

Friday, 13th November, 1931

THE  
LEGISLATIVE ASSEMBLY DEBATES  
(Official Report)

Volume VII, 1931

(4th to 20th November, 1931)

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SECOND SESSION

OF THE

FOURTH LEGISLATIVE ASSEMBLY, 1931



NEW DELHI  
GOVERNMENT OF INDIA PRESS  
1932

16-9-94  
27-3-89  
1-6-83  
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# Legislative Assembly.

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**THE HONOURABLE SIR IBRAHIM RAHIMTOOLA, K.C.S.I., O.F.S.**

## *Deputy President :*

**MR. R. K. SHANMUKHAM CHETTY, M.L.A.**

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MR. ARTHUR MOORE, M.L.A.,  
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RAI SAHIB HARBILAS SARDHA, M.L.A.

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## *Assistants of the Secretary :*

MIAN MUHAMMAD RAFI, BAR.-AT-LAW.  
RAI BAHADUR D. DUTT.

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**CAPTAIN NUR AHMAD KHAN, M.C., I.O.M.**

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MR. ARTHUR MOORE, M.L.A.  
SIR ABDUR RAHIM, K.C.S.I., Kt., M.L.A.  
RAJA BAHADUR G. KRISHNAMACHARIAR, M.L.A.  
MIAN MUHAMMAD SHAH NAWAZ, C.I.E. M.L.A.

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# LEGISLATIVE ASSEMBLY.

Friday, 13th November, 1931.

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

## QUESTIONS AND ANSWERS.

### DATES OF TRIAL, ETC., IN THE MEERUT CONSPIRACY CASE.

1275. \*Mr. S. C. Mitra: Will Government kindly state:

- (a) the date when application was made for the issue of warrants against persons charged under section 121-A, in what has come to be known as Meerut conspiracy case;
- (b) the date or dates when these persons were arrested;
- (c) the date when the enquiry commenced with the opening address of the Crown Counsel;
- (d) the date when the enquiry was finished and the committal order was passed by the enquiring Magistrate;
- (e) the date when the trial commenced at the Sessions Court;
- (f) the date when the Prosecution closed its evidence; and
- (g) the date when the accused began to make their statements?

**The Honourable Sir James Crerar:** (a) The complaint in regard to the case was laid on the 15th March, 1929, and warrants were issued on the same date.

(b) Twenty-nine of the accused were arrested on the 20th March, 1929. The dates of arrest of the remaining accused are not readily available.

(c) The enquiry in the Court of the enquiring Magistrate commenced on the 12th June, 1929.

(d) The enquiry closed on the 16th December, 1929, and the Magistrate passed orders on the 14th January, 1930.

(e) 31st January, 1930.

(f) 17th March, 1931.

(g) 18th March, 1931.

### EXPENDITURE INCURRED IN CONNECTION WITH THE MEERUT CONSPIRACY CASE.

1276. \*Mr. S. C. Mitra: Will Government kindly state the approximate expenditure incurred by the Government of the United Provinces in connection with the Meerut conspiracy case under the following heads uptill 30th October, 1931:

- (a) the salaries paid to the enquiring Magistrate and the Sessions Judge, per month, exclusively in charge of this case;

- (b) the expenditure incurred for the maintenance of the ministerial staff of the enquiring Magistrate and the Additional Sessions Judge;
- (c) the expenditure incurred for the accused in the jail;
- (d) expenditure for conveying the accused from the jail to the Court and back; and
- (e) expenditure for treating the accused requiring the help of specialists as dentists, etc.?

**The Honourable Sir James Crerar:** The arrangement with the United Provinces Government is, as I explained in my reply to question No. 268 asked by Lala Hari Raj Swarup on the 2nd February, 1931, that expenditure on all matters connected with the case which are dealt with by the ordinary machinery of the United Provinces Government is met by that Government, all other charges being met by the Central Government, in accordance with this arrangement, items (a) to (c) of the question are met by the United Provinces Government.

(d) and (e). I have called for the information and will communicate it to the Honourable Member in due course.

#### EXPENDITURE FOR COUNSEL FOR THE MEERUT CONSPIRACY CASE.

1277. **\*Mr. S. C. Mitra:** Will Government kindly state:

- (a) the expenditure incurred per month as fees for the Crown Counsel and his Junior in the Meerut Conspiracy case;
- (b) the expenditure incurred per month as fees for the Junior Crown Counsel when he was in charge of the case after the death of Mr. Langford James and before the present Crown Counsel was put in charge;
- (c) the total expenditure incurred as fees for the two counsels since the date of their appointment at the beginning of the case up to 30th October, 1931?

**The Honourable Sir James Crerar:** (a) The Crown Counsel is paid a fee of sixty gold mohurs or Rs. 1,020 per diem and his junior one of five gold mohurs or Rs. 85 per diem.

(b) The Junior Crown Counsel held sole charge of the prosecution case from the 23rd March to the 12th May, 1930, during which period he was paid an enhanced fee of ten gold mohurs or Rs. 170 per diem.

(c) Rs. 2,33,470.

#### EXPENDITURE INCURRED IN CONNECTION WITH THE MEERUT CONSPIRACY CASE.

1278. **\*Mr. S. C. Mitra:** Will Government kindly state:

- (a) whether it is known to them that during the last Budget debate in the United Provinces Council objection was taken by the Members to the Province being saddled with the expenditure of the Meerut conspiracy case;

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QUESTIONS AND ANSWERS.

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- (b) whether it is known to them that to mark their protest the Council refused to vote the salary of the Additional Sessions Judge trying the case;
- (c) under what item of expenditure have the Government of India in their estimates included the expenses of this case as far as they are borne by the Government of India;
- (d) which Government has borne the travelling and halting charges of the witnesses called by the Prosecution;
- (e) the total amount paid to the witnesses;
- (f) the number of witnesses called from (i) Calcutta, (ii) Bombay, (iii) Lahore and (iv) the United Provinces; and
- (g) the total expenditure incurred so far in the case and the likely expenditure till the disposal of the case in the Sessions Court?

**The Honourable Sir James Orerar:** (a) and (b). I have seen the debate.

(c) The expenditure is provided for in Demand No. 32—Home Department—C—Intelligence Bureau.

(d) The Government of India.

(e) The total amount paid to witnesses and assessors up to the end of September, is Rs 59,767-13-6. It is not possible to separate the payments to witnesses from those to assessors without an unwarrantable amount of labour.

(f) I regret that I have not the information available.

(g) Rs. 12,17,630 up to 30th September, 1931.

NUMBER AND PAY OF CHAPLAINS IN INDIA.

1279. **\*Rao Bahadur B. L. Patil:** (a) What is the total number of Chaplains in the whole of India by Provinces?

(b) How many of them are military and how many civil, if any?

(c) What is the range of their pay respectively?

(d) How many of them are Indians, if any?

(e) What is the total cost annually incurred towards the pay of the Chaplains, military and civil, if any, respectively?

**The Honourable Sir George Rainy:** (a) and (b). The Service known as the Indian Ecclesiastical Establishment consists of 156 Chaplains made up as follows:

Church of England in India (now called the Indian Church)	138
Church of Scotland	18

Of the 138 Chaplains of the Indian Church, which number includes the leave reserve, 98 are meant for service at mainly military and 40 at mainly civil stations, but all these Chaplains minister both to the military and the civil population within their respective charges. There is thus no division into military and civil Chaplains. They are allotted to Dioceses,

which are not coterminous with the civil areas of administration, as follows:

Diocese.	No. of Chaplains.
Calcutta	17
Madras	18
Bombay	18
Lahore	41
Lucknow	24
Rangoon	7
Nagpur	13

Of the 18 Chaplains of the Church of Scotland, eight are for duty with Scottish regiments and six are for ministration to civil congregations in the Presidencies of Bengal, Madras and Bombay and four constitute the leave reserve.

(c) All Chaplains on the Indian Ecclesiastical Establishment are civil officers. Their rupee pay ranges from Rs. 600 to Rs. 1,050 a month, and sterling overseas pay from £15 to £30, per mensem.

(d) None.

(e) The total expenditure on account of the pay of all Chaplains of the Indian Ecclesiastical Establishment during the year 1929-30, the latest year for which figures are available, amounted to approximately Rs. 15½ lakhs. As I have already stated, Chaplaincies of the Indian Church are not divided into civil and military and it is not possible therefore to give separate figures.

#### RETRENCHMENT IN THE INDIAN ECCLESIASTICAL DEPARTMENT.

1280. **\*Rao Bahadur B. L. Patil:** (a) What is the range of pay of the Royal Army Chaplains?

(b) Has the Indian Ecclesiastical Department (Bombay) ever considered the question whether the system and cost of the Royal Army Department is more economical?

(c) If not, are Government prepared to go into that aspect of the question by appointing a suitable committee of enquiry or throwing it open to the Army Sub-Committee of the C. R. A. Committee?

(d) Have Government considered what retrenchment could be effected in the Indian Ecclesiastical Department?

**The Honourable Sir George Rainy:** (a) Precise information is not in the possession of the Government of India, but I will try to get the information for my Honourable friend.

(b) The question whether a separate Army Chaplains' Department should be established in India, has been considered, but the proposal was found to involve many difficulties and was likely to lead to an increase in expenditure.

(c) Does not arise.

(d) Yes. The matter is engaging the attention of the Government of India.

#### NUMBER OF BISHOPS IN INDIA.

1281. \***Rao Bahadur B. L. Patil:** (a) What is the total number of Bishops in British India maintained under the Indian Ecclesiastical Department?

(b) Is it necessary to maintain the present number?

**The Honourable Sir George Rainy:** (a) Seven, of whom four are treated as senior Chaplains, paid as such and included in the total number of the Indian Ecclesiastical Establishment mentioned by me in reply to a previous question.

(b) Yes. I ought, however, to mention that the successors of the present incumbents of these sees will not be members of the Indian Ecclesiastical Establishment, and as each vacancy occurs, there will be a saving to Government, since the grant which will be paid to the Indian Church for the episcopal supervision of the Government Chaplains will be less than the salaries at present drawn by the Bishops.

#### RECRUITMENT OF NON-BRAHMINS IN THE INCOME-TAX DEPARTMENT IN THE BOMBAY PRESIDENCY.

1282. \***Rao Bahadur B. L. Patil:** (a) Have the Government of India issued circular orders with regard to the recruitment of a sufficient number of Non-Brahmins in the Income-tax Department of the Bombay Presidency?

(b) Have Government ascertained that the said circular orders of the Government of India have been carried out every year?

(c) If so, are Government aware that they are practically a dead letter?

**The Honourable Sir George Schuster:** (a) There are no such orders, but there are general instructions to the effect that Heads of Departments should ensure that every community is adequately represented in the Government service.

(b) and (c). The Commissioner of Income-tax, Bombay, reports that the instructions referred to are not a dead letter but that the claims of minority communities are always considered when suitable candidates are forthcoming.

#### STRENGTH OF CERTAIN COMMUNITIES IN THE INCOME-TAX DEPARTMENT IN THE BOMBAY PRESIDENCY.

1283. \***Rao Bahadur B. L. Patil:** What is the present strength of the following communities in the Income-tax Department of the Bombay Presidency (excluding Sind) in respect of the posts of (i) Income-tax

Officers, (ii) Inspectors or Examiners and (iii) clerks in each of the three "Divisions" according to the following table?—

Community.	Brahmins.	Non-Brahmins.		Others.
		Lingayats.	Non-Lingayats.	
Income-tax Officer ..				
Examiner or Inspector ..				
Clerks ..				

**The Honourable Sir George Schuster:** I have called for the information that the Honourable Member requires and will communicate it to him when I receive it.

#### APPOINTMENTS IN THE INCOME-TAX DEPARTMENT IN THE BOMBAY PRESIDENCY.

1284. **\*Rao Bahadur B. L. Patil:** (a) Will Government be pleased to state how many posts of Income-tax Officers, Examiners or Inspectors and clerks were filled up in the Income-tax Department in the Bombay Presidency (excluding Sind) during the years 1928, 1929, 1930 and 1931?

(b) How many of them are (i) Brahmins, (ii) Non-Brahmins (and Lingayats separately) and (iii) others?

(c) How many Non-Brahmins (and Lingayats separately) applied for the respective posts in each year to the Commissioner and Assistant Commissioners?

**The Honourable Sir George Schuster:** I have called for the information and will communicate it to the Honourable Member when I receive it.

#### RECRUITMENT OF ADDITIONAL STAFF TO THE INCOME-TAX DEPARTMENT IN THE BOMBAY PRESIDENCY.

1285. **\*Rao Bahadur B. L. Patil:** Is it a fact that Government are about to recruit additional staff in the Income-tax Department, Bombay Presidency (excluding Sind), owing to the expected increase of work on account of the taxable minimum being lowered to Rs. 1,000?

**The Honourable Sir George Schuster:** It is possible that some increase of staff may be found necessary, but no precise proposals have yet been framed.

#### APPOINTMENTS TO THE SUPERIOR MILITARY ACCOUNTS SERVICES.

1286. **\*Lala Hari Raj Swarup:** Will Government be pleased to state the number of appointments made to the Superior Military Accounts

Service during the last 10 years, giving the sources of recruitment, the community to which the officers appointed belonged and the pay, *plus* allowances, given on appointment? When was Indianization of this service sanctioned?

**The Honourable Sir George Schuster:** A statement is laid on the table giving the detailed information asked for. The Indianization of the Superior Service of the Military Accounts Department was sanctioned with effect from 1st April, 1922.

