortunately, it is quite clear from the Report of the Select Committee that even that proposal was not fully considered. I do not blame the Select Committee. Unfortunately it is true that when a proposal comes from me there are a number of people who look upon it with some suspicion. (*An Honourable Member*: "Shame.") I am glad to hear it is not so. Even if they had looked upon it with suspicion, there are a number of people who consider that at least in the eyes of the Honourable the Commerce Member it would not be respectable if they were to support a proposal coming from me. (*Cries of "No."*) I am glad there are cries of "No", but I should have been glad if those voices had been heard in the Select Committee. My main argument for opposing the Bill is this. I do not want the Government of India to get any financial benefit out of a scheme of protection. It is a dangerous thing for this House to sanction. It is wrong to give a temptation to the Government of India to make money out of a scheme of protection. After all protection involves sacrifice on the part of the consumers and if the capitalists and the Government conspire for their own benefit, I want to know, Sir, where the poor people in this country are to find a protector. The Government benefit on account of increased revenue, the capitalist benefits by higher prices; and if these two powerful forces combine I want to know how the interests of the poor people in this country are to be protected. It is for that reason I am opposed to this Bill, because it gives to Government revenue which they ought not to have. From that point of view it would have been a great advantage if the mixed scheme of import duties and bounties had been adopted.

Then, Sir, there is another reason why I support the mixed scheme and it is this. I have made it quite clear in my speech during the debate at the Select Committee stage that if protection is to be given to any industry it is necessary that we should impose some wholesome conditions upon that

industry. The first condition mentioned by me was that if the industry is to receive support at the hands of the nation, those who are controlling that industry will also give the benefit of that protection to the people working in that industry. Sir, in spite of what the Honourable the Member for Industries and Labour has stated, I know that the workers in Jamshedpur want the help of this House in improving their condition. He stated as his experience that when some days ago he went to Jamshedpur he found that the Secretary of the Union or the Managing Committee of the Union did not know what they could do with the money which they had. I wish the Honourable Member had stated the large amount which that Union possesses at present; then the House would have clearly known why the Secretary did not know what to do with it. Sir, in Jamshedpur there are at least 30,000 workers working in one undertaking. I know the Union has got with it a small sum of about Rs. 10,000. Naturally the Secretary of the Union did not know what scheme he could devise in order to give some benefit to the members of his Union. (*An Honourable Member*: "What about the monthly income?") Sir, the monthly income is correspondingly small. For 30,000 people with a sum of Rs. 10,000 and an additional monthly income of about Rs. 500 can the Union give sickness benefits? Can the Union give unemployment benefits? Sir, the Tariff Board proposes that during the next year or two at least 5,000 people must be sent away from Jamshedpur. Will this sum of Rs. 10,000 and a monthly addition of Rs. 500 suffice to give even a small unemployment benefit to the people who will be sent away within this year? Naturally, the Secretary of the Union did not know what to do with the money which he had. If he had had a larger sum I am quite sure he would have introduced a scheme for giving his members sickness benefit and an unemployment benefit and even old age pensions. But unfortunately the amount was too small. Then, Sir, the Honourable Member referred to the housing at Jamshedpur. If he had really gone to the houses he would have found that there are at least a large number of rooms in which he would not have lived even for half a day. The rooms built some years ago are less than 100 square feet. Sir, if the rooms had been built in Bombay the Municipality would have demolished them, but unfortunately they are in Jamshedpur. Then, Sir, the Honourable Member himself admitted that there is not sufficient housing in Jamshedpur. The Honourable Member has only visited Jamshedpur recently, but I can assure the Honourable Member that my visit is even more recent. I visited it two or three days after he had done so. I know therefore that the housing conditions in Jamshedpur are not as satisfactory as he has painted

Sir, I do not wish to speak at great length on the labour conditions at Jamshedpur. The subject for to-day is protection. I therefore come to the second condition which I would put upon any undertaking which wants to receive protection at the hands of this House. The second condition which I want to impose is that no company or firm which receives protection shall give to its shareholders unreasonable dividends. It is but fair that the money which the company obtains from the poor consumers of this country should not be given away to the shareholders of the company. After all, protection is given in the interests of the country and not in the interests of the shareholders. I hope, Sir, the House will remember this point. Unfortunately that condition has not been imposed. Then, Sir, I would have also imposed some other conditions which I mentioned when I spoke last in this House. Unfortunately, as the Select Committee has

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decided against the scheme of bounties it is said that these conditions cannot be imposed. The Select Committee states in their Report that they could not incorporate these conditions or draft the Bill in such a way as to incorporate these conditions. Sir, I am not an expert draftsman, but, Sir, my Honourable friends of the Select Committee really show they had a very poor opinion of the expert draftsmen of the Government if after ascertaining the wishes of the Select Committee and this House they could not draft a Bill including the conditions which we would like to impose. Sir, in the scheme for import duties and bounties there is thus a great safety for the people who are working in the industry as well as for the consumer and the tax-payer of this country. During this debate my colleague the Honourable Member from Agra stated that if we have bounties and if we have smaller duties on Continental steel, the smaller industries in this country would have an easy time. Not only will the smaller industries benefit, but I say, Sir, a large number of poor people in this country who use iron utensils for domestic purposes will derive a great benefit if there is a smaller duty on Continental steel. I know, Sir, it will be stated and it was stated by the Honourable Member from Bombay that in parts of Bombay and Madras where there is no competition between Tata's and Continental steel the prices are governed by the prices of English steel. But there are other parts of the country where at least the people will derive benefit by smaller import duties on Continental steel. I therefore hope, Sir, that this House will adopt the scheme of import duties and bounties.

Sir, I would like to make one more suggestion before I sit down, and it is this, that if the Bill as it is adopted by the Select Committee is considered, this House will insist that the amount of revenue which the Government derive over and above the amount which they will have derived from the revenue duties, will not be spent on ordinary expenditure and will not be carried over to the general treasury but will be set apart as a fund for the interest of the workers engaged in the industry or as a fund for the adequate training of the workers working in the industry as well as for the training of those who wish to work in the industry. Sir, I support the motion for recommitting the Bill to the Select Committee.

Mr. W. S. Lamb (Burma: European): Sir, I rise to oppose the amendment that this Bill should be sent back to the Select Committee.

Mr. President: Is the Honourable Member supporting the amendment?

Mr. W. S. Lamb: No, Sir, I desire to resist it. Being unused to the procedure here, possibly I did not make myself clear. I think, Sir, I might be forgiven if, considering how Burma is always neglected, I opposed each and every Bill possibly of this kind which threatened to tie Burma to the wheel and in the dust of every province in India. Sir, I am in favour of the Government Bill because it meets what I consider is the consideration which should always be before us, namely, that the duty should be as low as possible consistent with giving adequate protection to the steel industry. I do not wish to say very much about Imperial Preference. My own feeling is very much in favour of what my friend, Mr. Gavin-Jones, said yesterday. I think it is more or less an accident of commerce that the issue is between British steel on the one side and Continental steel on the other side. There is something of a shibboleth about the description Imperial Preference. In the minutes of dissent you find mention of

another "country of origin". There is no mention whatever of Imperial Preference. However, my Honourable friend, Mr. Jinnah, has dealt so faithfully with most all the points in this matter that I shall not attempt to go over that ground. He omitted mention of one point which the Honourable the leader on the opposite side touched on in his speech this morning, a point which you will find mentioned in the minute of dissent and particularly in the speech made by the Honourable Mr. Birla the other day. I refer to this:

"It is not unlikely that the British manufacturer, taking advantage of the assured position given to him in the Indian market, may lower the standard of British steel imported into this country."

In support of that suggestion, my friend, Mr. Birla, on Monday said this:

"During the war time a very good machine-supplier had to deteriorate his quality because he found that he had to compete with the products of his own country. This (*he says*) is an example before us. Therefore, it is not unlikely, it is rather very very possible, that under an assured market for seven years, the United Kingdom may deteriorate their quality and start dumping rejected goods into this country."