*Statement showing the appointments made to the Superior Service of the Military Accounts Department during the last 10 years and giving the sources of recruitment, the community to which the officers appointed belong and their pay and allowances on appointment.*

Serial No.	Name.	Sources of recruitment.	Community.	Pay and allowances.
1	2	3	4	5
				Rs. per mensem.
1	Mr. J. R. Seal	Appointed by the Secretary of State.	European	600 <i>plus</i> P. A. 100 <i>plus</i> O. P. 150.
2	„ A. Mc. C. Stevenson.	Do.	Do.	300 <i>plus</i> O. P. 150.
3	„ H. B. Cumber	By promotion from the F. D. (M. F.)	Do.	1,200 <i>plus</i> O. P. 150.
4	„ J. W. Lewis	By promotion from the Subordinate Service of the M. A. D.	Anglo-Indian	900.
5	The Hon'ble T. Sirha.	Appointed by the Secretary of State.	Indian Christian	350.
6	Mr. J. C. Brommage	Do.	European	450 <i>plus</i> O. P. 150.
7	„ G. M. Turner	By promotion from the F. D. (M. F.).	Do.	1,150 <i>plus</i> O. P. 150.
8	„ V. R. Kalyansundram.	By promotion from the Subordinate Service of the M. A. D.	Hindu	850.
9	„ H. A. Windsor	Do.	European	900 <i>plus</i> O. P. 150.
10	„ V. Natesan	By direct recruitment on the results of the competitive examination.	Hindu	350.
11	„ L. M. Ghatak	Do.	Do.	350.
12	„ Brij Narayan	Do.	Do.	350.

*Statement showing the appointments made to the Superior Service of the Military Accounts Department during the last 10 years and giving the sources of recruitment, the community to which the officers appointed belong and their pay and allowances on appointment—contd.*

Serial No.	Name.	Sources of recruitment.	Community.	Pay and allowances.
1	2	3	4	5
				Rs. per mensem.
13	Mr. A. R. Langlands	Appointed by the Secretary of State.	European .	950 plus O. P.
14	„ R. Jagannathan.	By direct recruitment	Hindu .	150. 350.
15	„ B. S. Narayanswami.	Do. .	Do. .	350.
16	„ K. R. Menon .	Do. .	Do. .	350.
17	„ Bhawanishankar Rao.	Do. .	Do. .	350.
18	„ R. T. Waugh .	By promotion from the F. D. (M. F.).	European .	1,200 plus O. P. £30.
19	„ E. Paulie .	By promotion from the Subordinate Service of the M. A. D.	Angle-Indian .	800.
20	„ Ghulam Abbas	By direct recruitment	Mohammadan .	350.
21	„ H. I. Macdonald.	By promotion from the F. D. (M. F.).	European .	1,250 plus O. P. £30.
22	„ W. J. Greenaway	By promotion from the Subordinate Service of the M. A. D.	Do. .	900 plus O. P. £30.
23	„ R. N. Hazari .	By direct recruitment	Hindu .	350.
24	„ M. M. Azam .	Do. .	Mohammedan .	550.
25	„ A. Subrahmanyan.	Do. .	Hindu .	350.
26	„ J. H. Brown .	By promotion from the Subordinate Service of the M. A. D.	European .	900 plus O. P. £30.
27	„ F. J. Woolmer	By promotion from the F. D. (M. F.).	Do. .	1,300 plus O. P. £30.
28	„ Jagdishwar Dayal.	By direct recruitment.	Hindu .	350.
29	„ S. A. Siddiqi .	Do. .	Mohammedan .	350.
30	„ S. Jayasankar	Do. .	Hindu .	350.
31	„ R. G. Grimson	By promotion from the Subordinate Service of the M. A. D.	European .	900 plus O. P. £30.

*Statement showing the appointments made to the Superior Service of the Military Accounts Department during the last 10 years and giving the sources of recruitment, the community to which the officers appointed belong and their pay and allowances on appointment—concl'd.*

Serial No.	Name.	Sources of recruitment.	Community.	Pay and allowances.
1	2	3	4	5
				Rs. per mensem.
32	Mr. Batuk Singh .	By direct recruitment.	Hindu .	350.
33	„ J. R. Hope .	By promotion from the F. D. (M. F.).	European .	1,150 plus O. P. £30.
34	„ M. Shoaib .	By direct recruitment.	Mohammedan .	350.
35	„ A. Sebastian .	Do.	Indian Christian	350.
36	„ Soojan Singh .	By promotion from the Subordinate Service of the M. A. D.	Sikh .	900.
37	„ F. W. Reed .	By promotion from the F. D. (M. F.).	European .	1,200 plus O. P. £30.
38	„ R. Narayan-swami.	By direct recruitment.	Hindu .	350.
39	„ K. S. Krishna-swami.	Do.	Hindu .	350.
40	Capt. J. McC. Clive, I.A.	Appointed in India from the Indian Army with the approval of the Secretary of State.	European .	900 plus O. P. £30.
41	Mr. L. S. R. G. Davies.	By promotion from the Subordinate Service of the M. A. D.	European .	900 plus O. P. £30.
42	„ Phulchand .	By direct recruitment.	Hindu .	350.
43	„ Mumtaz Mirza .	Do.	Mohammedan .	350.
44	„ W. C. S. Speirs .	Do.	Anglo-Indian .	350.

*Extract from the Finance Department Resolution No. 1590-Accts., dated the 28th March 1923.*

2. The recruitment in England of officers for the Superior Staff of the department will be stopped in special cases and vacancies will ordinarily be filled by the direct appointment of Indians and by the promotion of members of the Subordinate Accounts Service. Assistant Financial Advisers, Military Finance, and Superintendents employed in the Military Finance Branch of this Department will also be eligible for promotion to the Superior Staff.

### REDUCTION OF APPOINTMENTS IN THE CIVIL AND MILITARY ACCOUNTS SERVICES.

1287. **\*Lala Hari Raj Swarup:** Is it a fact that it is the decided policy of Government to reduce the number of appointments of the Superior Civil Accounts Service by a corresponding increase in the number of the officers of the subordinate service of the civil accounts; if so, will the decision apply to the Military Accounts Department also in the interest of economy in expenditure?

**The Honourable Sir George Schuster:** The reply to the first part of the question is in the negative. The second part does not arise.

### APPOINTMENTS IN THE MILITARY ACCOUNTS DEPARTMENT.

1288. **\*Lala Hari Raj Swarup:** (a) Is it a fact that members of the Military Finance Secretariat Staff also share the appointments of the Superior Accounts Service of the Military Accounts Department?

(b) If so, will Government lay on the table rules bearing on the subject? Have not the Military Finance Secretariat staff already their cadre of senior appointments to look to, like the staff of the other secretariat offices and why do they get this additional preferential treatment?

(c) Will Government also state whether they are prepared to consider the question of appointment to the Superior Accounts Service being made from the Military Accounts Department Subordinate Officers' Service in future if vacancies are filled up?

**The Honourable Sir George Schuster:** (a) Assistant Financial Advisers and Superintendents of the Military Finance Secretariat staff are eligible for such appointments, and appointments are on occasion made from this source.

(b) An extract from Finance Department Resolution No. 1590-Accts., dated the 28th March, 1923, bearing on the subject is laid on the table. Assistant Financial Advisers in the Military Finance Secretariat have no prospects of further promotion in their own cadre, while Superintendents are eligible only for promotion to the rank of Assistant Financial Adviser. The inclusion of Assistant Financial Advisers and Superintendents in the Military Finance Secretariat as a source of recruitment for the Military Accounts Service is analogous to the inclusion of Superintendents in the civil branch of the Financial Secretariat as a source for recruitment to the General List of the Indian Audit and Accounts Service. One of the main objects of broadening the basis of selection was to tap a source of recruitment from which officers with valuable experience have been secured for the Superior Service.

(c) In view of the answer to part (b) the Government of India do not propose to restrict promotion to the Superior Service of the Military Accounts Department to gazetted officers of the Subordinate Service.

### COMPULSORY RETIREMENT OF GOVERNMENT SERVANTS.

1289. **\*Lala Hari Raj Swarup:** (a) Will Government be pleased to state whether it is a fact that Government servants, who have put in '25 years' or more of service, will be made to retire henceforth?

(b) If so, will there be any exceptions under the rule?

(c) Will Government be pleased to state the circumstances under which old men having experience will be retained in Government service without any communal or social discriminations?

**The Honourable Sir George Schuster:** (a) to (c). Departmental instructions have been issued regarding the selection of personnel for re-trenchment. Government's general policy is to discharge first of all those whose work has proved unsatisfactory; and next those who have attained the age of 55. Exceptions to this order will be made only when there are strong public reasons for the retention of individuals over that age.

**SUPPLY OF DEBATES OF THE LEGISLATIVE ASSEMBLY TO DISTRICT BOARD AND MUNICIPAL LIBRARIES.**

1290. **\*Lala Hari Raj Swarup:** (a) Will Government be pleased to state the number of District Town Libraries to which copies of the proceedings of the Indian Legislative Assembly are being supplied?

(b) Do Government propose to see that these proceedings are regularly supplied to all District Board or Municipal Libraries of District Towns of India?

**The Honourable Sir George Rainy:** (a) District Town Libraries are not supplied with copies of the Legislative Assembly Debates free of charge.

(b) In order to give wide publicity to the proceedings of the Legislative Assembly, the Debates are sold at the uniform rate of annas five per copy, which is substantially below the cost of production, and it is open to District Board and Municipal Libraries to purchase the Debates at this rate. The Government are therefore already bearing the difference between the cost price and the sale price on each copy of the Debates sold and they do not propose to take action in the manner suggested by the Honourable Member.

**RULES FOR CONFIRMATION OF EMPLOYEES IN GOVERNMENT OFFICES.**

1291. **\*Mr. B. Sitaramaraju** (on behalf of Mr. S. G. Jog): Is there any rule under which confirmation of Government employees, whether in the Army Headquarters, State Railways, the Secretariat or elsewhere, can be cancelled, without the employees being proved unfit?

**Mr. A. A. L. Parsons:** As a general rule a Government servant is not reduced to a lower grade or post unless on account of misconduct or inefficiency, but this does not prevent the cancellation of confirmations in the course of rectification of an error which may have been made.

**Mr. Lalchand Navalrai:** Is the Honourable Member aware that the confirmation of Traffic Controllers on the North Western Railway has been cancelled?

**Mr. A. A. L. Parsons:** If the Honourable Member will turn to the next question on the paper, he will see that I have been asked for details with regard to an alleged cancellation of that confirmation.

**CANCELLATION OF CONFIRMATION ORDERS OF CERTAIN ASSISTANT TRAIN CONTROLLERS ON THE NORTH WESTERN RAILWAY.**

1292. \*Mr. B. Sitaramaraju (on behalf of Mr. S. G. Jog): (a) Is it a fact that confirmation orders of fifty-one Assistant Train Controllers of the North Western Railway, who were confirmed on the 1st January, 1931, have now been cancelled some nine months after the issue of the orders, with a stroke of the pen, under the following reasons:

- (i) that the confirmation was a Divisional arrangement,
- (ii) that the Assistant Controllers have not been fixed in new grades in force from the 14th September, 1929, and
- (iii) that they have superseded senior men?

(b) As regards part (a) (i):

- (i) Are the Divisions allowed to engage Assistant Controllers on Rs. 800 per mensem temporarily against permanent vacancies? If so, when were such orders issued? Will they apply to men who joined before this date?
- (ii) In the case of these 51 men, how many were taken with the approval of the Agent and how many by the Divisions without the approval of the Agent?
- (iii) Who confirmed these men, who cancelled the confirmation and under what circumstances?
- (iv) Will the confirmation of men put to work temporarily against newly created vacancies owing to additional sections added with the approval of the Agent and subsequently confirmed before the 1st January, 1931, be treated alike or will a differential treatment be given to them, and, if so, under what reasons?

(c) As regards part (a) (ii):

- (i) Is it a fact that the new grades are in force from the 14th September, 1929?
- (ii) Is it a fact that the Karachi Division had charged pay of some men at the rate of Rs. 200 per mensem according to the new scale and a reference was made to the Agent who decided that they be given Rs. 300 per mensem the old scale, and the men joined after the issue of the new grades were given? If so, how does the new scale apply to all the 51 Assistant Train Controllers?

(d) As regards part (a) (iii):

- (i) Is it a fact that the Agent had issued a circular in 1927 asking senior men to qualify themselves in "Control" work, otherwise preference would be given to the men with "Control" experience for the higher jobs? If so, did anyone come forward? If not, what claims have such men got?
- (ii) Have any men confirmed before the 1st January, 1931, superseded senior men in "Control"? If so, have their confirmation orders also been cancelled; and, if not, what are the reasons for the same?

**Mr. A. A. L. Parsons:** I have called for information from the Agent, North Western Railway and will communicate with the Honourable Member on its receipt.

**REDUCTION OF RENTS OF HOUSES OCCUPIED BY CLERKS IN SIMLA.**

1293. **\*Mr. B. Sitaramaraju** (on behalf of Mr. S. G. Jog): In view of the ten per cent. cuts in the salary of clerks, are Government aware that most of them have already leased their houses in Simla for 1932 at rents prevailing this year? Do Government propose to reintroduce the House Accommodation Act and force landlords to reduce rents?

**The Honourable Sir Joseph Bhoré:** (i) Government have no information.

(ii) Government do not propose to introduce such legislation.

**UNSTARRED QUESTIONS AND ANSWERS.**

**PAYMENT OF DEATH CLAIMS BY THE POSTAL INSURANCE FUND.**

157. **Mr. Arthur Moore:** Will Government be pleased to state:

- (a) whether it is a fact that owing to the payment of death claims by the Postal Insurance Fund without requiring that representation to the estate of the deceased shall be taken out, there is a loss to the revenue to the extent of two per cent. of the amounts so paid; and
- (b) whether it is proposed to bring the Postal Insurance Fund into line with the practice of Life Insurance Companies, who for their own protection require the proof of title which the law provides for?

**The Honourable Sir Joseph Bhoré:** (a) It is a fact that representation to the estate of deceased policy holders is not always insisted upon. In doubtful cases indemnity bonds with two sureties are taken. The loss to revenue is roughly estimated at two per cent. as stated in the question.