Now I have an advantage over the Honourable Members of this Assembly, at least over those who did not sit on the Select Committee. The Honourable Mr. Birla in speaking on the floor of the House did not give the name of this firm, but he did so in Select Committee. I am not going to mention it here for though it is a privileged place there is a law of libel. But I have knowledge and I can speak of this firm. It is one that was founded in the year 1821, that is 106 years ago. Its machinery is being brought in regularly. Mr. Birla of course is entirely vague. He says this is an example, but he does not say, an example of what. He does not particularly state that the deterioration was actually in steel. This firm supplies various kinds of machinery actually made of cast iron. It is not inconceivable that the Honourable Member's complaint had to do with cast iron. What he desires to convey to us, however, is that this firm, this very old established firm, deliberately debased the nature of their steel for the purpose of getting their business promoted, and he gives this as an example of what the British manufacturers are likely to do. My own feeling is that you may as well expect the Crown jewels to be removed from safe custody in England and given to the Bolsheviks as to expect or to think that the British maker of steel would debase his metal in this fashion. (Hear, hear.) The Honourable Mr. Birla in speaking on this subject quoted a note of the Honourable Member for Commerce, who of course had to confess that it was not impossible that the metal should be debased. There are many questions, outrageous questions, asked, but, particularly in these scientific days the reply of course must be, "it is not impossible". One might suggest that it is not impossible that Mr. Jinnah would ever lie down with Mr. Birla. I think that suggestion would be a much more reasonable one than the other one that the British manufacturer is going to debase his manufacture. (Laughter.) Well, Sir, we have heard a great deal about the Continental steel, and the general impression of the speeches on the other side made on me is that they desire preference for the importers of inferior steel. Frankly, I am a consumer of standard steel, and it ought to be clear to everybody that for certain purposes it is absolutely necessary that one should have standard steel. I can speak quite definitely about the oil business. Whatever the price of Continental steel, we could never for our purposes, such as tanks, stills, casing for walls and so on, fall back upon Continental non-standard steel.

[Mr. W. S. Lamb.]

To come to the Honourable Mr. Chetty's proposal, I find that on the figures for 1926 as shown in the Tariff Board's Report, we in Burma who import for our purposes British steel would have to pay something like Rs. 14-8-0 per ton more than the Government proposals. As has been pointed out by several speakers, Burma is no worse off than some other provinces in this respect; the standard steel consumers in Bombay, Madras and so forth will be equally at a loss. I suggest, Sir, that in considering this matter much more regard should be had for the consumers of high class English steel than has up to the present appeared to be the case. Naturally, if we have to pay heavy duties upon parts of machinery for refineries and oil-fields, such additional cost will be reflected in higher prices of kerosine oil, candles and all the other things that rich and poor alike consume in this country.

Mr. Fazal Ibrahim Rahimtulla (Bombay Central Division: Muham-
madan): Sir, when the Bill came up before this House as introduced by the Honourable the Commerce Member the question that was raised in this House was that of Imperial Preference. There was no difference of opinion as to the continuation of the protection to be given to the steel industry. I venture to submit, Sir, that Mr. Jamnadas Mehta's speech, on which I can offer him congratulations publicly in this House, would have proved more suitable on the first occasion than at this juncture, because I wish to maintain that the Bill as it has come out in the modified form from the Select Committee does not contain Imperial Preference or what is known popularly as British preference; and I will point out in a few minutes, to the Honourable Members on this side of the House, conclusively that by the modification which the Select Committee have been able to make in the original Bill, the question of British preference has been altogether omitted. It is perfectly true that there was Imperial Preference when the Bill was first introduced in this House, and for the considerable time that this House has taken on this question, I may say that the blame rests on the shoulders of the Tariff Board entirely; because, Sir, if I may be allowed to point out, from paragraph 105 (page 58) of their Report I can conclusively prove that there is Imperial Preference on the wording of the Tariff Board:

"But in any event we feel that we are not concerned with the political aspect of the case. Our inquiry is confined to the economic issue and if a system of differential duties is desirable in the interests of India on economic grounds for the adequate protection of Indian industries and for a fair adjustment of the burden involved we do not feel debarred by political considerations from recommending it."

That means that on economic grounds they would recommend Imperial Preference. I say, Sir, on the floor of this House that we are not going to be a party either directly or indirectly to Imperial Preference. If this House wishes to discuss Imperial Preference, the Government ought to bring it up on a separate issue, the majority and minority reports of the Indign Fiscal Commission. Until that report is discussed in this House, this House will not be a party to any form, either direct or indirect, of preference.

But when saying that I may be allowed to point out to the Honourable Members on this side that the Bill as modified omits altogether the provision as introduced in the original Bill. I hope I have proved to the

satisfaction of this House that as far as the question of Imperial Preference or British preference is concerned, that is not so. I will read the report on clause 2:

"We considered a suggestion that the Bill contained no provision for the consequences which might follow a substantial decrease in the price of British steel, and we have amended clause 2 (1) of the Bill in order to provide for this contingency. It is proposed by the amendment to insert in section 3 of the Indian Tariff Act, 1894, a new sub-section empowering the Governor General in Council to increase, but not to reduce, the duty chargeable on articles of British manufacture if the changes in prices are such as are likely to render ineffective the protection given to the Indian Steel Industry."

This very fact shows that there is no preference at all. The country of origin ceases to exist in the consideration of the amount of duty and the question of the price level of imported steel from all countries is the only sound basis which has been introduced as modified by this Bill; and I may say, Sir, that if the protection is to be neither excessive nor inadequate, then the only form of duty is differential duties. The question that has come now before us is "Why should the Continental steel be penalised and why should those people in Madras and Rangoon be penalised because they are not going to buy Tata's steel." This argument can be met by saying that it is our intention, as I take it, it is the intention of the whole House, to protect the Indian industry against world competition. You can not have different duties for different ports. You want one duty for the whole country, and, if you want to guard yourself against the whole world, you must have adequate duties to protect yourself. If that is the basis, then you must levy such duties as will protect you both from British and Continental steel. If I may be allowed to point out, Mr. Chetty's proposal is nothing but Continental Preference, and I want to say on the floor of this House that we should be a party neither to the one nor the other. What is the price that he has put down? He tells us that structural sections will cost—British Rs. 104, and Continental Rs. 86. If Rs. 7 are to be added from the non-standard steel to standard steel, the price will be Rs. 93 as against Rs. 104. We have to protect Tata's steel which is Rs. 120, and you cannot do it unless you put Rs. 123 on British steel and Continental steel. I hope that will be taken into account, and I hope that when we are considering the Report of the Select Committee the question of Imperial Preference, which is omitted from the Bill, will not now again be debated in this House.

(Mr. M. R. Jayakar and some other Members rose to speak.)

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

Mr. President: Honourable Members on the Government Benches need not be impatient. I will accept closure after I hear Mr. Jayakar.

Mr. M. E. Jayakar (Bombay City: Non-Muhammadan Urban): As a member of the Select Committee, Sir, who has signed the minority report, I think it is due to the House that, representing the party that I do in this House, I should state clearly and briefly my views for the consideration of this Honourable House. I quite agree that out of the many objections which I raised in my speech when the Bill was before this House at an earlier stage, owing to the courtesy of the Honourable Sir Charles Innes one of my important points has been met by the insertion of the amendment which has since been introduced, empowering the Government to regulate the duty in case the prices of British steel come down.

[Mr. M. R. Jayakar.]

I also publicly want to acknowledge the courtesy which Sir Charles Innes has shown to us by meeting objections which at times must have seemed to him somewhat inexpert, and also by putting at our disposal the expert machinery of the Government for drafting in proper language many points that were raised from time to time, and also for modifying the Bill in the way we suggested. I have considered very carefully the several points which have been urged, especially in the learned speech made by my Honourable friend, Mr. Jinnah. I am sure the House appreciates the extreme care and elaboration with which he went into several figures. I am however still left unconvinced as to a few important points. But having regard to the short time at my disposal I shall only ventilate one or two of these, leaving the others to be discussed, if this Bill should go back to Select Committee, in that Committee, or if it does not go back, then to be discussed in the open House. The difficulties which then I had, Sir, have since been considerably increased by reason of the representations which have been made to us by our constituents in Bombay by telegrams and other messages. Representing as I do a constituency which, though of income-tax payers, consists of many petty dealers in industries of iron sheets and other articles, I feel a difficulty which I wish to put before the House for their consideration. I must own, Sir, that I feel that my Honourable friend Mr. Jinnah unduly laboured the point of Imperial Preference, and it did look like a case of protesting too much. Every speaker who has taken part in this debate on the side of Government has strained every nerve to convince us, which makes me somewhat suspicious, that this is not a preference of any kind, either Imperial or British. Speaker after speaker has gone into this question, but I feel that one or two points which have not yet been answered and which made us feel as if it was a question of preference, should be cleared. It may be, Sir, that it is not Imperial Preference in the sense that goods of the *same quality*, one coming from England and another coming from the Continent, are preferred one over the other. That kind of British or Imperial preference may not exist in this Bill. But that is not stating the whole case. You cannot get away from the fact that in this Bill, Sir, there are two or three elements which look like preference. First of all, the Bill makes the country of origin, and not the quality of the goods the determining test. Secondly, if the Honourable Members will turn to page 54 of the Tariff Board's Report, they will see a table there which clearly shows that a higher duty is put on Continental steel and there is preferential treatment given to British steel as such. There is also a statement at page 58 that British goods have been given the benefit of a presumption, on a somewhat hypothetical basis, of being unalterable in their price, whereas Continental goods are taken to be alterable in their price. To me this seems to be a case of an *ex cathedra* statement not entirely justified by the evidence furnished to us. Coming now to this aspect of the Bill, one cannot get away from the fact that this Bill submits to unnecessary hardship the consumer in those parts of India where Continental steel is wanted by him and where neither Tata steel nor British steel penetrates. I am taking for my illustration those parts of India where these conditions co-exist,—where Tatas do not cater, and where British steel does not compete, where in fact, it is not wanted, *i.e.*, where the industries are such that the people are not concerned with building bridges like the Howrah Bridge in Calcutta or reservoirs as in places like Bombay, but have small infant industries like safes, trunks, locks, pots and pans, for the poorest classes, which are all made from Continental steel. The consumers living in such

places say—and I want to put their case before the House,—“We do not require for our purposes your standard steel with all the qualities of malleability, durability and all other ‘abilities’ in the world. We want for our purposes the cheap mild steel which we get from the Continent. The Tatas do not supply this steel.” I find in the Report of the Tariff Board an extraordinary statement which I shall read to my Honourable friends. The Report says at page 51 :

“The Tata Iron and Steel Company produces steel of British Standard specification, but the market for this class of steel is not sufficiently wide to absorb the whole of the Company’s production; and, in consequence, a proportion of Indian steel must be sold on the basis of the lower prices at which Continental steel enters India.”

Paraphrasing it into plain English, it means this, that the Tatas will not manufacture the kind of inferior steel that these people want. The Tatas tell them “We will not give you the quality of steel which you want. We produce only one quality fit for building bridges like the Howrah Bridge and big reservoirs such as those in Bombay and other big cities. Yet if you want Continental steel, you must pay a higher duty”. And forsooth, why? Not because the Tatas compete with that kind of steel—they will not even produce anything of that kind,—but they simply say that in *certain eventualities* “When we grow up and come to your regions, which may take ten or more years,—a period absolutely hypothetical,—your Continental steel will compete with our British steel, therefore even from now you must be penalized for your using Continental steel.” So put, the claim made by the Bill is absurd. It is not the ordinary consumer who is penalised—that may possibly be justified on the ground of one man’s interest making room for the country’s good—but it is the consumer who is trying to build up in this country an infant industry. I do not want, in our desire to protect Tatas, to leap from the frying pan into the fire. I should be very loath to see that by rushing through a Bill of this character we killed all these growing, nascent industries, which are just springing up in this country with the aid of Continental steel. I am sure the House will agree that it ought to be our main care that in trying to help one industry we do not cut at the root of another industry which requires our protection and vigilance in the same manner as the Tatas do. My question before the House, therefore, is, what is the justification for penalizing such consumers in places where Tatas do not penetrate, where they do not expect to do so for many more years, where Tata’s superior steel is not wanted, where British steel does not compete and is not in demand and where Continental steel is very largely required for the poor man’s purposes like pots, pans, and cheap trunks, and where small trades of this description are growing up. Why should we penalise the consumer in provinces where these things co-exist? I have before me the views of a very eminent authority on the Steel industry, Mr. Perin. We are often told that all the expert authority is on the other side. Fortunately, I have in my hand the account of an interview which was given by Mr. Perin in Bombay to the ever watchful editor of the *Indian Daily Mail*. Honourable Members will find the interview reported in the *Indian Daily Mail* of the 2nd February. Mr. Perin, Sir, as my Honourable friends must be aware, is a very expert Consulting Engineer. I understand that the Tatas used to pay him a magnificent salary which must be the despair of most of us here. He belongs to the celebrated firm of Consulting Engineers in New York, Messrs. Perin and Marshall. He is perfectly disinterested and a man of very great authority on the steel industry, and I think I am justified in pitting

[Mr. M. R. Jayakar.]

that authority against that of Mr. Ginwalla and his colleagues. Asked as to what is the justification for penalising such consumers, Mr. Perin came out boldly and said "for the sake of the Empire," in other words, for the sake of Imperial Preference. The justification for such an unjust hardship is, according to Mr. Perin, not those economic grounds which have been urged before us here or by Mr. Ginwalla and his colleagues in their Report but a bold and straightforward admission that it is necessary to do so in the name of preference for the Empire. I am going to read Mr. Perin's own words to this House.

The Honourable Sir Charles Innes (Member for Commerce and Railways): I just want to remind the Honourable Member that Mr. Perin is an American, Sir.

Mr. M. R. Jayakar: That does not alter the fact that he is a great expert, and if Imperial Preference is to be carried to the extent of ignoring the opinions of all experts who are not British in origin, then my Honourable friends may reject Mr. Perin's weighty views because he is an American as the Honourable Member for Commerce is seeking to do. This is really Imperial Preference with a vengeance, Sir. The Tatas themselves did prefer Mr. Perin to English experts; that is perfectly clear and sufficient for my purposes. "Won't the preferential tariff in favour of British prejudice the Indian consumer?" asked the interviewer. Mr. Perin said, in reply, "Yes, in a small way. *But then people belonging to an empire should certainly be able and willing to help each other in order to further their industrial position*"—a clear and straightforward answer. He does not deny the fact that the consumer in India is going to be penalised, but says, it must be so for the sake of the Empire's good. I wish the Government were equally straightforward and said "Yes, we know the fact that the consumer is going to be penalised but we justify it on the ground that being a member of the British Empire, he must suffer a little sacrifice in the interest of that Empire." I can understand this language, Sir, clear and precise as it is although my answer then will be in the same terms that Pandit Motilal Nehru urged, though perhaps less strongly worded. Let us be self-governing members of the Empire, self-respecting limbs of its political organism and then these interchanges of commercial amenities will be certainly more numerous and more willingly undertaken than now. At present, India's position is like "Heads, I win, tails, you lose." It is absurd to talk of any sacrifice for the Empire in our present degradation.

There is no doubt, Sir, as Mr. Perin admitted that this is the only justification why we penalise the consumer in these parts of India. There is no other justification for penalising these infant industries except in the name of British preference?

I will now leave this question and proceed a little further. Sir, my Honourable friend, Mr. Jinnah, read Mr. Lalji Narainji's speech. Sentiment does not enter into mathematics, he says. But my friend did not tell my Honourable colleagues that the body, of which Mr. Lalji Narainji was the President, when he made the speech which Mr. Jinnah read from, *vis.*, the Indian Merchants' Chamber and Bureau, has sent a wire to the Commerce Department of the Government of India, stating that this is *the thin end of the wedge* and the Government are introducing British preference *by the back door*. When Mr. Jinnah stated Mr. Lalji Narainji's view, I thought it was equally pertinent to point out the

view of the body of which Mr. Lalji Narainji happened to be the President at the moment. Secondly, Sir, he referred to one Mr. Anandji. Honourable Members who sit next to me were perplexed by the frequent repetition of this name. Who is Mr. Anandji? They asked. I was reminded, Sir, of a case showing the great danger of constantly repeating unfamiliar names. I was once arguing before a sleepy judge of the Bombay High Court. It was a case of Teji Mandi transactions. I constantly used the word Mandi. The Judge went to sleep with the words "Mandi" in his ear and after an hour he woke up and said: "But who is this Mr. Mandi; is he a witness or a party?" Similarly, my friends on my vicinity asked "Who is this Mr. Anandji?" Well, Sir, Mr. Anandji is nothing more or less than a member of a firm in Bombay called Mulji Haridas and Co. I hold in my hand a representation made to Government by that firm, of which Mr. Anandji is only a member. The corporate opinion of that partnership, Mulji Haridas and Co., of which Mr. Anandji, whom Mr. Jinnah resuscitated from obscurity on this occasion, is a member, is this:

"That this Bill not only gives preference to the British Standard Steel, but it imposes frightfully heavy duties on the Continental Steel which does not even enter into any competition with the British Standard Steel."