(b) The reason for not insisting on the production of legal evidence is to make payment to the beneficiaries usually Government officials on small salaries as prompt and as easy as possible, in order to avoid hardship to the classes who avail themselves of the benefits of the Post Office Life Insurance Fund. While there does not appear *prima facie* to be any very strong reason for departing from the existing practice, I will examine the question.

**PROPOSED ABOLITION OF THE POSTAL WORKSHOP AT ALIGARH.**

158. **Kunwar Raghubir Singh:** (a) Will Government be pleased to state whether there was a profit of Rs. 1,35,974 in the last nine years in the Postal Workshop at Aligarh, United Provinces? If so, why it is proposed to be abolished?

(b) Are the articles supplied by the workshop sold at rates lower than market rates or higher?

(c) Will Government please state whether the loss of Rs. 28,000 shown is after the set off of profits or not; if not, why not?

(d) Do the heads of Circles buy articles from the workshop or make local purchase; if so, why?

(e) Is it a fact that articles made in the workshop are supplied by the Indian Stores Department? Are they bought cheaper? Is the supply in time? If not, why is the supply not made from the workshop direct?

(f) As the workshop supplies articles promptly to heads of Circles, are supplies from other agencies equally prompt to the Department?

(g) If the workshop is bound to be closed, what has been done to provide for its employees?

**The Honourable Sir Joseph Bhore:** The information asked for is being collected and will be furnished to the Honourable Member.

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THE INDIAN FINANCE (SUPPLEMENTARY AND EXTENDING)  
BILL—*contd.*

**Sir Hari Singh Gour** (Central Provinces Hindi Divisions: Non-Muham-  
madan): Sir, the Honourable Members on this side of the House have  
been pressing the claim for the remission of the export duty on raw  
cotton. The Honourable the Leader of the House admits that a duty  
upon raw cotton, or indeed upon a raw material, is ordinarily unjusti-  
fiable, but in the present case he supports the duty because, as he said,  
the Government of India want money and they have been casting about  
for all possible sources of revenue and found that raw cotton imported  
into this country would bring in a fair return, and therefore they wish to  
levy a duty upon that article. Sir, we on this side of the House require  
a much stronger case to circumvent that principle, and Honourable Mem-  
bers on the Treasury Benches should recognise that unless a strong and  
exceptional case is made out for the taxing of raw produce imported into  
this country necessary for the maintenance and protection and develop-  
ment of its industries, we on this side cannot agree to such an article  
being taxed. The Honourable the Leader of the House in a somewhat  
cryptic statement said that such a duty might benefit some section of the  
agricultural community. Sir, I wish, therefore, to take up the two points  
that emerge from the discussion,—in the first place, whether this duty is  
justifiable in view of the development of our textile industries which have  
taken within the last three or four years to weaving finer counts, and  
secondly, whether this duty would benefit any section, however small,  
of the agricultural community in this country. Taking the first point,  
namely, the benefit to the industries, the Honourable the Leader of the  
House admits that if this duty is not put on, it would benefit the textile  
industry, but his point is that the textile industry in this country would  
neither be better off nor worse off for the levy of the duty in view of the  
25 per cent. surcharge levied upon imported textiles. Sir, I wish to place  
before Honourable Members of this House one consideration, and it is  
this. Raw cotton, from which the mills in this country weave the higher  
counts, costs about Rs. 200 per candy, and the duty of 2 pice per pound,  
or we will say roughly speaking one anna per seer, would work out to  
about Rs. 12-8-0 per Rs. 100 worth of cotton. Now, let Honourable  
Members place before themselves the following case. Lancashire imports  
the same cotton—for the matter of that, Japan does the same—as we do

in India. The prime cost, apart from the freight, which is common to both, would be to Lancashire and Japan Rs. 100, whereas with the Rs. 12-8-0 added by way of import duty, the cost to the Indian mills for the same article would come up to Rs. 112-8-0. The Indian mills, therefore, start with the raw commodity valued at Rs. 112-8-0, whereas the overseas mills start with the same commodity costing them Rs. 100. To that extent, it is a serious handicap to the development of the finer counts in this country.

Another point that Honourable Members must remember is that the finer counts in this country have begun to be spun only within the last two or three years, and the mills in this country, so far as these counts are concerned, may be said to be promoting or developing a nascent industry. That being the case, the mills in this country require protection against foreign competition. That protection can only be forthcoming if an inquiry is made, and after inquiry Government are satisfied that the mills require protection, but that of course is a different consideration. Apart from protection, the Indian mills at the present moment would be seriously handicapped by reason of the fact that the raw produce will cost them Rs. 112-8-0 against Rs. 100 to their overseas competitor. I do not think that I need elaborate this point because the conclusion is obvious.

I now turn to the second point, namely, would this duty help any class of agriculturists in this country? Honourable Members cannot forget that this Budget is to expire on the 31st March, 1933, in other words, it has a life of 18 months. The next cotton sowing in this country would be in the month of June next year, and the crop will be reaped in November and December. Consequently, there will be only one crop next year that will be covered by this Budget. We have therefore.

**Sir Frank Noyce** (Secretary, Department of Education, Health and Lands): May I ask the Honourable Member to explain how the duty would not help the crop which is reaped early next year? The only crop that has so far come on in the market, to the best of my knowledge, is the Punjab crop, and as you go further south, you get the other crops,—Broach, the Central Provinces crop, and Cambodia and Westerns and Northern. As far as I can see, there are bound to be two crops to be affected by this duty.

**Sir Hari Singh Gour**: So far as the Central Provinces and Berar cotton crop is concerned, the Honourable Member may take it from me that it has been a complete failure this year on account of excessive rain. So far as the other provinces are concerned, the first picking generally takes place in the month of October, the second picking a little later, and the third picking about a month later still. Therefore, the sowing having taken place in the month of June, how is this Budget going to benefit anybody at all this year? Do you mean to say that the agriculturist in this country consulted some Government astrologer and asked him, are you going to levy an import duty on long stapled cotton, and in anticipation of the Government Budget, which was published in September last, he has begun to sow higher counts in the month of June? Is that what my Honourable friend Sir Frank Noyce suggests? No.

**The Honourable Sir George Schuster** (Finance Member): May I ask my Honourable friend on what authority he stated that this duty will

[Sir George Schuster.]

not remain in force after 31st March, 1933? May I point out to him that the customs duties are normally retained from year to year.

**Some Honourable Members:** So it is a permanent duty.

**Sir Hari Singh Gour:** Sir, the cat is out of the bag. I am glad for that interjection. It has fulfilled all my forebodings that this is only the thin end of the wedge, and Members on this side of the House, whoever dreamt of any remission of taxation on the expiry of the 18 months, are foredoomed to disappointment.

**The Honourable Sir George Schuster:** May I point out to my Honourable friend that I was calling his attention to a distinction between the customs duties, which normally are not voted every year, and the income-tax which normally is voted every year?

**Sir Hari Singh Gour:** Do I understand the Honourable the Finance Member to suggest that this emergency Budget with all its proposals avowedly intended to have effect for the next 18 months, is going to be perpetuated? Has he not been reinforcing his argument from time to time by reference to the fact that, however unpalatable may be the taxation, national emergency is the best justification, and that they are temporary taxes. But now we are told in the same breath, what justification have Members on this side of the House to assume that these taxes will be remitted after 18 months? Well, Sir, I know too much of the departments of the Government, associated as I have been as a Member of this House with taxation proposals of the Government for the last 11 years. I know it too well to my cost and the cost of those whom I represent, that these taxes, once levied, remain to stay in spite of the promises of a succession of Finance Members from the Treasury Benches. I would therefore ask Honourable Members to seriously ponder over their decision given the other day, when they vote for further supplies in response to the demands of the Government.

Now, Sir, passing on to the main point of my discussion, I wish to point out to Honourable Members that even assuming for the sake of argument that this Budget had a life of more than 18 months and that the Finance Member, with a mental reservation which he has now disclosed, intended to make these taxes more permanent than the Finance Bill presented to the House would justify—let us see as to how they would benefit the agriculturists of this country. Honourable Members had been referred to this brochure issued by the Indian Central Cotton Committee on the Cotton Improvement in India. From that book Honourable Members will find that out of 70 lakhs of bales of cotton we produce in this country, the long stapled cotton that we have so far produced works out to 1,05,000 bales, which means one inch and over, the maximum being 1 1/16 inches. Honourable Members will further find that of this 1,05,000, which is a drop in the ocean, the long stapled cotton which is 1½ inches—there is no production at all in this country. We have been told that some efforts are being made in the Punjab, the Central Provinces, and southern India for the production of long staple cotton, and in this very pamphlet Honourable Members will find at pages 3 and 4 reports from the various provinces and I will only give you three or four short passages from there:

*"Sind-American.—The Punjab-American 4-F type (staple about 1 inch) is now grown over 65,000 acres. Trials with Egyptian and American types are in progress."*

In Cambodia and southern India we have the following report:

*"Cambodia.*—Unirrigated Cambodia has an average staple of  $6/8$  inch. Irrigated Cambodia is much superior, having a staple of about 1 inch. Two selections—Co. 1 and Co. 2—have recently been given off but Co. 2 is the one now being pushed. The area covered by these improved types is about 35,000 acres. A seed extension scheme is being financed by the Committee."

In the Central Provinces we have the following:

"At first work was directed towards providing the ryot with a high yielding type, and Roseum was the result. Recently a new selection (Verum 262) having a staple of over  $7/8$  inch has been made. The whole of this tract will, it is hoped, be grown with this variety or further selections from Verum within a few years."

Now let us turn to the Punjab:

*"Punjab-American.*—4.F. (Staple  $7/8$  inch) and 289.F (Staple 1 inch full) types are now under cultivation and cover an area of  $\frac{1}{2}$  million to 1 million acres. These two types, however, suffer from the defect that they are susceptible to the peculiar climatic conditions which cause the periodic 'failures' of the American crop in the Punjab. Work is in progress to find a type immune to such conditions, and several promising strains are being tested by the Cotton Research Botanist and his staff."

The sum and substance of these reports is that experiments are being made in the three most eligible provinces of this country where there is a possibility of growing long staple cotton, but that the experiments have not so far been entirely successful, and even if they were successful, the only cotton that is likely to be grown in the near future in these favoured climates is cotton of the average length of  $7/8$ ths of an inch, one inch and  $1\frac{1}{16}$ th of an inch, which is far short of what is grown in Uganda and Egypt, and which the Indian mills import for the purpose of finer counts. That being the case, I fail to understand how any one can seriously contend that this measure will directly or indirectly benefit the agricultural communities or any section of the agricultural community of this country. I am perfectly certain that if the Government of India were of the opinion that the levy of this revenue duty would benefit any section of the agricultural community, they would have immediately instituted an inquiry and referred the matter to the Tariff Board for report, as they have always been doing whenever they have in view the fostering of an indigenous industry. That they have not done so makes me think that so far as the staple cotton of this country is concerned, it is at the present moment in far too an experimental stage to have developed into a nascent industry calling for protection, and in the Finance Bill and in the speeches that were delivered in support of it there was no reference whatever made to any protection, intended or implied, to the agricultural classes of this country. I therefore submit that there is no justification whatever for holding that this duty would, even in a subsidiary manner, benefit the agricultural community of this country. The two main planks upon which this argument is intended to be buttressed and poised have fallen to the ground. In the first place the argument that it would not seriously injure the mill industry of this country is an argument to which I have referred. That it would to the extent of  $12\frac{1}{2}$  per cent. handicap the Indian mill industry in competition with foreign industries admits of no doubt. In this connection I have only mentioned Lancashire and Japan, but I have forgotten to mention that vast continent of cotton producing country, the United States of America. It also produces long staple cotton, and with their genius

[Sir Hari Singh Gour.]

for mass production they have entered the field of cotton competition. They are importing, as everybody knows, fine cloth of long staple yarn in increasing quantities. To them long staple cotton is obtainable *in situ*. To them, with their vast financial and other resources, there is an advantage which the mill industry of this country cannot obtain. I therefore submit that if you really want that this country should be self-contained, as it is the ambition of every one in this House that it should be, you must encourage the textile industry of this country. If you are anxious that the agriculture of this country should be improved, this is certainly not the measure to improve it. I have been reminded by my friend Mr. Chetty of the telegram received from His Highness the Aga Khan as to how it would affect the Uganda Indians. In this pamphlet, issued by the East African Indian Merchants' Association, you will find that it is stated that Uganda has now practically become an Indian colony. On page 4 we find it stated that, according to the latest census report, Indians outnumber Europeans, including Government officers, by 8 to 1, while excluding Government officers, the ratio would easily exceed 20 to 1, but whether it is 8 to 1 or 20 to 1, our Indian brethren overseas have established a lucrative industry in Uganda, the soil and climate of which are far more favourable than the soil and climate of India to the growth of long staple cotton. Are you or any of you prepared to penalise them by levying an import duty of 12½ per cent. upon their goods? We have often been told in this House that there is such a thing as imperial preference, trade within the Empire, and that all trade within the Empire must receive equal and fair treatment. Uganda is part of the British Commonwealth. It is a part of the country where Indians have a special interest. Are you prepared, by the levy of this tax, to divert their trade from India to other countries, to countries that will compete with you and extinguish your growing industry? I submit, that is a question which you cannot forget. It is a question that none of us can forget. I therefore submit that this is one of those cases in which all representatives of the people should combine in resisting this import.

(Mr. R. K. Shanmukham Chetty rose to speak.)

**Mr. President:** The Honourable Member has already spoken.

**Mr. R. K. Shanmukham Chetty** (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): I would like to crave your indulgence to make a statement by way of personal explanation.