Then they go on to develop the point, and ask the question which I am trying to urge upon my Honourable friends why should all these infant trades be killed by raising the Continental duties on goods which had not entered into competition with British or Tata steel. May I ask the Government "In whose interest are you doing all this?" You speak of protecting the Tatas only and not Britain. If so, what is the justification for raising the burden on the consumer where the Tatas do not enter into competition at all and are not likely to do so for another decade? You have frankly to admit either (1) that you are doing this in the *future* interests of the Tatas which may or may not materialize for 10 years more or (2) that you are doing it, plainly speaking, in order to hamper Continental trade in the interests of British trade. As against that, there is further the argument that British goods do not supply the quality of steel which is required in this market. But we are told, Sir, that considerations of "public safety" come in. This is sheer moonshine. Mr. Perin was further asked: "Is Continental steel of inferior character put under the ban in England?" A very pertinent question, when India is asked to put under the ban such Continental steel to the detriment of her poorer classes. Mr. Perin was asked to give his experience in this matter:

"Q. How do you explain the large imports of Continental steel into Britain if their quality is poor as compared to British steel?"

A. Standard steel is not necessary for all purposes. Britain uses large quantities of steel of poorer quality in different manufactures. To think of using standard steel for those purposes would be waste of so much good steel."

"Why should we be asked to use standard steel for all purposes?" was the next query. Mr. Perin said he would prefer not to answer the question. It is this answer, or rather the omission to answer which has been troubling me. These poor people do not want your superior steel. Tatas will not give them inferior steel: Britain will not give them inferior steel. What are they to do? Either starve or pay higher cost for nobody's good! This is the *reductio ad absurdum* to which the whole case can be brought. I am sure, Sir, and I say so with all responsibility that the result of this Bill, if passed, will be to starve these poor industries for no fault

[Mr. M. R. Jayakar.]

of theirs and for no Indian's benefit. It is something like the saying we have in Marathi: "The father does not allow me to beg, the mother does not feed me, with the result that I am starving." You will not give them the steel, neither the Tatas nor the British. You say, use our superior steel for your inferior purposes. That means that for your pots and pans and kettles, use the steel of which bridges are built. If I were to parody the argument, I should say: "Stock the Howrah Bridge Steel in your kitchen". I submit, Sir, with great respect to Mr. Ginwalla and his supporters that this is an absurd argument.

Coming now to one or two points which I shall briefly touch—there is the point which my Honourable friend, Mr. Joshi, made with which I entirely agree; that some conditions ought to be put on the Tatas and their management before any kind of protection is given by this House. As he has made a reference to that, I will take a couple of minutes to deal with it. Many of us believe, Sir, notwithstanding the so-called Indianisation of the Tatas, that the process is not rightly begun. They talk of Indianisation, but we submit that Indianisation ought to begin at the top and not at the bottom. The bottom is always Indianized, perhaps too much so. And I have the authority once more of Mr. Perin whom I shall quote in this connection. He had the singular opportunity of visiting the Bhadravarti Iron Works which the Mysore Durbar has started under the distinguished supervision of Sir M. Visvesvaraiya. He went there and he saw the whole of it and he was so singularly impressed with the excellence of the work done by Indians alone in the Bhadravarti Steel Works, that these remarks which I quote represent his sentiments:

"It was a very noticeable feature that the industry in Mysore was entirely manned by Indians. Educated Indians had been trained and put in charge of the various sections of the works, and he was more than pleased with the progress shown on the manufacturing side of the industry. Even from the technical point of view the works were being run on thoroughly efficient lines."

I want the Tatas to take this leaf out of this Sir M. Visvesvaraiya's diary and copy it in bold letters.

For these reasons, Sir, I support the amendment of my Honourable friend, Mr. Mehta.

An Honourable Member: I move, Sir, that the question be now put.

The motion was adopted.

Mr. President: The original question was:

"That the Bill to provide for the continuance of the protection of the steel industry in British India, as reported by the Select Committee, be taken into consideration."

Since which the following amendment has been moved:

"That the Bill be recommitted to the Select Committee for reconsideration."

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

The Assembly divided :

AYES—50.

Abdul Latif Saheb Farookhi, Mr.
 Acharya, Mr. M. K.
 Aiyangar, Mr. C. Duraiswamy.
 Aney, Mr. M. S.
 Ayyangar, Mr. K. V. Rangaswami.
 Ayyangar, Mr. M. S. Sesha.
 Belvi, Mr. D. V.
 Bhargava, Pandit Thakur Das.
 Birla, Mr. Ghanshyam Das.
 Chaman Lall, Mr.
 Chetty, Mr. R. K. Shanmukham.
 Das, Mr. B.
 Das, Pandit Nilakantha.
 Dutt, Mr. Amar Nath.
 Dutta, Mr. Shrish Chandra.
 Gour, Sir Hari Singh.
 Gulab Singh, Sardar.
 Haji, Mr. Sarabhai Nemchand.
 Iyengar, Mr. A. Rangaswami.
 Iyengar, Mr. S. Srinivasa.
 Jayakar, Mr. M. R.
 Jogiah, Mr. Varahagiri Venkata.
 Joshi, Mr. N. M.
 Kelkar, Mr. N. C.
 Kidwai, Mr. Rafi Ahmad.
 Kunzru, Pandit Hirday Nath.

Lajpat Rai, Lala.
 Malaviya, Pandit Madan Mohan.
 Mehta, Mr. Jamnadas M.
 Misra, Mr. Dwarka Prasad.
 Moonje, Dr. B. S.
 Moore, Mr. Arthur.
 Mukhtar Singh, Mr.
 Murtuza Saheb Bahadur, Maulvi
 Sayyid.
 Naidu, Mr. B. P.
 Nehru, Pandit Motilal.
 Neogy, Mr. K. C.
 Pandya, Mr. Vidya Sagar.
 Prakasam, Mr. T.
 Rananjaya Singh, Kumar.
 Rang Behari Lal, Lala.
 Ranga Iyer, Mr. C. S.
 Rao, Mr. G. Sarvotham.
 Roy, Mr. Bhabendra Chandra.
 Sarada, Rai Sahib M. Harbilas
 Singh, Mr. Gaya Prasad.
 Singh, Mr. Ram Narayan.
 Sinha, Kumar Ganganand.
 Tok Kyi, U.
 Yusuf Imam, Mr.

NOES—61.

Abdul Aziz, Khan Bahadur Mian.
 Abdul Haye, Mr.
 Abdul Matin Chaudhury, Maulvi.
 Abdul Qaiyum, Nawab Sir Sahibzada.
 Abdullah Haji Kasim, Khan Bahadur
 Haji.
 Ahmed, Mr. K.
 Alam Hussain Bahadur, Prince
 A. M. M.
 Allison, Mr. F. W.
 Anwar-ul-Azim, Mr.
 Ashrafuddin Ahmad, Khan Bahadur
 Nawabzada Savid.
 Ayyangar, Mr. V. K. A. Aravamudha.
 Ayyangar, Rao Bahadur Narasimha
 Gopalaswami.
 Bhone, Mr. J. W.
 Blackett, The Honourable Sir Basil.
 Clow, Mr. A. G.
 Coatman, Mr. J.
 Cocke, Mr. H. G.
 Crawford, Colonel J. D.
 Donovan, Mr. J. T.
 Dunnett, Mr. J. M.
 Gavin-Jones, Mr. T.
 Ghazanfar Ali Khan, Raja.
 Ghulam Kadir Khan Dakhan, Mr.
 W. M. P.
 Ghotznavi, Mr. A. H.
 Gidney, Lieut. Colonel H. A. J.
 Graham, Mr. L.
 Greenfield, Mr. H. C.
 Haigh, Mr. P. B.
 Hezlett, Mr. J.
 Howell, Mr. E. B.
 Hyder, Dr. L. K.

Innes, The Honourable Sir Charles.
 Jinnah, Mr. M. A.
 Jowahir Singh, Sardar Bahadur
 Sardar.
 Kabul Singh Bahadur, Risaldar-Major
 and Honorary Captain.
 Keane, Mr. M.
 Kikabhai Premchand, Mr.
 Lamb, Mr. W. S.
 Lindsay, Sir Darcy.
 Macphail, The Rev. Dr. E. M.
 Mitra, The Honourable Sir Bhupendra
 Nath.
 Mohammad Ismail Khan, Haji
 Chaudhury.
 Muddiman, The Honourable Sir
 Alexander.
 Muhammad Nawas Khan, Lieut.-
 Sardar.
 Nasir-ud-din Ahmad, Khan Bahadur.
 Nattique, Maulvi A. H.
 Paddison, Sir George.
 Parsons, Mr. A. A. L.
 Rahimtulla, Mr. Fazal Ibrahim.
 Rajah, Rao Bahadur M. C.
 Roy, Mr. K. O.
 Roy, Sir Ganen.
 Ruthnaswamy, Mr. M.
 Sassoon, Sir Victor.
 Singh, Raj Bahadur S. N.
 Suhrawardy, Dr. A.
 Svices, Mr. E. F.
 Tonkinson, Mr. H.
 Willson, Sir Walter.
 Yakub, Maulvi Muhammad.
 Young, Mr. G. M.

The motion was negatived.

Mr. President: The question is :

"That the Bill to provide for the continuance of the protection of the steel industry in British India, as reported by the Select Committee, be taken into consideration."

The motion was adopted.

Mr. President: Clause 2.

Mr. R. K. Shanmukham Chetty: I beg to move :

"That for clause 2 of the Bill the following be substituted :

- '2. (1) For sub-section (4) of section 3 of the Indian Tariff Act, 1894, the Amendment of section following sub-sections shall be substituted, 3, Act VIII of 1894. namely :
- '(4) If the Governor General in Council is satisfied, after such inquiry as he thinks necessary, that articles of any class chargeable under Part VII of the Second Schedule with both a basic and an additional duty are being imported into British India from any place outside India at such a price as is likely to render ineffective or excessive the protection intended to be afforded by such duty to similar articles manufactured in India, he may, by notification in the Gazette of India, increase or reduce the additional duty to such extent as he considers necessary.'
- (2) In the Second Schedule to the same Act there shall be made the amendments specified in the Schedule to this Act.
- (3) The amendments made by this section other than those made in Parts I and II of the Second Schedule to the Indian Tariff Act, 1894, shall have effect only up to the 31st day of March, 1934."

VIII of 1894.

Sir, the object of this amendment is to give effect to the recommendation of the scheme that is embodied in the minority report of the Select Committee. During the consideration stage of this Bill the question of Imperial Preference and other allied questions have been so thoroughly discussed that I do not think it is necessary any more to dwell on that point. The scheme that the minority has suggested, as I explained in the speech that I made at an earlier stage, is a modified form of the weighted average system suggested by the Tariff Board itself. I explained at an earlier stage what the weighted average system really means. So far as adequate and effective protection for the steel industry in India is concerned, there is not the slightest doubt that the scheme that we have suggested would be as adequate and effective as the scheme suggested in the Government Bill itself. Honourable Members need not therefore be under the apprehension that the scheme that we propose would result either in excessive or in inadequate protection.

The main object of the scheme that we have suggested is to take away what we consider to be a vicious principle in any scheme of tariff, and that is a scheme of tariff based upon merely the country of origin of the commodity. Sir, I made it plain that under our scheme the price of standard steel that comes from Britain would be a little higher than under the scheme suggested by the Government Bill. But I venture to observe that this disadvantage would be more than counterbalanced by the lower price of Continental steel according to our scheme. After all, when we see the statistics of the import of steel into this country we find that the volume of Continental steel imported into India is certainly greater than the volume of British standard steel,—far greater. Apart from the fact whether Continental steel is inferior to the British standard steel, I am told that the bazaar uses Continental because it is softer and more easily worked. It would not pay a rupee per ton more for British bars.

for instance; and any iron merchant will confirm this statement. Ordinarily the consumer of steel in this country requires only Continental steel and he does not care for British standard steel even though it is of superior quality. If, therefore, our main consideration in framing our tariff is to be the welfare of the consumer, we must so arrange our duties as not to unduly penalise the consumer of Continental steel. I maintain that from that point of view the consumer is certainly in a much more advantageous position under the scheme that we have suggested than under the Government scheme.

But, Sir, we have been told that even though on the face of it Continental steel is cheaper under our scheme, the retail dealer of Continental steel will take advantage of the higher price of the British steel and would thereby have a larger margin to work upon. The Tariff Board have not given us any figures to substantiate that statement. We have not yet heard from my Honourable friend the Commerce Member any figures to substantiate that statement. My Honourable friend Mr. Jinnah said that he was going to prove with facts and figures this statement and I was anxiously waiting for his facts and figures and they are still to come.

Mr. M. A. Jinnah: I am prepared to give them to you now—afterwards.

Mr. R. K. Shanmukham Chetty: They are still to come. Am I right?

Mr. M. A. Jinnah: Quite right, but you shall have them.

Mr. R. K. Shanmukham Chetty: Sir, I have got some figures supplied to me which go to show that there is a vast margin between the price of Continental steel and the price of British standard steel. In the months of March and April 1926, the price of British beams—the landed price—was Rs. 142-8-0 and the selling price of Continental steel in Bombay was Rs. 120-0-0. There was a difference of Rs. 22-8-0 between Continental steel at Bombay and the landed price of British standard steel. In the case of angles the price of British steel was Rs. 142-8-0 and the selling price of Continental steel in Bombay was Rs. 181-0-0 in March and Rs. 185 in April. In the case of bars, British bars were Rs. 168 and Continental in Bombay was Rs. 145. In the case of plates, British plates were Rs. 151-4-0, Continental in Bombay was Rs. 185. In the case of steel sheets British were Rs. 181-8-0 and the selling price of Continental sheets in Bombay was Rs. 155. These are the statistics that have been supplied to me and if my Honourable friend, the Commerce Member, would prove that these statistics are wrong and that as a matter of fact the consumer of Continental steel does not get the advantage which we propose to confer on him, then certainly I would change my mind. But I submit that these figures have not been challenged either by the Tariff Board or by the Honourable the Commerce Member or by my Honourable friend, Mr. Jinnah. I claim, therefore, that if the main consideration that we must have in view in framing our tariff is the welfare of the greatest body of consumers, then under our scheme the consumer would certainly be under a greater advantage than under the Government Bill.

There is no use getting away from the fact that whether the Government scheme is Imperial Preference or British preference it certainly is British protection in addition to Indian protection. My Honourable friend, Mr. Jinnah, said that he was convinced that the scheme suggested by the Tariff Board is in the best economic interests of India. Certainly, if my

[Mr. R. K. Shanmukham Chetty.]

Honourable friend is convinced that this scheme is in the best economic interests of India, let him by all means vote for it. But let him not be under a self-deception that this is not British preference. Let him face the facts, let him honestly confess that this is British preference, that this British preference is for the welfare of India and therefore he supports it. If that were his position I would have no quarrel with him, but there is no use getting away from the fact that even though technically it may not be Imperial or British preference the Government Bill is seeking to give protection not merely to the Indian steel industry but the British manufacturers of steel as against their Continental rivals. Sir, as I have explained my scheme fully on Monday, it is not necessary for me to adduce any more arguments in favour of the amendment that I have proposed. To save the time of this House the procedure that I propose to follow is this. The other amendments that stand in my name are simply consequential amendments to the one that I have now moved and if the verdict of the House is against me in this amendment I will not proceed any further with my other amendments. Sir, I commend my amendment to the House.