**Mr. President:** You must restrict it to a personal explanation only.

**Mr. R. K. Shanmukham Chetty:** Yesterday Mr. Moore took me to task for using rather harsh language towards my friend Mr. Anklesaria and my Honourable friend Mr. Moore further contended that Mr. Anklesaria had proved the point on which I had challenged him, and he therefore regretted that I had not withdrawn the word that I had used. I thought over the matter and I thought to myself that if the figures given by Mr. Anklesaria in answer to my challenge were really correct, I should this morning take an opportunity of withdrawing those words.

I therefore referred to the very book which Mr. Anklesaria relied on in taking up my challenge and proving his figures. I have got here the uncorrected official report of my speech and of the interruption.

**The Honourable Sir George Rainy** (Member for Commerce and Railways): May I submit, Sir, that this is of the nature of a reply to the debate? It is not a question of personal explanation.

**Mr. R. K. Shanmukham Chetty**: Sir, it is a matter of personal explanation in a sense because I took it upon myself to use rather strong words and I was taken to task for not withdrawing my words, on the ground that Mr. Anklesaria had proved his case.

**Mr. President**: Is it in the nature of a reply to the criticisms that were passed against you? I want the Honourable Member to restrict himself strictly to a personal explanation.

**Mr. R. K. Shanmukham Chetty**: Sir, I took it upon myself to use strong language and I do not want that my friends should remain under the impression that, in spite of my challenge having been taken up and proved against me, I did not withdraw my words. Sir, I will simply quote the facts. In answer to my challenge whether we grew to any appreciable extent cotton of the staple of one inch and over, Mr. Anklesaria said:

"You will find the figures at p. 14 of the Report of Imperial Central Cotton Committee. Broach cotton (that is my place) produces one inch cotton. The amount is 350,000 bales. . . . The total trade estimate is 350,000 bales but of which Navsari, which is one inch staple and over, is only 48,000 on an average."

Again, he quoted another startling figure of 450,000 bales of Punjab-American, of which I find that the staple. . . .

**The Honourable Sir George Rainy**: May I once more remark, Sir, that this is not in the nature of a personal explanation?

**Mr. President**: I entirely agree. The Honourable Member is trying to reply to criticism that was passed against him. In the course of a debate it is usual, if a reply is to be given then any Honourable Member who has not taken part in the debate should take up the matter and try to answer such criticism, but in making a personal explanation this cannot be done.

**Mr. R. K. Shanmukham Chetty**: Because I was accused of being discourteous and of not withdrawing my words?

**Mr. President**: Quite so. The Honourable Member has made that clear,—that he did not do so because his view of the facts was different. The Honourable Member, I repeat, has made it clear, that he did not withdraw his words because his reading of the facts is different to that which had been put forward on the other side. (Hear, hear.)

**Seth Haji Abdoola Haroon** (Sind: Muhammadan Rural): Sir, I want to say a few words about this subject of cotton. Sir, I have some little experience of the subject because I am one of those in Karachi who are selling cotton in the Karachi market. Sir, I do not want to go into the merits of the duty and other things, but I want to inform this side of the House that by this duty the Punjab and Sind cultivators might gain something and I want to explain that matter to the House. Sir, I had definite experience of conditions last year. As regards whatever cotton we received of the American staple from the Punjab and Sind, unfortunately in that year the foreign cotton came in in big quantities from foreign countries.

[Seth Haji Abdoola Haroon.]

On account of that, we were unable to sell the staple of the American cotton. There is only a difference as compared with the ordinary cotton of about Rs. 1-8-0 to Rs. 2 per maund in Karachi, at 80 seers to the maund. Sir, usually we call that staple 4F in the Karachi market. We were selling that cotton, that 4F, at a difference as compared with the ordinary cotton of about Rs. 4 or Rs. 5, but last year, on account of the big quantity imported, the millowners in India did not purchase that American cotton, and we were compelled to sell that cotton to Japanese exporters and they paid us very low price. After this enhancement of the duty, I find today, that in the Karachi market we are getting Rs. 4 to Rs. 5 more than the price of ordinary cotton. I do not know whether that suits this side of the House or not. I am not going into the question whether the mill industry will suffer or not, but as a layman I can say that a mill can produce from one pound of cotton about 8 to 10 yards of finer cloth. I do not know whether I am correct or not, but I have seen some piece-goods imported from America, made from fine cotton, and I find that from one pound 8 to 10 yards of cotton cloth can be produced. Sir, if I calculate that and the price of that cloth at about 8 annas per yard, I find that 200 yards would be worth Rs. 100, and that requires a cotton of about 20 to 22 lbs. (Interruption.) I may be wrong because I am not an expert. If that is so, then the mill industry will have to pay about only 12 annas per Rs. 100 worth of goods which they make in India; and according to my calculation, Sir, hardly  $\frac{1}{2}$  per cent. or 1 per cent., one may say, is the duty which they have to pay to the Government. Sir, as regards the East African cotton growers and gin factories, I do not want to say anything, but my position is this, that if they find that my figure is correct or that my experience is right, then it is the duty of all of us to support first our own cultivator in India and then I must support the East African gin, manufacturer of cotton, etc. With these words, Sir, I resume my seat.

**Mr. R. S. Sarma** (Nominated Non-Official): Mr. President, the experts have spoken on this amendment, and I want to say a word as to how a layman looks at it; and in exercising one of the very valuable privileges of a Member of this House, *viz.*, the privilege of wasting a portion of good public time, I feel heartened and also protected by the remark my Honourable friend, Mr. Mody, made yesterday, in reply to an interruption from my Honourable friend, Seth Haji Abdoola Haroon, that no Member of this House was incompetent to deal with any subjects he liked on the floor of this House. Sir, the truth, the whole truth and nothing but the truth was uttered by my Honourable friend, Mr. Arthur Moore, yesterday afternoon when he said that, from the trend of the debate on this question, he felt that the cultivator was not having a fair and square deal in this House. (Hear, hear.)

**Mian Muhammad Shah Nawaz** (West Central Punjab: Muhammadan): But who cares for the cultivators in this House, to tell you the truth?

**Mr. R. S. Sarma**: Sir, I can very well understand the passionate defence of this amendment by Mr. Mody, who represents the Bombay Millowners' Association in this House. I can also well understand the very aggressive manner and the warmth with which the Deputy President supported this amendment, and it is not surprising to those who know his association with the newly formed cotton mill in Coimbatore. But certainly it is very difficult to appreciate the attitude of those Members of this House who pose as the representatives of the cultivators of this country in this

matter. Sir, it was definitely made clear by the Finance Member, as well as by the Leader of the House when he spoke yesterday, that there was no question of giving direct protection to the cotton cultivator in this country. This cotton duty was purely a revenue measure, just as the surcharge upon imported cotton piece-goods was itself a really revenue measure, but incidentally as the surcharge happened to be also in the nature of some protection to the mill industry in India, I take it, Sir, that this cotton duty is also incidentally, while it is a purely revenue measure, a matter of some protection to the cotton cultivator in this country. It may be, Sir, that because of this incidental and indirect protection which the cotton cultivator gets, he will be in a position, if not tomorrow, at least in the near future, to be able to produce long staple cotton and finer cotton, which will be to the benefit not only of the cotton cultivator himself in the years to come but also of the mill industry. From this point of view, I think, Sir, that all reasonable men will give their support to the Bill and oppose the amendment. Sir, the Honourable the Deputy President wound up his speech in a very passionate peroration and warned Members of this House not to be swept into the Government Lobby by the bogey of the cultivator being given protection by this measure. I want to give a counter-warning to the Members of this House not to be swept into the lobby with Mr. Mody and Mr. Chetty in the belief that this is going to ruin the cotton industry in this country.

**Mr. T. N. Ramakrishna Reddi** (Madras ceded Districts and Chittoor: Non-Muhammadian Rural): Sir, from the speech of the Honourable Member who has just sat down the House would get the impression that the interests of the agriculturists have not been sufficiently voiced by the Members and that all those who spoke so far spoke on behalf of the mill industry, and that it is only the Honourable the Leader of the European Group who espoused the cause of the agriculturist. Sir, my excuse for taking part in this debate is to disabuse the House of any such idea. Sir, I am a ryot and an agriculturist and I represent agricultural interests, and I come from a part of the country which has got large tracts of black cotton soil where cotton is grown abundantly, and so I am expected to represent the interests of the agriculturist to the same extent, if not more than, my Honourable friend Mr. Arthur Moore claims to do. Sir, I am one of those who believe that the salvation of India lies in its industrial development. India is purely an agricultural country and if it has to take its place at all in the comity of nations, it must develop its industries along with its agriculture. Sir, the development of the mill industry in India augurs well for the welfare of the agriculturist in this country. Further, this mill industry reacts favourably on the agricultural interests. But for the development of the mill industry in India, there would not have been so much scope for the absorption of the cotton grown in this country. It gives an impetus to the development of cotton growing in this country. Now, Sir, till now the mills have been producing only coarse cloth, up to the year 1927 and the whole trade in finer imported cloth was in the hands of Great Britain and to some extent in the hands of Japan. They had enjoyed virtually a monopoly of the trade in the finer variety of cloth. As the mill industry was concentrating its attention only on the manufacture of coarser cloth, the Indian cultivator was producing only short staple cotton. That is why we find there is growth of short staple cotton in India and we have not been producing long staple cotton to any appreciable extent even to this day. Sir, the Cotton Textile Committee, which made a thorough investigation into the textile industry in this country, recommended to the Bombay

[Mr. T. N. Ramakrishna Reddi.]

and Ahmedabad mills that they should adapt their mills to the production of the finer kinds of cloth if at all they were to make any headway. They also expressed the view that at that time, there was not sufficient production of long staple cotton in the country and the mills had been very much handicapped by this absence of long staple cotton, and they advised the importation of Uganda, Tanganyika and South African long staple cotton. The mills took advantage of this recommendation and most of them have adapted themselves to the production of finer cloth, and they have to a very large extent taken away the monopoly of Great Britain in this country in the matter of the supply of finer cloth. Hence we find the necessity of importing South African long staple cotton. The rapidity with which Indian mills have adapted themselves to the production of finer counts of cloth is illustrated by the fact that in 1927-28 India was importing only 78,119 bales, whereas in 1928-29 they imported 1,07,747 bales, in 1929-30 1,34,533 bales and in 1930-31 1,79,473 bales of cotton. Further, in about 1927-28 they were producing only about 23 million pounds of fine yarn of over 40 counts, whereas they are now producing over 60 million pounds. Thus we can see the rapidity with which the Indian mills have captured the monopoly of Great Britain and Japan and they have effectually driven out their monopoly from India. One wonders whether, if this tax is imposed on long staple cotton, it is not to get back that monopoly which has been taken away. If this process of importation of long staple cotton is continued, in a short time the Indian mills might completely capture the monopoly of Great Britain and Japan, Sir, the Honourable the Finance Member has done well for the country by levying a surcharge of 25 per cent. on the customs duties on the textile imports. But by proposing this import duty on raw cotton he is taking away with one hand what he has given with the

other. So, it is in the interests of the country that this raw cotton, long staple cotton, which does not compete with the Indian cotton should not be taxed,—should be left without import duty, so that the mills of India may successfully compete with foreign countries. On this ground also, Sir, I have no hesitation in supporting this amendment. Further, India is producing raw materials. It has been exporting raw materials to foreign countries. I find that India is exporting raw cotton to Japan to the extent of 1,704,258 bales. Japan is importing the largest quantity of raw cotton from India. So also India is exporting short staple cotton to various other countries. If we impose this duty, they may retaliate by imposing a duty on Indian cotton imported into other countries. In that way also we are not to be benefited by this duty. Then, as has already been stated, we have been importing large quantities from Uganda and Tanganyika. The whole of this cotton produced in those countries is in the hands of Indians, our countrymen; out of 193 ginneries, in Uganda, as has been pointed out in the pamphlet issued by the South African Cotton Merchants' Association 148 ginneries are owned by Indians and 12 other ginneries are worked by Indians, and they are exporting to this country 88 per cent. of the total cotton grown in that country. In the interests of the industrial development of this country and in the interests of the Indians settled in Uganda and Tanganyika and also in the interests of the agriculturists themselves, this duty ought not to be levied. It is an elementary principle of economics that there should be demand before supply; demand creates supply and not *vice versa*. If you kill this industry, or if you handicap the development of the mill industry in this country, which is now producing finer cloth, you are doing a disservice to the country by giving

advantage to its competitors. You must create a demand for the long staple cotton and you can do so only when the mills have taken up the manufacture of the finer varieties of cloths in larger quantities. Now, there is not large cultivation of long staple cotton here. If this industry is developed, if the mills take to producing finer qualities in larger quantities, the agriculturists will naturally take to the cultivation of long staple cotton instead of short staple cotton, and there is plenty of time for us to impose this import duty on raw cotton in order to protect the agriculturists in this country. Now, Sir, I find that there is no necessity for imposing this duty and I have no hesitation in supporting this amendment.

**Mr. B. B. Puri** (West Punjab: Non-Muhammadan): Sir, the issue before the House according to my view, is very simple, and I do not think that it admits of any lengthy argument. The position, Sir, as I understand, is this that in order to produce a finer quality of cloth we require cotton of a longer staple than we are growing in this country at present, and therefore we must import that raw material from somewhere. Hitherto we have been importing that material from Uganda and from Tanganyika in very large quantities and we have thus been able to start an industry which could not otherwise be started on account of the raw material not being available in this country. If this prohibitive duty were put on the imported raw material, the result would be that this industry would disappear and we would be driven for the finer quality fabrics to resort to Lancashire goods and other foreign goods—a position which would not be profitable so far as this country is concerned. Sir, I find that in the course of the debate one of the main points raised was, whether we are growing the cotton of that necessary staple in this country or not, and it has been a moot point. It appears that while on the one hand my Honourable friend Mr. Chetty maintained that in this country we do not grow a sufficient quantity or any appreciable quantity of the cotton of that staple which is necessary in order to bring out finer cloth, it is maintained on the other hand by my Honourable friend Mr. Anklesaria that the necessary quantity of cotton of that staple is in fact produced in this country. That controversy went on yesterday and it was to a certain extent again revived this morning. Sir, I shall endeavour to make clear to the House what the real facts are with regard to this particular matter, i.e., whether it is a fact that this country is growing a sufficient quantity of cotton of that staple or not, which is now being imported from Uganda and Tanganyika. As I understand it, Sir, Mr. Chetty's position was that we were not growing that staple in this country and Mr. Anklesaria maintained the opposite position. The matter took an acute form and Mr. Anklesaria at one stage during the debate accepted the challenge that he was in a position to prove that the cotton which we are now importing from Tanganyika and Uganda was in fact produced in this country, and the figures which he placed before the House were from the pamphlet issued by the Indian Central Cotton Committee. He drew the attention of the House to the figures given on page 14. He informed the House, referring to Broach cotton, that the Surat-Navsari cotton was available in this country to the extent of 350,000 bales and this 350,000 bales of cotton was of more than one inch staple. I would ask the House to kindly note the figures which were definitely and clearly put before it by Mr. Anklesaria. He had this pamphlet in front of him and he was supposed to be quoting the figures from this pamphlet, and referring to it he placed with all seriousness these figures

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before the House—that Surat-Navsari cotton of one inch or more than one inch staple was grown in this country to the extent of 350,000 bales.

**Mr. Arthur Moore** (Bengal: European): In the absence of Mr. Anklesaria, may I point out, Sir, that the Honourable Member is completely misrepresenting Mr. Anklesaria's argument. As I understood him, Mr. Anklesaria's point was that whereas Mr. Chetty said that no long staple cotton was grown in India, Mr. Anklesaria's point was that there was an infant industry and that a little long staple cotton was grown. He even damaged his own statement by reading out the wrong figures. His real point is strengthened by the fact that in one area 98,000 bales of long staple cotton were grown and there is an infant industry to be protected.

**Mr. B. R. Puri:** The first essential, I take it, of good advocacy is that one should be master of one's facts. This promiscuous advocacy, I think, is likely to do Mr. Anklesaria more harm than good. For the information of my friend Mr. Arthur Moore, let me quote the exact figures and the actual words used by Mr. Chetty in the course of his speech and also the exact words and the figures used by Mr. Anklesaria to enable my Honourable friend Mr. Moore to see what were their respective assertions. In the course of his speech, Mr. Chetty, as reported in the official report, is supposed to have said—(this is the uncorrected copy, but it is fairly correct)—

“(At this stage Mr. Anklesaria made a remark which was not audible at the Reporters' table). My Honourable friend, Mr. Anklesaria, who attributes motives to other people is talking a good deal of nonsense when he says that that kind of cotton is grown in India. There is no use trying to mislead the House like that. If my Honourable friend can prove to me that in any part of India we grow” (and here I would ask Mr. Arthur Moore to hear carefully)—“to any appreciable extent cotton of the staple of one inch and more, then I am prepared to agree that I am wrong and my Honourable friend is right. . . .”

**Mr. Arthur Moore:** “One inch and more”. Will you quote the figures for one inch only?

**Mr. B. R. Puri:** If you will allow me to go on, I will quote every figure which you want and some more figures which you will probably not relish. I will not leave out any portion which might be favourable to your case, I will read every bit of it. Now, at this stage of Mr. Chetty's speech, Mr. Anklesaria interrupted and the words he used were as follows; and I want again here particularly to invite Mr. Arthur Moore's attention to the precise language and words and figures used by Mr. Anklesaria who is supposed to have said:

“I am prepared to take up the challenge. You will find the figures at page 14 of the Report of the Indian Central Cotton Committee of 1931. Broach cotton,—that is my place—produces one inch (*Some Honourable Members:* “Over one inch”). . . . and the amount is 3,50,000 bales.

Mr. Anklesaria's figures, as given here in this Report, are that Navsari produced 350,000 bales of cotton of one inch. If Mr. Arthur Moore is satisfied that that is the correct position as stated there in the Report which was taken up by Mr. Anklesaria, I will only request him to compare these figures with those given in the Cotton Committee's Report on page 14. Page 14 shows that Surat-Navsari cotton of one inch staple was only 98,000 bales average growth, and not 350,000 bales as given out before this House deliberately by Mr. Anklesaria. I trust after this simple comparison of figures Mr. Arthur Moore will be satisfied that the position which was

being placed before the House by Mr. Anklesaria was, to say the very least, palpably misleading.

Now the matter did not unfortunately end there. It appears that Mr. Anklesaria was determined not only to give a wrong figure in connection with the province from which he hails, but he involves my province also. He now comes to the Punjab and again repeats his previous performance. Mr. Anklesaria according to the Report proceeded to give his figures and said:

"My Honourable friend interrupted me when I was giving the figures".—(He makes out that he is the aggrieved party!)—"Punjab and Sind-Americans—the Punjab produces over one inch— $1\frac{1}{8}$  inches—450,000 bales. That is over one inch."

So, according to Mr. Anklesaria, the Punjab produces cotton of over one inch staple to the tune of 450,000 bales; and the book out of which he is quoting these figures is the identical book that I have. Let us see what the book says on the same page, page 14:

"Punjab and Sind Americans—450,000 bales total, out of which cotton of one inch and over staple is 2,000 bales." (Opposition Laughter and Cheers.)

If after this Mr. Arthur Moore is still of the opinion that Mr. Chetty was trying to place before the House misleading figures, but that Mr. Anklesaria came to its rescue and tried to save us from being misled, I think Mr. Arthur Moore might reconsider the figures by a fresh reference to this book.

That being the position, so far as the main point is concerned it does not admit of very lengthy argument as I submitted in the beginning. I was only concerned in making it perfectly clear to the House that if at the present moment the country is unable to produce cotton of the necessary staple which is essential in order to produce finer counts, we are bound to import that cotton from elsewhere; and if we can secure that raw material from within the British Empire, namely, from Uganda, I think the interests of those people, who incidentally happen to be Indians, imposes a twofold duty on us both in our own interest as well as in the interests of Indians who have migrated out of this country and are growing cotton in Uganda the whole of this industry being in their hands and who are our kith and kin, and that we should oppose this tax and save our own infant industry.

**Some Honourable Members:** The question may now be put.

**Major Nawab Ahmad Nawaz Khan** (Nominated Non-Official): Sir, one of the previous speakers read out what purported to be a cablegram from His Highness the Aga Khan saying that the duty on cotton if imposed would ruin cotton growers in Uganda and Tanganyika. We do not know whether this was really sent by His Highness the Aga Khan, or whether it was sent by somebody else, because I have had this sad experience sometimes in my life of telegrams being sent by somebody else and not being genuine. I want to be quite sure on this point, because I would like the gentleman who received it originally to send a cablegram and ascertain if the first telegram was really sent by His Highness the Aga Khan and get it confirmed; so that we may be clear on the point. . . .

**Sir Muhammad Yakub** (Rohilkund and Kumaon Divisions: Muhammadan Rural): May I interrupt for a minute? The cablegram from His Highness the Aga Khan was received by me. I have shown that telegram to many Honourable Members of this House.

**An Honourable Member:** Will you please read it?

**Sir Muhammad Yakub:** It was a perfectly genuine telegram delivered by the post office, and if the post office in India which is under the administration of my Honourable friend, Sir Joseph Bhore, deliver forged or bogus telegrams, I am not responsible for it: otherwise it was a perfectly genuine and correct telegram from His Highness the Aga Khan.

**Some Honourable Members:** Will you please read it out?

**Sir Muhammad Yakub:** It was read out by Mr. Mody yesterday.

**Major Nawab Ahmad Nawaz Khan:** I do not claim to know all the post office rules, but so far as my knowledge goes, I think any person can send a message to any other person, provided he pays for it. I have also known cases in which messages have been sent fraudulently, of course after making due payment for such messages, and the Telegraph Department have always accepted such messages, because they have no means of knowing whether the telegram is genuine or not. All that they are concerned about is the proper payment for the message which they have to despatch. But I am not going to pursue the matter to which reference has been made by my Honourable friend Sir Muhammad Yakub.

Now, Sir, in support of the amendment, very fine and eloquent speeches have been made supported by facts and figures, but so far as I have been able to follow the discussion, such speeches were all made by the mill-owners or their friends, who have a direct or indirect interest in mills, and no effort has been made to put before the House the viewpoint of the agriculturist. I think in the course of the debate it was not mentioned and proved by facts that if this amendment is accepted it will benefit the poor agriculturist. I know very well that all those who are directly or indirectly interested in trade will surely support their friends and are surely bound to support their interests and oppose the duty, but those who are agriculturists themselves or who support the agriculturists will oppose the amendment and support the duty on cotton. None of the Honourable Members who have supported the amendment have been able to show any convincing proof that the increase of duty is not good or useful for the agriculturists, while those who are supporting the duty have shown that it will be very useful to the agriculturists. I know very well that those who have a direct or indirect interest in trade and the textile industry will not support the Bill, while the agriculturists are bound to support it. But, Sir, there are many Honourable Members in this House who are neither agriculturists nor traders, and I appeal to those Members to kindly oppose the amendment and help the agriculturists. They should have more sympathy for the poor agriculturists than for the rich millowners and the traders.

**Nawab Major Malik Talib Mehdi Khan (North Punjab: Muhammadan):** Sir, I had no intention of taking part in this debate, but the turn the controversy has taken has compelled me to participate in it. At the very outset I may remind my friends that merely to say that an Honourable Member is a representative of the rural classes, without taking any interest in their welfare, is not fair and it cannot give him a claim to pose as their champion.

The controversy unfortunately has started between the textile industry and the agricultural. It is an undoubted fact that agriculture is the largest

industry in India; it represents 80 per cent. of the population if not more of this country. Originally India had its indigenous cotton varieties of short staple only, but when it found that it could not compete with the better varieties of the world, it took to growing the long staple variety. Sir, we have been making an experiment in the Punjab for the last 15 years. We tried several varieties, but eventually decided to grow what is called 4F. which is  $7/8$ ths of an inch long in staple. It was also discarded to give place to another more improved variety which is called 289-F. It has got a staple varying in length between 1 inch and  $1\frac{1}{16}$  inch. The figures for its outturn and the area under cultivation have already been mentioned in this House, and I do not propose to recapitulate them. I must, however, impress upon every Honourable Member of this House that a real effort has been made in India to improve its cotton variety, and unless and until some encouragement is given to the grower to carry on the work, he will not be able to achieve a full measure of success in this direction. I take the liberty to say that he has not received the treatment which he deserved from the Government even; and on the other hand they do not see whether he fares better when dealing with his own people. Some people, our own brethren, for the sake of a very small difference in staple, are taking to utilising foreign cotton at the sacrifice of what they find in their own country. The grower's finances, Sir, as every one knows, are at present at the lowest ebb; his stocks are exhausted; the prices he can get in the bazar for his commodities do not pay his expenses. He had a ray of hope due to a slight rise in the price of cotton very recently, and naturally it was attributed to the enhancement in the duty or the levying of it, but that hope has not been realised, because a very strong opposition is put up by my friends, the mill magnates of Bombay, Ahmedabad and other places. We hear from every platform and read in every newspaper that there is a very large number of persons who are very unpatriotic because they use foreign cloth. May I ask my friends, the same persons who dub us as unpatriotic, whether they utilise Indian thread for making the articles they give us for wearing? We use the finished article, whereas they use the raw material; thus we are in the same boat, and we cannot tolerate their calling us unpatriotic when they are more so themselves. Another reason advanced by my same friends is that if the duty is allowed, our brethren in Uganda will suffer. There is a proverb in Persian which means that a dog which is present is better than a brother who is absent. If a little encouragement is given by the Bombay magnates to the growers, they will very soon have what they want in the way of long staple cotton. Till then cannot they be satisfied with turning out a material which they want the Indians to wear, namely, coarse *khaddar* or semi-coarse *khaddar*?

**Dr. Ziauddin Ahmad:** Do you promise to wear it?

**Nawab Major Malik Talib Mehdi Khan:** Yes, if we cannot get any other better and cheaper variety.

Let me give an illustration of what I mean. In India horses had deteriorated in constitution and quality, and when it was discovered that they could not serve the purposes of the country, the Army Remount Department came to the rescue and encouraged a new breed by importing good sires giving rewards and adopting a number of other measures which helped the breeder who happened to be a zamindar in this case also. What

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is the reason? We find that the breed we have got now, I cannot say the whole of it, but many of the products of that breed, can compare very well with the better breeds of other countries. The same principle, if pushed forward in the case of soil products of our country, would immensely improve the result of our labours. There is no doubt that at present the supply does not meet the demand, but it will if a little encouragement is given to the zamindars. Sir, with these few remarks I support the duty and oppose the amendment.

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

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

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**Mr. J. F. Dyer** (Central Provinces: Nominated Official): I would congratulate the last speaker, if I may, on bringing the debate back to the real point at issue. It is not one of statistics but of the effort that the cultivator here is now making towards rendering India self-supporting in the matter of raw cotton. It is not a question of present day actualities but rather of potentialities. So far as statistics are concerned, it is not very material whether those produced by Mr. Anklesaria were right or wrong. He happened in my opinion to spoil a good argument by bad figures, but his argument was sound. It was that we have now a nascent industry which should be helped, and the fact that he put forward statistics which were wrong does not vitiate that argument, though it may mar his speech. But the fact that he did exaggerate India's present day production of long staple cotton was in his favour in a way, because if he imagined that we had to protect a lusty child of three years, the position really is that we have to nurture a feeble infant of three months. So far our production of long staple has been very small, but it must and will be greater.