The Honourable Sir Charles Innes: I must congratulate my Honourable friend from Coimbatore not only on the clear and brief way in which he has put his amendment before the House but also, as I said in my earlier speech, upon the extreme moderation with which he stated his case. I propose to follow his example as far as I can. In particular I do not propose to say more than what my Honourable colleague Sir Bhupendra Nath Mitra has already said upon this vexed question of Imperial Preference. Sir Bhupendra Nath Mitra read out a considered statement on the part of the Government, and I have nothing to add to that statement or to detract from it. The view we have always taken about this matter is this. We are not asking, and we have no intention of asking this House to adopt any general measure of Imperial Preference. We are not asking the House to sacrifice in any way the economic interests of India in order to do something for the British manufacturer. What we are asking the House to do is to accept the Tariff Board's Report. The Tariff Board have said that in the economic interests of India, in this particular matter of steel, in order to keep down the price of standard steel, it is advisable in the case of certain steel articles imported into this country to have a lower duty upon British manufactures than upon Continental manufactures. That of course is discrimination, preference if you like to call it, in favour of the British manufacturer. I do not deny the fact for one moment. The only point I wish to make is that that proposal has been made by the Tariff Board and accepted by the Government, because both the Tariff Board and ourselves know that this is the right course in the economic interests of India. Now, Sir, Mr. Chetty's speech has brought back the matter, I hope, to the economic issue. Mr. Chetty to all intents and purposes has dropped the question of Imperial Preference and he based his objection to the Government Bill mainly on the ground that the Government Bill discriminates by countries of origin. I am quite prepared to admit that this is an objection to the Government Bill. It is less convenient and not so simple to discriminate by country of origin as it is to have one flat uniform rate of duty for all imports that come into India. The Tariff Board say that and I admit it. At the same time there is no serious difficulty in making this discrimination and, as Mr. Chetty

said in his first speech, what we have got to do now is to balance up the advantages one way and the other and to decide on the balance which of the two schemes is the more advantageous to India. That, I make bold to say on behalf of the Government, is the sole consideration which has animated Government in the whole of these proposals. We have put these proposals forward because we are satisfied that they are the right proposals to put forward in India's interest. We have not put them forward because we wish in any way to do anything for the British manufacturer. The only point which has animated us throughout is the desire to do what is right for India. That is to carry out what has always been laid down as our criterion in this matter—to do that which will give the Indian steel industry adequate protection and at the same time be consistent with the economic well being of this country.

Now, Sir, the Tariff Board in making this report found themselves up against two facts. One fact I will deal with very briefly. That is the difficulty arising out of the course of prices. They find that British prices have more or less stabilised themselves and that the level of prices prevailing in the four months of 1926 might be taken as fairly representative of the level of prices likely to prevail during the protection period. With Continental prices they find the case is different. They pointed out that there were many factors making for instability and they were quite unable to give any confident forecast as to what the future course of those prices may be. Mr. Jayakar said that this is an *ex cathedra* statement. It may have been, but it is a finding on a question of fact, an expression of opinion, by the Tariff Board which, as I have said before, spent eight months' intensive work upon this problem and I ask the House to accept it in that spirit as an authoritative expression of opinion by what is after all our chief economic adviser in these matters, the Indian Tariff Board. The other fact that the Tariff Board found themselves up against was the fact that they considered it necessary in the economic interests of India to distinguish between two classes of steel, one standard steel and the other non-standard steel and they considered it essential and advisable in the interests of India that we should do nothing to impose unnecessarily high duties upon standard steel and therefore unnecessarily to raise the price of standard steel in India. That is a very important point. They were not merely concerned, as Mr. Moore apparently thought, with engineering matters. What they were concerned with was the industrial development of India, and you have it on record stated by the Tariff Board that if you do anything which unnecessarily raises the price of standard steel in this country, to that extent you are going unnecessarily to hamper the industrial development of this country, hamper the building of big bridges, hamper your transport, your communications, hamper the building of public works, hamper the manufacture of machinery in this country and increase the price of fabricated steel for all your engineering firms. Now, Sir, that is a very serious statement to be made by the Tariff Board, and here again I ask the House to treat that statement with the respect it deserves. As I have said in my earlier speech, had it not been for the difficulty of instability of Continental prices the logical course would have been to distinguish between standard and non-standard steel in your duties, but everybody has admitted that that is impracticable, and moreover even if that had not been impracticable it would not have met the difficulty arising out of the instability of the future prices of Continental steel. As Mr. Jinnah explained this morning that particular difficulty could not in the

[Sir Charles Innes.]

circumstances of India be met by the expedient of anti-dumping duties, for if we tried to go in for anti-dumping duties we should disorganise the whole of our foreign trade relations for we should infringe, I think I am correct in saying, a great many of our most favoured nation agreements. Therefore, as I explained, the Tariff Board, by the logic of their argument, were driven back on two facts. One is the fact—and here again it is the finding of the Tariff Board on a question of fact—that the British steel sold in this country is to all intents and purposes equivalent to standard steel and that the Continental steel sold in this country is to all intents and purposes equivalent to non-standard steel. The other fact is the fact that after all India is a part of the British Empire and that we can discriminate in favour of British steel. It is a domestic concern of our own and we do not infringe in any way our most favoured nation agreements by taking that course. That is the Tariff Board's conclusion. They say that by taking advantage of these two facts you get practically the same result as you would get if you differentiated between standard and non-standard steel.

Now, Sir, I should like to refer to the statement which I have just made that British steel sold in this country is equivalent to standard steel and that Continental steel is equivalent to non-standard steel. As I have said, that is a statement on a question of fact by the Tariff Board and it is supported by the evidence given before the Tariff Board. Let us take the evidence given by Mr. Anandji Haridas. I may explain for the information of my Honourable friend Mr. Jayakar that Mr. Anandji Haridas's main firm is in Calcutta. The Calcutta firm is a separate firm and a bigger firm than the branch in Bombay. Mr. Anandji Haridas was examined by the Tariff Board and one of the questions they asked him related to this question of the quality of standard and Continental steel, and what Mr. Anandji Haridas said was:

"Nobody would buy joists for building purposes without consulting his engineer. The engineer would say he wants a certain strength per foot which he cannot get out of Continental joists."

That is to say, that where you want standard steel, according to this big importer of Continental steel, you must, as the Tariff Board say, either buy steel made by the Tata Iron and Steel Co. or buy British steel. I do not for a moment wish to suggest to this House that you cannot get on the Continental standard steel. Of course you can. All I wish to say is that the Continental steel sold in this country is non-standard steel, and if it is sold with a certificate that it is of standard quality the general user of steel in this country has no means of knowing what the value of that certificate is. That is the statement of the Tariff Board, and that statement has been confirmed by the statement made to me by the Indian Stores Department that they have had to give up altogether buying Continental steel in this country certified to be of standard quality because they have had so many complaints from their consumers.

Now, Sir, we come back to our first point, that this scheme is in the economic interest of India because it does adjust the measure of protection required fairly to each class of consumer, the consumer of standard steel and the consumer of non-standard steel. It has been suggested, Mr. Chetty has said, that there is an objection to this scheme because it discriminates

by the country of origin. I have admitted that objection for all it is worth. At the same time the Tariff Board and the Central Board of Revenue, an expert body whom we have also consulted, inform us that there is no serious difficulty in the way of working this system of differentiation. The next objection taken to it—I am replying now to the debate that has been going on for the last two days—is that there is a possibility that British manufacturers will lower the quality of their steel in order to compete in the Indian market for non-standard steel on favourable terms.

Now, Sir, I should just like to explain to the House briefly what standard steel means. Standard steel as the term is ordinarily used in this country means steel up to British standard specification. There are a number of these specifications. They have been drawn up by the British Engineering Standards Association in consultation with representatives of users and manufacturers. There are different specifications for steel required for different purposes: specifications for steel required for building work, for steel required for bridges, for steel required for marine boilers, and so on. There is one feature common to all these specifications and that relates to the chemical composition of the steel. Also the steel in order to comply with these specifications has to pass certain mechanical tests; it has also to comply with certain rolling tests, and has to be made accurately to gauge. That is what is meant by standard steel. Now, why are these standard specifications drawn up? One reason is in order to secure safety of life and property. Probably the biggest experts in the world on this matter have met together. They have calculated certain strains and stresses, and have said that in order to bear those strains and stresses you must have steel of certain specification and standard. That is one reason. And the other reason for these specifications is by standardisation to secure economy in manufacture.