I come from a province which grows some four million acres of cotton and has several big cotton mills, but we are in the ridiculous position that for all the better work we have to find our cotton from elsewhere; either outside the province or outside India. Our position is—cotton, cotton everywhere and never a bale to spin the higher counts. That is a very bad position and one which must be remedied and which, thanks to the work started by the Indian Cotton Committee of some 15 years ago, is, I hope, rapidly being remedied. When I was travelling round with the Indian Cotton Committee in the year 1917, I remember one of the business members on that Committee characterising our local cotton in these terms, "I would much rather spin my waste". . . The ordinary local staple was then somewhere about half an inch. That was a matter of only 14 years ago. We now hope to produce cotton of 7/8ths of an inch, the cotton which is mentioned as *verum* 262 in the green pamphlet quoted from today. The staple is only 7/8ths of an inch, and I know that it will not satisfy the millowners of this country, but 7/8ths of an inch is a great deal better than the half inch of less than 20 years ago, and certainly those who are now studying the botany of our cotton will not be satisfied until they produce a staple of one inch or longer and will not rest until they see no further prospect of advance.

There has been a great deal of talk in this debate implying opposition between the cultivator and the millowner. As far back as I can remember officially, and that is 28 years, there has been a constant cry in this country for increasing the output of long staple cotton, and that cry has come not from the cultivator but always from the millowner, and there can be no enduring difference of interest between the two. Every bale of extra Indian long staple cotton is ultimately a benefit to the Indian millowner. He is now beginning to get thanks to the enquiries of the Indian Cotton Committee, and the efforts of the Indian Central Cotton Committee in Bombay and the provincial committees and Departments of Agriculture, what he has long asked for, and though he may think that immediately his interests are opposed to those of the cultivator, they cannot be so in the long run. If, therefore, as the Honourable the Finance Member assures us, this duty will bring in substantial revenue and if, as the agriculturist Members of this Assembly hold, it will help cotton-growers in a very difficult time to establish a struggling industry, it is very desirable for India that we support the proposed tax.

**Mr. S. C. Sen** (Bengal National Chamber of Commerce: Indian Commerce): I am much amused to see the battle going on between the mill-owners on the one hand, the supporters of the cultivators of cotton on the other. I come from Bengal, where I am neither interested in the mill-owners nor in the cultivators, because we do not cultivate an ounce of cotton in Bengal, but we are the largest consumers of fine cotton yarn and fine cotton goods, and therefore we are interested in seeing whether the proposal before the House will be of greater or less value to us. I find that the higher counts of cotton that come to India from outside are being saddled with a tax. That means that we shall have to pay more, not less for our daily wants. I therefore cannot enter into the discussion whether the millowner will be benefited or the cultivator will be benefited. As regards the mill industry, it will get the money out of us, so that would be a merely an academic question which is being raised, whether the millowner will be dammed by this proposal. So far as Bengal is concerned, we think that this proposal should not be passed, but the Government have brought this measure not for the purpose of benefiting the cultivator, but for the purpose of revenue. If there are other sources of revenue which could be got without injury to anybody, I think the Government should have its attention drawn to the facts. In the case of paper pulp they could have easily put on a duty. That would not hurt anybody. Take the case of imported coal for instance. The coal trade has suffered much at the hands of the Indian Government. I may remind the House that during the war there was an embargo on coal going out of this country. When the war stopped in 1917 the embargo was there and it was continued for five years more, although there was no reason why the Bengal coal should not go outside. The result was that Bengal coal lost many of the markets in Asia and also in Java and other places. If a tariff is now put upon coal, say Rs. 5 per ton, the Government would make more than 10 lakhs of rupees and even if the supply falls the Government would make good the loss by the increased freight on coal, because coal must be used in the mills; and the coal can either be got from Natal or from the Bengal coalfields. Under these circumstances, as there are other sources from which the Government could have got this money, I support the motion of my Honourable friend.

**Mr. E. Studd** (Bengal: European): Sir, I have listened with very considerable interest to the speeches that have been made on both sides of the House on this subject, and I think that, from the various conflicting views and conflicting interests voiced, I have added quite considerably to my knowledge on the subject of cotton, of the Indian textile industry and of cotton cultivation. But I must confess that amongst the speeches which have been made opposing the imposition of this duty I have not found any which, to my mind, have carried very great conviction. I listened with much interest to my Honourable friend, Mr. Mody. I knew of course, before he began to speak, the point of view that he would take; and if I may say so, I entirely agree with the Honourable the Leader of the House in congratulating him on the moderation, and fairness with which he put his case. I listened also with interest to my Honourable friend, Mr. Chetty, but I must confess that my expectations from him in this instance were somewhat disappointing, for it would seem to me as if he spoke almost knowing that he had not got a very good case. The Honourable the Leader of the Opposition attempted to show that the imposition of this duty was giving an unfair preference to Lancashire. He maintained that if this duty was imposed, the Indian mills would have to pay the equivalent of  $12\frac{1}{2}$  per cent additional price for their raw material whereas Lancashire, with no import duty on cotton, would be to that extent better off. But I think, Sir, he forgot the fact that, to get that cotton, assuming for the moment that Lancashire is going to get it from the same sources, that is to say, Uganda and Egypt, Lancashire, to start with, would have to pay double freight, double handling charges and double port dues. But there is a much bigger factor than that in it, for, whereas the Indian manufacturer would have, it is alleged, to have  $12\frac{1}{2}$  per cent. additional price to pay for his raw material, the Lancashire manufacturer, when he sent his goods into this country, would have to pay the customs duty *plus* the surcharge on the total cost of the manufactured article, that is to say, the raw material *plus* the freight *plus* the handling charges *plus* the cost of manufacture; and as I understand that, on present-day prices, 45 per cent. about represents the proportion of the cost of the raw material to the cost of the finished article, say even half, that means that Lancashire would have to pay 25 per cent. on double the cost, in other words, that Lancashire, on the same basis, is going to pay something like 50 per cent. duty. (Hear, hear.) So it seems to me that my Honourable friend's argument on that score does not hold any water. Then, Sir, he used another argument. He claimed, or professed to claim, equal treatment for all members of the Commonwealth of the Empire. If that is so, Sir, is not Lancashire just as much entitled to that equal treatment as anybody else? It does not seem to me that those two arguments will fit together. What he apparently wants is that Lancashire shall pay an extra 25 per cent. surcharge, whereas the Indian textile industry shall not pay anything extra for their raw material. I entirely agree that on general principles an import tax on raw materials is objectionable. But, Sir, we are dealing with circumstances which are not normal: we are dealing with an abnormal set of circumstances, and such circumstances require desperate remedies. Another argument which has been used against this import tax is that you have got in India a young industry which has only been going for the last two or three years in spinning the higher counts. The suggestion has been that it is going to kill that

industry; the suggestion has also been that it is going, if not to kill, at any rate very seriously to damage the industries of Indians in Uganda who are growing the long staple cotton which is required for the manufacture of those high counts. But, Sir, I have listened in vain for any elaboration of that argument, for any evidence to show that, in effect, the tax will have that result, and it seems to me that the last speaker produced a very able answer to that argument. What did he say? He said that Bengal was the greatest consumer of these fine cotton goods. He did not suggest for one moment that if the price went up on account of this duty, Bengal would cease to buy these fine cotton goods and would buy something coarser. What he said was: "We shall have to buy them, and pay the extra cost; the mill people will get it out of us". That does not seem to me as if he at any rate is of the opinion that a tax of this nature is going to kill that particular industry. It seems to me that that industry will go on. I do not see why the cotton grower in Uganda should find any less market for his produce. As far as I can see, he would still be able to sell it on just the same basis as he is selling it now. The mills will have to pay rather more for this long-staple cotton, and the buyer of these fine cotton goods will have to pay rather more for what he buys, but I submit that if a man is in a position to be able to afford to buy fine cotton cloth, he is certainly in a position to be able, in an emergency like this, to pay a little bit more for it; and therefore, Sir, it does not seem to me that there is much force in the arguments adduced against this tax. There is one point which I should like to emphasize. The main portion of the discussion has centred round the question, first of all, whether it is going to damage the textile industry, and secondly, whether or not it was going to be of advantage to the cotton cultivator in India. These points have been argued by both sides, however, to the utter exclusion almost of everything else; but I should like to remind Honourable Members of one thing, and that is, that we are not here primarily to discuss the relative deserts of the Indian textile industry as against the cotton cultivator. (Hear, hear.) We are here in an emergency to deal with the vital question of balancing the Budget. (Hear, hear.) My Honourable friends are full of arguments as to why a particular tax should not be imposed, but they do not explain how, if that tax is not imposed, the Budget is going to be balanced; and, if they agree, as I believe they do, that the Budget must be balanced, then I think that is the question which should all the way through be kept in the forefront of this discussion. (Applause.) Personally I must confess that having heard the argument on both sides I have to some extent changed my opinion on the subject of this particular tax. I came to this debate with the same feeling that I imagine every Member of this House has got, and that is, that there is not a single thing in this Budget that we like, not even one tax that we like. The only point where we differ is as to how far we, each of us, think we should go in supporting the taxes that we do not like in order to make sure that the Budget is balanced. I submit, Sir, on the arguments which have been advanced, that this is a tax which is going to hurt people a great deal less than many of the other taxes in this Budget. It seems to me that it is going to touch people who can afford to pay a bit extra to help, in this crisis, to get the Budget balanced, and therefore I strongly support the tax and oppose the amendment.

**Sardar Bahadur Captain Hira Singh Brar** (Nominated Non-Official):

Sir, I come from Montgomery District, a district in the Punjab where

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cotton is grown. We grow 90 per cent. of 4F instead of Mollisoni. Every cultivator there is anxious to get a higher price for the cotton he grows. The staple of 4F, as I said yesterday, is more than an inch, and there is scope for improving this. There are three reasons, Sir, for which I support this duty. The first is that there will be a greater consumption of 4F in India than at present. If this duty is imposed on foreign cotton, and if that is ousted, then the present one inch staple cotton will find more room for sale, and it will encourage the cultivators to improve the staple of the cotton grown in this country. The second reason is this. I would beg to call the attention of my own friends, the real cultivators, to the fact that if such a chance is given, and if a duty is imposed on cotton imported into India, there will be more chance to encourage our own cultivators to improve their cotton industry. That is a great thing. Unless the growers are encouraged in some way or other, they will never believe that their cotton, even if it is improved, will fetch any higher price than the 4F or the 289. I want to impress this point particularly on the Members of this House who represent the cultivators. My third reason is that the money which goes out now in buying fine cotton will go to our own cultivators in our own country. So many of our Members those who always tell us to give up the wearing of fine cloth, and to use our own coarse khaddar which is made in India, should support us. For these reasons I hope that all the Members who have any sympathy with the cultivators will oppose the amendment. How many representatives of our cultivators have got up and supported this amendment? None. But all the capitalists and the big millowners have done so. The agriculturists are always lost in this big House. They are the poorest and the weakest of all. Therefore, I earnestly request the Honourable Member to help our agriculturists. If those, like my Honourable friends from Bengal, wish to use very fine cloth, they can buy from Bombay or from their own towns cloth imported from abroad and no one will blame them. They have only to pay a little more. But then, why not improve the industry in India and encourage your own cultivators to produce the proper stuff? Why should not our Members go in for the material which is produced in our own country? We want Swaraj every day. But we do not use our own country made cloth.

**Mr. Lalchand Navalrai:** How would you progress?

**Sardar Bahadur Captain Hira Singh Brar:** If you encourage us. This is the encouragement. If you stop the outside cotton, you will make room for our improved produce. If we are not going to get any protection, there can be no improvement. For this reason only I would appeal to the Honourable Members, particularly to my Punjabi friends, to oppose this amendment. I am sure they will give their vote with us. The Central Provinces and Bombay Members also will follow and go with us in opposing this amendment.

**Rai Bahadur S. C. Mukherjee** (Nominated Non-Official): I move, Sir, that the question be now put.

**Mr. President:** I accept the closure. The question is that the question be now put.

The motion was adopted.

**The Honourable Sir George Schuster:** Sir, I think every one will admit that a very great deal has been said on this subject and there is very little now that I can say. We have had an abundance of speeches, both of short and long staple. (Laughter.)

**Mr. H. P. Mody:** And of what grade?

**The Honourable Sir George Schuster:** My Honourable friend's speech would obviously be suitable for spinning into very fine counts indeed. (Laughter.) If I have anything to do now, I think it rather is to pull together the points that have been made and to restate the Government's case for this measure in its proper proportions. Our case is very simple. I started with the simple and unpleasant need for revenue, and, in looking round the possibilities of raising revenue, I was faced by all those bogeys which have been raised in many speeches during the discussion of this Bill, the bogey of "diminishing returns," the bogey of "breaking backs," and all those other evils which of course one would wish to avoid. In that search we considered that the import of raw cotton was one of the few elements of trade which showed a strong and healthy growth and that from the purely financial point of view there appeared to be a good opportunity to raise revenue, to broaden the basis of taxation and to tap a new source. Purely on financial grounds, the case was very obvious and that was the primary consideration. We then of course had to consider what would be the secondary effects; although we were going to raise money, should we do harm in other directions? Well, we naturally considered first the effects on India's premier manufacturing industry, and we examined the case very carefully with a view to discovering whether this particular proposal, not considered by itself but as part of our general plan, was going to deal a serious blow to India's premier manufacturing industry. For reasons which I shall develop more fully later, and which have been covered very fully in the course of this debate, we came to the conclusion that, considering our proposals as a whole, we were quite safe in taking the line that we were not going to damage that premier manufacturing industry. Having satisfied ourselves on that, we also took into account that by this proposal we might confer a considerable benefit on an industry, which is not India's premier manufacturing industry, but the premier industry for the whole of India of every kind—agriculture. Those are the fundamental points in our consideration of the position. We came to the conclusion that the tax would succeed in its primary object of producing revenue and that it would not have on balance any bad secondary effects. On the contrary, we thought that on balance those secondary effects might be good. But I purposely do not want to over-state the case, and I do not want to stand here under any false colours; I do not want to earn the applause of my friends from agricultural districts as one who has come forward with a considered programme for the protection of agriculture. Much as I might desire to do that, to achieve that result, we cannot claim that to be the object of our measure, which was primarily to produce revenue. (Applause.)