Now, as I said, it has been suggested that one of the objections to the scheme is that British manufacturers will definitely lower their standard in order to get the benefit of the lower duty in India. I am assured by expert evidence that there is not the slightest fear of that danger. In the first place, take your own industry. The Tata Iron and Steel Company make standard steel at Jamshedpur, standard steel according to exactly the same process as the British manufacturer, namely, the basic open-hearth steel. It does not use the basic Bessemer process which is often used in the Continent and is a less reliable process. It uses the same process as the British manufacturer. The Tata Iron and Steel Company sells part of its steel under a definite certificate from our Metallurgical Inspector at Jamshedpur as standard steel. It sells also a large proportion of its steel without that certificate. The steel is standard steel but is guaranteed to be such partly because the company does not want to go to the cost of putting that steel aside and getting a certificate from the Metallurgical Inspector. The steel sells at a cheaper rate. In spite of the fact that it has to sell a great part of its steel in competition with Continental non-standard steel, the Tata Iron and Steel Company has never lowered its standard of production. That point was particularly put to them by the Tariff Board. The point was put to Mr. Peterson, their main witness, and he was asked whether it would not pay them to make non-standard as well as standard steel, and Mr. Peterson's reply was that unless they switched off altogether to non-standard steel it would make very little difference in cost. The truth is that you cannot switch from standard to non-standard steel. You would have to alter your rolling programme;

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you would have to alter your melting programme; and you would not get that economy of manufacture which is one of the main objects of these approved standard specifications. Also I would just like to mention that for almost a generation British manufacturers have had preference in the Dominions, and that preference in the Dominions has never yet led the British manufacturer to lower his standard. The British manufacturer depends for his sales very largely upon the name and reputation of British steel, and the House may take it from me that there is not the slightest danger that in order to get the comparatively small market in India the British manufacturer would risk the reputation of British steel by lowering his standards. Moreover, if he were to do so what would happen? He would get a lower price, and at once our new clause 2 would come into force and the duty would be raised against him. I think, Sir, I have disposed of that objection. As for the difficulty of rejections, which Mr. Birla made so much of, Mr. Birla would never have heard of that difficulty if I myself had not brought it to notice. It is a fact that the British manufacturer has a small percentage of rejections: that is, steel which on test does not come up to British standard specification. But in any case the quantity is small. There is an outlet for steel of that kind in the United Kingdom. There is an outlet for steel of that kind in the Dominions; and though I admit that small quantities of rejections may come into India, yet I say that the quantity is so small that we need not take it seriously into account. Again, Sir, it was brought to notice by some Honourable Member that quantities of semi-finished material, beams, billets and so on, are brought into England from the Continent, and it was said, how can you be sure that your British steel will be standard specification steel if that steel is made in Britain from Continental material. The answer, Sir, is, that the British manufacturer sells to British standard specification. It is perfectly true that he does buy semi-finished material to some extent from the Continent, but if he does buy, he specifies the chemical composition of the steel and he takes measures to see that he gets it. In the same way the Railway Board and the London Stores Department, if we buy standard steel on the Continent, and we can buy it, have their own inspectors on the Continent who supervise not only the manufacture but also make the necessary test after manufacture.

Now, Sir, I think that I have dealt with what I consider to be the main objections brought against the Government scheme. I admit the objection that there is differentiation of the country of origin. I admit that there is practical inconvenience in that, but I say that the difficulties are not serious and can be easily surmounted. As regards the other objections brought against the scheme, I do not consider they exist at all. I admit only one difficulty, namely, that of differentiation of the country of origin.

Sir, what we have got to do now is to try and balance all the advantages of the one scheme and the advantages of the other and see which of the two schemes is more in the economic interest of India. Now, Sir, the first advantage I claim for the Government scheme over Mr. Chetty's scheme is that it keeps down the price of standard steel. Mr. Chetty has admitted that himself, and I need say no more about it except that I do desire to express once more the importance of that advantage, because, as the Tariff Board said, it is most unwise, if you are anxious for the industrial development of India, to do anything which is unnecessarily going to send up the price of standard steel. Now, Sir, the next advantage I claim for the Government scheme over that of my friend, Mr. Chetty, is

that a necessary consequence of the Government scheme is that we also keep down the duty on fabricated steel. Mr. Chetty's scheme involves the enhancement throughout of the duties on fabricated steel. The reason for that is, the Tariff Board tell us, that practically all the fabricated steel imported into this country comes from the United Kingdom. If therefore you differentiate in your rolled steel duties in favour of British steel, that means that you get away in respect of fabricated steel with a lower duty than you get if you are going for the weighted average system of duties. Take a concrete instance. The duty on fabricated sheets and plates under the Government scheme is 17 per cent. *ad valorem* subject to a minimum of Rs. 21 a ton. That is on British fabricated steel. Under Mr. Chetty's scheme the duty is 17 per cent. *ad valorem* plus an additional duty of Rs. 7. That is, on every ton of fabricated sheets and plates, under Mr. Chetty's scheme, you have got to pay Rs. 7 more in duty. Now the House may think that that is a small matter. But is it? I remember, Sir, when the first Steel Bill was being discussed in this House in 1924, there was a very distinguished Member of this Assembly who had been an ex-President of the Bombay Corporation and who tried very hard to get the House to lower the duty upon certain fabricated plates and steel which had been imported for the Bombay Corporation. I have just looked up the figures. I find that between 1923 and 1925 the Bombay Corporation imported 80,000 tons of fabricated steel plates. Now under Mr. Chetty's scheme the Bombay Corporation would pay 5½ lakhs more duty than the Bombay Corporation would pay on that amount of steel under the Government scheme. Now, Sir, I think that that is a rather striking fact, and it does show that if we pass the Government Bill, not only do we keep down the duty and therefore the price of standard steel but we are also keeping down the duty and therefore the price of fabricated steel. That is a very important matter, not only for the Indian Railways but also for every public body in this country which is engaging on a large programme of public works.

But, Sir, the great objection which has been brought against the Government Bill, the great advantage which has been claimed for Mr. Chetty's Bill, is that Mr. Chetty's Bill is more favourable to the consumer of non-standard steel. Now, Sir, I dispute that absolutely and from the beginning. What we have got to remember is that the Tata steel can only compete at present within a radius of some 300 or 400 miles from Jamshedpur. Now where the Tata steel can compete you have this position. The upper limit to which the price of non-standard steel can go is the price at which you can import British steel. That is the upper limit. But where Tatas can compete, that upper limit is of no value, because the actual price is regulated by competition between the Tata steel and the Continental steel which is imported. Practically, British steel does not come at all into this bazaar business. The competition is entirely between Continental steel and Tata steel. Now the value of Tata's steel to the country is that by the Tata steel being able to come in at any time, it is impossible or at any rate difficult for importers of Continental steel to form any sort of ring or combine, and therefore Tata's steel does operate as a very valuable regulator of prices. Now in those areas, that is, within a radius of 300 to 400 miles from Jamshedpur, which practically covers Calcutta and those areas, I am quite prepared to admit that the Government scheme would send up the price of bars by Rs. 2 per ton as compared with Mr. Chetty's scheme. But the greater part of India is outside the radius of Tata competition. I am referring to Karachi, Bombay, Madras and Rangoon. I have taken

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out the figures. I find that 74 per cent. of the bars which come into India, Continental bars, come in *via* those ports—Karachi, Bombay, Madras and Rangoon. Only 26 per cent. come in *via* Calcutta. Now where you are outside the range of effective competition by Tatas, the price of Continental steel, given just a little amount of combination among the importers, can rise, without difficulty, to a point just below the point at which British bars can come in. Now the Tariff Board took evidence from Mr. Anandji Haridas, the biggest importer of iron and steel in Calcutta, and they took evidence from the Bombay Iron Merchants' Association. Both firms sent in statements in the same form of the prices at which they were selling steel bars and other articles in certain months. I am taking the first three months of 1926. Those prices are the local wholesale prices, the prices at which the importer sells to bazaar dealers, to the man who peddles out the bars and so on; and the curious fact about it is that the prices in Bombay were on an average—I think I am correct in saying—Rs. 10 a ton higher than the prices in Calcutta. Mr. Anandji Haridas was asked why was that so. He said because they have got a strong Association in Bombay,—that is to say, you have got in Bombay a strong Association or combine of importers—the Bombay Iron Merchants' Association—and their aim is to keep up the price of these inferior Continental bars at a point just below the price at which the British bars can come in. No British bars come in at present to Bombay, but the price at which they could come in operates as the upper limit to which the price of the Continental bar can be forced. It is a very curious fact that in the first three months of 1926 the c. i. f. British price, according to the Tariff Board's Report, was Rs. 108 a ton and the duty on those British bars was Rs. 40 a ton; that is to say, you could import British bars into Bombay in those three months at an average of Rs. 148 a ton. And I find by examining the figures given, the statement given by the Bombay Iron Merchants' Association to the Tariff Board, that the average price at which the Bombay Iron Merchants' Association was selling Continental bars in those three months was Rs. 146, i.e., Rs. 2 below that price. It was put to me that that applied only to Bombay and that I must get evidence to show that the same thing was going on in other parts of the country. I wrote at once to one of the principal merchants in Madras

Mr. A. Rangaswami Iyengar: Are these prices wholesale or retail?