Now, Sir, let me devote a little time to examining the question of these secondary effects. We have had before us very full calculations of what would be the effects of this measure on the cotton industry. I think I may say that the most authoritative calculations came from my Honourable colleague, the Leader of the House, and from my Honourable friend

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Mr. Mody, who speaks with such knowledge on behalf of the interests of the Bombay millowners. On the one hand, the Leader of the House told us that, according to his calculations, the effect of this duty on long staple cotton would be equivalent to an increase in price on those goods which are manufactured from that cotton of about 3 per cent. My Honourable friend from Bombay varied that estimate and said that according to his calculations the increase was 5 per cent. That is not a very large difference, and I am prepared for the purpose of my argument to accept the figures of my Honourable friend from Bombay, although I must make it quite clear to him that I myself believe that my Honourable friend on my left is right. Now, Sir, if the extra burden is 5 per cent., I would ask the House to remember that that extra burden only applies to a very small proportion of the total output of the Indian mills. There is no extra burden at all put upon that portion of their product which is made from Indian cotton,—and the vast majority of their product is made from Indian cotton of the shorter staple,—and as regards that I do not claim for a moment that our proposals will substantially affect its price. That, Sir, is the burden—5 per cent. on that portion of the product which is made from imported cotton; and as against that what do we have to put? The opportunity to raise prices by 5 per cent. on the whole of their product. That is what is conferred by the present Budget proposals. But I want to carry the case a little further than that. My Honourable friend from Bombay will, I am sure, admit that he has been fortunate as a result of our needs for revenue, and that in the Finance Bill which was passed at the last Delhi Session, as well as in the present Bill, he has had an unexpected windfall. Purely for revenue purposes a surcharge was put on the duties last March, a surcharge of 5 per cent.; and now again purely for revenue purposes a similar surcharge is imposed which amounts to 5 per cent. in the case of British goods and 6½ per cent. in the case of non-British goods. Therefore my Honourable friend and those who are interested with him in this great industry have had a windfall amounting to from 10 to 11½ per cent., and as against that they are going to have the cost of a very small proportion of their output increased by something between 3 and 5 per cent. That, Sir, I think, very clearly shows how the balance of advantage lies.

In that connection I would like to touch upon some remarks which have been made about the previous attitude of the Government, and particularly about the report of the Tariff Inquiry into the cotton industry, the Committee which was presided over by my Honourable friend, Sir Frank Noyce. It was said that in that Report my Honourable friend who was the Chairman advocated very strongly the spinning of finer counts, and the conclusion drawn from that was of course that no obstacle ought to be put in the way of the importing of cotton suitable for making those finer counts into India. But what was the position in those days? The position in those days was that there was a general duty on cotton piece-goods of 11 per cent. My Honourable friend on my right recommended that, in order to establish the industry, there was a case for a temporary protective duty on Japanese goods. He advocated the putting up of the duty for 8 years on Japanese goods to 15 per cent. In his view, for a protective purpose, no other increase was necessary. Therefore in the conditions about which he was writing, he was contemplating an import duty of 11 per cent. on all goods except Japanese, and 15 per cent. on Japanese goods. And now

what is the position? An import duty of 25 per cent. on the one side and of 31½ per cent. on the other. That, I think, completely alters the whole position and makes an entire difference in the arguments which apply to this question of the import duty on raw cotton.

But there is another point in that connection to which I would call the attention of the House, and that is that the remark to which reference has been made really referred only to Bombay. In that Report it was said that the only chance for Bombay was to turn more to the spinning and weaving of finer counts. Well, Sir, Bombay is very important, but Bombay is not the whole of India; and that I think is another limiting factor on those remarks . . .

**Sir Muhammad Yakub:** That is what we have repeatedly said, that the Finance Member never took notice of it.

**The Honourable Sir George Schuster:** I am sure that if any speaker in this House has all his speeches passed in review, he will sometimes be convicted of inconsistency. (Laughter.) The point is this: that this cotton mill industry has been exceptionally favoured in the last few years. We, speaking from the Government side, certainly do not grudge those favours, and we are very pleased to see that they have had a very substantial result. But those favours have gone further because of revenue needs than was necessary for merely protective purposes, and if my Honourable friend wishes to come before the House *in forma pauperis* and appeal to them against this measure because of his own hard case, I really think that if he puts it on that ground he will find it very hard to convince anybody who examines the facts. I have had compiled here a very interesting chart comparing the progress of textile production in various countries. I should be very pleased to show it to my Honourable friend afterwards—and although I know he will tell me, if I give him a chance to intervene, that even if he is increasing his production he is not making any profits, still I refuse to believe that the millowners of this country would go on producing more and more goods even though they do so at a loss. Now according to the index of production, India is the one country in all the world to-day which is enjoying any sort of prosperity in the textile industry. Starting from a figure on the pre-strike basis so as to give us a reliable figure from which to start, the index of production for India now stands at 130 per cent. For all other countries, making a similar comparison it is well below 100 per cent. Japan stands at about 95 per cent.; the United States of America stands at about 92 per cent.; the United Kingdom at about 75 per cent.; and France, about whose prosperity we are always hearing so much, is now only producing about 65 per cent. of what she was producing in 1928. I think it is not an exaggeration to say that the textile industry of India is the only big manufacturing industry to-day which is working at anything like full time. As I have said, we welcome this state of affairs, but I do suggest to my Honourable friend that he has been well done and that the slight burden which this tax might cast upon him is one which he and his friends could very well bear. And before I leave this aspect of the question I would like to put one point to him. If he were to have a choice between accepting the proposals of this Budget as a whole, with its extra import duty of 5 to 6½ per cent. and this duty of half anna per pound of raw cotton combined, if he has to choose between that alternative on the one

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side and to stay as he is without any change in the customs duties at all, which of those two alternatives will he choose?

**Mr. H. P. Mody:** Do you really want to know?

**The Honourable Sir George Schuster:** I should be very glad to know which alternative my Honourable friend would prefer.

**Mr. H. P. Mody:** I would go back to the position as it existed in March.

**The Honourable Sir George Schuster:** I did not quite catch what my Honourable friend said.

**Mr. H. P. Mody:** I would rather not have this supplementary Budget with all its supposed assistance to the textile industry which my Honourable friend is referring to.

**The Honourable Sir George Schuster:** My Honourable friend is referring to the Budget as a whole, and that is not exactly the question I put to him. I asked him about the proposals of the Budget as they affected the duties on cotton piece-goods and raw cotton. I think the conclusion is obvious.

Now, let me turn to the other secondary result, the question of the effect on agriculture. As I have already explained to the House I have never claimed that this was a protective measure. I put it forward quite honestly and straightly as a revenue tax; and I agree with what has been said so often in this debate that all taxes are undesirable. But of all the very unattractive progeny which I have produced in the shape of taxes in this Budget, I confess that I have some affection for this little fellow—the proposed duty on raw cotton. I think, and I agree with what fell from my Honourable friends among the European Group on this subject, that there is something attractive about this proposition. It is at least some indication of hope to agricultural interests that when import duties are imposed they will not always be imposed on those articles which the agriculturist has to buy, and never on what he has to sell. That gives the proposal a sentimental attraction to me, but I think there is also some solid proof that it may be of advantage to the agriculturist. We have had a very great deal of talk on figures in this matter. I regret the talk myself because the figures about which there has been so much controversy are not in the least material to the case which I should have presented to the House. I should not have come before the House and claimed that there was a very large quantity of cotton already being produced in this country, exactly similar to cotton from Uganda or from Egypt. I shall come to that point again later when I come to give my reasons for thinking that there is some benefit to agriculture in this measure. But unfortunately the point has been raised of what is the position in India to-day as regards the production of cotton of one inch staple and over. On this matter I think my Honourable friend, the Deputy-President, will agree that, according to the passage which he read out, he challenged any Member of this House to prove that any appreciable quantity—I think “appreciable” was the word he used—of cotton of that kind

was produced in India to-day. That challenge was taken up by my Honourable friend who comes from the Broach district, and he referred to a certain page in the last Report of the Indian Central Cotton Committee. Now, my Honourable friend will be the first to admit that, in reading out the figures from that page, he read out figures from the wrong column and he made a mistake. If my friend, the Deputy President, had informed me of that fact, I should have been very glad to call attention to it when I spoke to the House on the matter, because the one thing we wish to avoid is any misrepresentation of facts in the matter. But, Sir, my friend gave the page from which he was reading so that anyone could verify his statement, and it was quite clear that he had just made a mistake in taking the column from which he read. Now, the point which I want to make is that the fact that he has made that mistake in no way vitiates his position, and I am quite prepared to take up my friend's challenge, if his position is that no "appreciable" quantity of "long staple" cotton, (taking that to mean cotton of 1" and over), is produced in this country. Now, the table to which reference is made is rather a confusing one. It has one column which gives the average for the years 1915—1918. It then has another column which gives an average of the figures for the years 1925—30, and then it gives in the third column a figure for the trade estimates of what will be produced in a normal season. Well, the trade estimates given in that final column are very much higher figures than those of the average for 1925—30; but unfortunately in the final column no details are given dividing up the figures for the various varieties in the various districts, so that it is impossible to get what is estimated now as a normal production from these figures, and we have to rely on the actual average of the figures for 1925—30, which are considerably lower than what might be expected in a normal year. But taking those figures of average for 1925—30, I find that the total production of cotton of 1" and over is 224,000 bales, and I do submit, Sir, that they can hardly be described as something which is not an appreciable figure . . . .

**Mr. H. P. Mody:** How much over one inch?

**The Honourable Sir George Schuster:** I particularly do not want to over-stress the point. I only thought it was fair to my friend who spoke before on this subject to put before the House the exact facts, that there are, according to this table, 224,000 bales of long staple cotton that have been produced according to the average figures of 1925—30, and the normal expectation judging from the total figures in the final column might be expected to be something like 50 per cent. higher than that. And, Sir, this is not a fixed, but a moving figure; the production of this long staple cotton is steadily increasing every year, and I think one may take it that that figure of 224,000 is something very much lower than what might be expected as the production for the current year.

Now, Sir, on the general question of whether the agriculturist in India is likely to be benefited or not, I again want to make my position quite clear. I would not suggest for a moment that there is any chance of growing in India cotton in any large quantity of the quality of Egyptian Sakellarides, for example, probably not even of the better qualities of Uganda cotton which goes up to 1" and 1½" and slightly over. I accept that position although, looking far ahead, it may not be final. But that, Sir, is not the point. There is a very large marginal area of competition,

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and with this duty to help it there is a great quantity of the Indian cotton crop which can be used as a substitute for cottons which are imported now.

Now, Sir, my friend, the Deputy President, threw out another challenge. He challenged anybody to show him that in effect prices had improved to the advantage of the Indian cultivator by this duty. That is not a very easy challenge to take up, because the period for making an effective test must be really the period when the crops from the various districts come on the market, and they do come on the markets at different times. We can get a direct line of comparison in the case of Punjab-American because the new crop is already coming on the market, the market time being from October to December. As regards Broach, January to April will be the test time, and for Cambodia, April to May. But even without full figures, we have had in these few weeks some evidence of what is the position. I read to the House in the course of one of my speeches on the Finance Bill a quotation from a letter which I had received from a very large grower of cotton in the Punjab, and he, writing to me on the 14th of October said :

"With reference to the tax on imported cotton, this is much appreciated by all cotton growers. Our Agents in Bombay and in Karachi all agree that it should enlarge the premiums on cottons such as our 289F by Rs. 12 or possibly Rs. 15 per-candy. . . ."

**Mr. B. B. Puri:** Will the Honourable Member kindly disclose the name of that gentleman?

**The Honourable Sir George Schuster:** The name of the gentleman is Professor Roberts of Karnawal, who runs a very large cotton estate there. Writing again on the 28th of October, he said this :

"We have recently sold several hundred bales of 289F to various buyers at Rs. 72 to Rs. 77 on Broach. This means that my anticipated premium of between Rs. 75 and Rs. 80 is more or less assured."

Then, Sir, I have been keeping in close touch with this matter, and I will give the House some information which was telephoned from Bombay by Mr. Richie, the Secretary of the Indian Central Cotton Committee this morning. This is the information he gives :

"Cambodia at the end of August was Rs. 65 to Rs. 70 premium on Broach; Cambodia now is Rs. 75 to Rs. 80 on Broach." (That is a rise of Rs. 10 in the premium). "Punjab-American at the end of August was Rs. 8 on Broach; to-day Punjab-American is Rs. 20 to Rs. 22 on Broach." "That is an appreciation of Rs. 12 to Rs. 14). "Navsari at the end of August was Rs. 70 on Broach; to-day it is Rs. 75 on Broach. To-day Broach contract rate is Rs. 191 per candy; at the end of August the rate was Rs. 137 per candy. At Tiruppur (Madras), on September 11th, Cambodia was Rs. 216 per Bombay candy; on November 6th, it was Rs. 275."

The difference in the Broach rates at Bombay on those dates was Rs. 39; that is to say, while Cambodia had gone up by Rs. 59, Broach in Bombay had only gone up by Rs. 39. Therefore, the premium on the longer staple

cotton had improved compared to ordinary Broach by Rs. 20. Then the Report concludes:

"The great appreciation in Punjab-American as compared with Broach is attributed by prominent local firms to import duty and to short supplies of good quality."

Sir, I think those figures at least supply some evidence that this import duty has been a benefit to cotton growers generally in India, and I think they are a sufficient response to the challenge thrown out by my Honourable friend. They do make out our case, that this duty may have an important secondary advantage in the fact that it has a chance of giving substantial benefit to a large class of Indian agricultural interests.