The Honourable Sir Charles Innes: Local wholesale prices at which the importer sells to the bazaar. As I was saying, when I was interrupted, I wrote to one of the principal merchants in Madras. I did not tell him what I wanted the information for. I merely sent him a blank form, the same form in which the Bombay Iron Merchants' Association had given their return to the Tariff Board. I asked him to go to the biggest importer of iron and steel in Madras and to get the prices at which iron and steel bars, angles, beams and plates were sold in Madras in the first three months of 1926; and, Sir, as I expected I found that it was much the same in Madras as it was in Bombay. The figures are so striking that I would just like to read them out. I think Mr. Jinnah has already given them, but they are so important that I should like to repeat them. In the first three months of 1926, the local wholesale prices of beams in Calcutta was Rs. 98 a ton in Calcutta, Rs. 180 in Bombay and Rs. 130 to Rs. 135 in Madras.

Angles—Calcutta price was Rs. 129, Bombay price was Rs. 149 and Madras price was Rs. 150 to Rs. 155.

Bars—Calcutta price was Rs. 186, Bombay price was Rs. 147, and Madras price was Rs. 140.

Plates—Calcutta price was Rs. 128, Bombay price was Rs. 142 and Madras price was Rs. 130.

Now, Sir, we have been told by Honourable Members opposite that Mr. Chetty's scheme by lowering the duty on Continental steel is going to do a lot for the consumer, and that the main objection to the Government scheme is that it is going to send up the price of Continental steel for the consumer. Sir, I deny it absolutely. Over the greater part of India the advantage of the Government scheme is that it is going to bring down the price of Continental non-standard steel for the consumer. I am quite prepared to admit that it is going to cut the profits of the middlemen; and that is why we have all these complaints from the Bombay Iron Merchants' Association. I have no quarrel with those gentlemen. I always take the view that the business man, the business firm, is entitled to get as big a price as it can get; but it is up to us to see that they do not make excessive profits; and if we can take action to prevent them making such excessive profits we ought to do it. I claim it as one of the advantages of the Government scheme; that by lowering the duty on British steel, you will not bring in one single ton more of British steel than you are doing at present, because in any case Continental steel will still beat it in price, and the man who buys this steel cares for nothing but the price. What you will do is that you will lower the price of Continental steel for the consumer throughout the greater part of India, and I defy anybody to meet my argument.

I think, Sir, I may claim that I have shown that the Government scheme is better for the consumer in respect of standard steel, that it is better for the consumer in respect of fabricated steel, and that it is better for the consumer over the greater part of India in respect of non-standard steel. I see Mr. S. Srinivasa Iyengar nods his head. I understand that the Honourable Member was once a professor of economics and I am quite sure he will get up and support me later. (Mr. A. Rangaswami Iyengar: "Was he ever a professor?")

Let me come now to the effect of the two schemes upon the Indian steel industry. The first objection to the weighted average system of duty is an objection that I took in my first speech. The weighted average system, which Mr. Chetty has proposed, is based upon an estimate of the probable sales of Tata steel against standard steel on the one hand and non-standard steel on the other. Let me take the example that I took in my first speech—structural sections: British steel comes in at c.i.f. price Rs. 104; Continental steel price Rs. 86. The fair selling price for Indian steel is Rs. 120. Therefore you require a duty of Rs. 16 per ton on British steel and a duty of Rs. 34 per ton on Continental steel. Tata steel competes in the proportion of half and half with both; therefore you take the average duty midway between the two—Rs. 25 a ton. The whole contention whether that duty is going to be sufficient depends upon whether that proportion of sales is correct, whether as a matter of fact throughout the period of seven years, Tata steel sections do sell in the proportion of 50 against British steel and 50 against Continental steel. If your proportions go wrong, if Tatas are compelled to sell the greater portion of their sections against Continental steel, then they will get smaller prices than the Tariff Board contemplate, and they will not get their fair selling prices over their whole average production. Therefore, that is an objection against

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Mr. Chetty's scheme, that it is based on an insecure and unsafe foundation, and to that extent is not in the interests of the steel industry which we are out to protect.

I can also claim another advantage for the Government scheme over Mr. Chetty's scheme, another advantage in the sense that it makes the position of the Steel Company more secure. I think the House realises that after all our main object in all this business is adequately to protect the Indian steel industry. Now, Sir, under the Government scheme, if British prices rise, the benefit goes to the Indian steel industry, because if British prices rise the duty is not reduced. For instance, assume that British prices of structural sections rise by Rs. 6 a ton. I have already shown that the Iron and Steel Company sells 50 per cent. of these sections in competition with British steel and 50 per cent. in competition with Continental steel. British prices have gone up by Rs. 6 a ton and so that gives the Iron and Steel Company an average benefit of Rs. 3 a ton over the whole of its production. On the other hand, under Mr. Chetty's scheme which proceeds on the basis of a basic duty *plus* an additional duty, if British prices rise to the extent of Rs. 6 a ton and Continental prices do not rise, it will be necessary to lower the additional duty by Rs. 3 a ton; that is to say, the Iron and Steel industry will get no benefit at all.

Now, I think, Sir, I may summarise. I think I have shown that the only one real objection which has been taken to the Government scheme is the objection that it does differentiate by country of origin. I have said that I admit that objection. At the same time I have pointed out that both on the authority of the Tariff Board and on the authority of the Central Board of Revenue we need anticipate no serious difficulty in working the scheme. On the other hand, I claim to have shown that the Government scheme is better, that it has the following advantages over the weighted average system of duty; it is favourable to the consumer of standard steel; it is favourable to the consumer of fabricated steel; it is favourable to the consumer of non-standard steel over the greater part of India; and it is more favourable to the Tata Iron and Steel Company.

Now, Sir, let us get back to my original position. I have said at the beginning: let us decide this question purely as an economic question. Let us decide it on the balance of advantages. I ask this House to say, after having heard Mr. Chetty's speech and after hearing my speech, which of the two schemes is more consistent with the welfare of India, which of the two schemes is more in the economic interests of India. If the House will only come to a clear and unprejudiced decision, I am sure they will come down in favour of the Government scheme and accept it. Sir, I oppose the amendment.

Mr. President: Before I adjourn the House, I should like to know from the Honourable the Home Member whether he has any statement to make regarding the further course of this Bill.

The Honourable Sir Alexander Muddiman (Home Member): With reference to to-day, Sir?

Mr. President: The House is going to be adjourned at this stage.

The Honourable Sir Alexander Muddiman: May I have a consultation with my Honourable colleague?

[After consulting the Honourable Sir Charles Innes, the Honourable Sir Alexander Muddiman said.]

Sir, in this matter I should be very glad to consult the convenience of the House. It would be more convenient for Government to continue this discussion on Friday, which is a day for Government business. If that is the wish of the House, I will leave it to them; but if the House has any preference over Friday to Saturday, then, Sir, I am quite prepared to take it on Saturday.

Several Honourable Members: Friday would be all right.

The Assembly then adjourned till Eleven of the Clock on Friday, the 18th February, 1927.