That, Sir, I think is all that I need say on this subject. I come back to my original point. We want revenue; we have got to find the best possible way of getting it; and for those who are considering this tax it is not a question of, "take this or nothing". The question is, "If you do not take this, where else are you going to go for your money? Can you suggest any fairer and better way of raising the substantial money which this tax will produce?" Sir, my answer to that question is unhesitatingly that this, among all our proposals, is one which does tap a new source which will do no harm directly to those interests who complain about it, and one which may benefit the agricultural interest about which I have spoken. On these grounds, I oppose this amendment.

**Mr. President:** The question is:

"That in Part I of Schedule I to the Bill, amendment No. 1 be omitted."

The Assembly divided:

AYES 49.

Abdur Rahim, Sir.  
Aggarwal, Mr. Jagan Nath.  
Azhar Ali, Mr. Muhammad.  
Badi-uz-Zaman, Maulvi.  
Bagla, Lala Rameshwar Prasad.  
Bhuput Singh, Mr.  
Chetty, Mr. R. K. Shanmukham.  
Chinoy, Mr. Rahimtoola M.  
Das, Mr. A.  
Dudhoria, Mr. Nabakumar Sing.  
Dumasia, Mr. N. M.  
Gour, Sir Hari Singh.  
Gunjal, Mr. N. R.  
Harbans Singh Brar, Sirdar.  
Hari Raj Swarup, Lala.  
Ismail A'i Khan, Kunwar Hajee.  
Isra, Chaudhri.  
Jha, Pandit Ram Krishna.  
Jog, Mr. S. G.  
Krishnamachariar, Raja Bahadur G.  
Lahiri Chandburi, Mr. D. K.  
Lalchand Navalrai, Mr.  
Liladhar Chaudhary, Seth.  
Maswood Ahmad, Mr. M.  
Mitra, Mr. S. O.

Mody, Mr. H. P.  
Murtuza Saheb Bahadur, Maulvi Sayyid.  
Parma Nand, Bhai.  
Patil, Rao Bahadur B. L.  
Puri, Mr. B. R.  
Ranga Iyer, Mr. C. S.  
Rastogi, Mr. Badri Lal.  
Reddi, Mr. P. G.  
Reddi, Mr. T. N. Ramakrishna.  
Sadiq Hasan, Shaikh.  
Sant Singh, Sardar.  
Sarda, Rai Sahib Harbilas.  
Sen, Mr. S. C.  
Sen, Pandit Satvendra Nath.  
Singh, Kumar Gupteshwar Prasad.  
Singh, Mr. Gaya Prasad.  
Sitaramaraju, Mr. B.  
Sukhray Rai, Rai Bahadur.  
Thampan, Mr. K. P.  
Unni Saheb Bahadur, Mr.  
Wilayatullah, Khan Bahadur H. M.  
Yakub, Sir Muhammad.  
Yamin Khan, Mr. Muhammad.  
Ziauddin Ahmad, Dr.

## NOES 60.

Ahmad Nawaz Khan, Major Nawab.  
 Allah Baksh Khan Tiwana, Khan  
 Bahadur Malik.  
 Anklesaria, Mr. N. N.  
 Azizuddin Ahmad Bilgrami, Qazi.  
 Bajpai, Mr. R. S.  
 Banerji, Mr. Rajnarayan.  
 Bhore, The Honourable Sir Joseph.  
 Cosgrave, Mr. W. A.  
 Crerar, The Honourable Sir James.  
 Dalal, Dr. R. D.  
 DeSouza, Dr. F. X.  
 Desanges, Mr. H. C.  
 Dyer, Mr. J. F.  
 Elliott, Mr. C. B.  
 Fazai Haq Piracha, Shaikh.  
 Fox, Mr. H. B.  
 French, Mr. J. C.  
 Graham, Sir Lancelot.  
 Griffiths, Mr. G. I.  
 Gwynne, Mr. C. W.  
 Heathcote, Mr. L. V.  
 Hira Singh Brar, Sardar Bahadur  
 Captain.  
 Howell, Mr. E. B.  
 Ibrahim Ali Khan, Lt. Nawab  
 Muhammad.  
 Ishwarsingji, Nawab Naharsingji.  
 Jawahar Singh, Sardar Bahadur  
 Sardar.  
 Knight, Mr. H. F.  
 Lal Chand, Honv. Captain Rao  
 Bahadur Chaudhri.  
 Lall, Mr. S.

Misra, Mr. B. N.  
 Montgomery, Mr. H.  
 Moore, Mr. Arthur.  
 Morgan, Mr. G.  
 Mujumdar, Sardar G. N.  
 Mukherjee, Rai Bahadur S. C.  
 Noyce, Sir Frank.  
 Parsons, Mr. A. A. L.  
 Pelly, Major H. R.  
 Rafiuddin Ahmad, Khan Bahadur  
 Maulvi.  
 Raghubir Singh, Kunwar.  
 Rainy, The Honourable Sir George  
 Rajah, Rao Bahadur M. C.  
 Rajan Bakhsh Shah, Khan Bahadur  
 Makhdum Syed.  
 Rama Rao, Rai Bahadur U.  
 Row, Mr. K. Sanjiva.  
 Sahi, Mr. Ram Prashad Narayan.  
 Sams, Sir Hubert.  
 Sarma, Mr. R. S.  
 Schuster, The Honourable Sir George.  
 Scott, Mr. J. Ramsay.  
 Shah Nawaz, Mian Muhammad.  
 Studd, Mr. E.  
 Suhrawardy, Sir Abdullah.  
 Sykes, Mr. E. F.  
 Tait, Mr. John.  
 Talib Mehdi Khan, Nawab Major  
 Malik.  
 Todd, Mr. A. H. A.  
 Wajihuddin, Khan Bahadur Haji.  
 Young, Mr. G. M.  
 Zulfikar Ali Khan, Sir.

The motion was negatived.

**Lala Hari Raj Swarup** (United Provinces: Landholders): I beg to move:

"That in Part I of Schedule I to the Bill, amendment No. 3 be omitted."

The purpose of my amendment is to replace machinery and subsequent items on the free list on which they have stood from 1921 right up to the 27th October, 1931. Throughout the world we find that in no country is there a duty on machinery and on raw materials. In this respect the Government of India are making a departure. The Finance Member when winding up the debate on the consideration stage quoted Professor Keynes' dictum that taxation should be such as to encourage production rather than restrict production. I wish to put to him this question, will this heavy duty of 10 per cent. on machinery encourage production or restrict production? I hold that this duty of ten per cent. on machinery will restrict all industrial progress in the country. On the one hand the Government say that there will be encouragement to Indian industries and on the other hand they impose duties which are likely to take away the advantages. That is, they want to take away with one hand what they are giving with the other. From day to day we find that inquiries for protection are being referred to the Tariff Board. What is the use of referring inquiries to the Tariff Board when on the one hand you impose heavy duties on machinery and on the other duties on raw materials with which the industries are chiefly concerned? The Government ask our support for the duty on raw materials because they are likely to benefit a certain section of the Indian population who are agriculturists, and much is made of that. I cannot understand how a duty on machinery will

benefit any section of the Indian people. On the other hand it is likely to retard industrial progress and the retardation of industrial progress will mean a serious blow to agriculture as well, because I feel that agriculture and industrial progress go hand in hand, and there is no antagonism between the two, although efforts may be made to create it. Besides, Sir, it is not a question of duty on machinery, and it might be said that it is a temporary measure and only meant for revenue purposes and that it will be removed as soon as the financial emergency passes, but a tax on machinery at this time means a permanent enhancement to the capital cost of all those industries which are to be set up henceforward. It means you are penalising all those people who want to establish industries after the imposition of this duty. It will not only mean a temporary increase in cost, but it will mean a permanent increase in the cost of production. It might be said that there was a duty even in India. But it was only a short duty of 2½ per cent. and lasted only from 1916 to 1922. We remember that 1922 was a year when the Government of India had to face a similar or bigger deficit, and the Government at that time decided that the duty on machinery should be removed in order to give an impetus to industry and trade, so that their estimates of income-tax and other taxes might be realised. The real need of the hour is that we should encourage and help industry and trade by all possible means so that there may be a revival of trade and industry all round and Government may be able to realise the taxes according to their estimates. If we look into the trade figures, we find that the imports of machinery into India are fast declining. It might be said that it is due to general depression and cheapening in cost. In 1929-30 the imports were 1,935 lakhs. They fell to 1,530 lakhs in 1930-31. That is, they were short by about 375 lakhs. Even during the short period of six months of the current financial year, the imports of machinery have fallen by about 195 lakhs, and if the imports of machinery go on falling in this way, the House can well imagine what a serious blow it will mean to the industrial progress of our country. When, without the duty, these imports have fallen to such an extent, we can very well say that, with the additional duty of 10 per cent., the imports will fall still further. There are various industries in which the machinery is hardly liable to cost less than a lakh of rupees, and there may be several people who would not like to spend Rs. 10,000 on every lakh. The Tariff Board only the other day reported that the sugar industry in India should be declared protective because we imported sugar to the extent of Rs. 15 crores or 16 crores a year. But a factory of economic size for sugar cannot cost less than Rs. 10 lakhs, which means that an extra duty of Rs. 60,000 has to be paid by those who wish to start sugar factories. So we can very well see that this extra duty will prevent the progress of all those industries which have been declared protective; and it will not only produce that unfortunate result, but it will hamper industrial progress all round in this country. The Honourable the Finance Member of course might say that if you are opposing every tax in this manner, then how am I to make up the deficit? Well, several proposals were made at the consideration stage, as for instance, by Mr. B. Das, by the Honourable the Deputy President and by myself, to explore all avenues of certain new taxes, but the Honourable the Finance Member rejected them one after the other after finding some troubles here and there. But, Sir, troubles are bound to arise in connection with every tax that you propose (*The Honourable Sir George Schuster*: "Hear, hear"); you have to see which way the balance of advantage lies, whether for instance by imposing a duty say on matches you can realize

[Lala Hari Raj Swarup.]

more money without disturbing that trade and industry. So, Sir, I move this amendment and request the House to carry it, because, if they carry this amendment, they will do bare justice to the people of this country. The industrial progress of the country should, we should all see, continue unhampered, and with the industrial progress of the country is bound up the well-being of agriculture. With these words, Sir, I move my amendment.

**Mr. B. Sitaramaraju** (Ganjam *cum* Vizagapatam: Non-Muhammadan Rural): Sir, I rise to support this amendment. I have tabled under this very head a humbler amendment, and that amendment deals with only a portion of the items covered by this amendment. I do not mean to say by the amendment I have tabled that I have any particular sympathy with the millowners of Bombay. Sir, I feel that any tax imposed upon machinery required from industrial development is a clog on that industrial development. With that idea, I intended to move that amendment, in view of the fact that the textile industry is the premier industry of our country; but if this amendment, which covers a much wider range than the one I intend to move, is carried, my purpose will not only be served, but I should feel more glad that the whole of machinery would not be taxed. Therefore at this stage I deem it necessary to intervene in the debate in order to show that it is not right on the part of Government to impose any burden which is likely to hamper the free and unfettered growth of industries in this country. It is an essential condition of the progress of those industries that there should be no clog on them. If I were to repeat any of the general remarks that have been made by the Honourable gentleman who just now resumed his seat, perhaps I would be thought guilty of having said some of the commonplaces of advocacy said to be peculiar to this side of the House. I am not going to do anything of that kind, but I am going to quote an authority which even the Honourable the Finance Member must acknowledge as an authority on the subject entitled to all due respect; it is the Report of the Fiscal Commission. At page 61 of their Report under article 109 the Fiscal Commission said:

"The supply of machinery at the cheapest possible cost has long been regarded in India as an essential condition of industrial progress, and from 1894 when the customs duties were reimposed until 1916 industrial machinery was admitted free of duty. In 1916 a duty of 2½ per cent. was imposed on industrial machinery other than that for cotton spinning and weaving mills, and in 1921 the same rate was imposed on this latter class."

Mark the following words:

*"The treatment of machinery raises problems very similar to those which arise in the case of basic industries.—*For the development of industries in general the free import of machinery is evidently desirable. On the other hand there are obvious advantages in the encouragement of the manufacture of machinery in India. But this encouragement should not as a rule be given by import duties. These must tend to injure the general industries of the country by raising the cost of one of the prime constituents of production. Our conclusion therefore is that when a case is made out for the encouragement of the manufacture of machinery in India, such encouragement should be given by means of bounties. We admit that there may be exceptions to such a rule. For instance, jute being a monopoly of India, it is possible that the jute manufacturing industry might be able to bear an import duty on its machinery, with a view to develop the manufacture of this machinery in India."

and so forth.

But here what the Commission specifically laid down is that even if it is a question of providing for the growth of manufacture of machinery in

the country, even in that case the Commission laid down that you should not impose any duty, and all that you have got to do is to give them bounties, but never impose any duty, because that will hamper the industrial progress of the country. Now the main justification—if we now turn to page 12 of the Finance Member's speech—for his proposal is this. He said:

"We propose to put duties of 10 per cent. on machinery and on dyes and of half an anna per pound on raw cotton. We must expect criticisms in respect of those duties, especially from the cotton mills, and I must acknowledge that their imposition may appear to be in some manner inconsistent with the previous policy of the Government. The justification must be in the need for revenue. . . ."

Sir, that is the justification which the Honourable the Finance Member pleads. He says that for revenue purposes even a tax on machinery may justifiably be imposed, but there again I submit he is wrong because the Fiscal Commission itself stated that even for revenue purposes we should never impose any import duties on machinery. I am going to read the passage in which they lay down that principle:

"As we have laid down the principle that, in order to avoid injuring industrial development, import duties should not be laid on machinery to encourage its manufacture in India, it follows that we cannot approve the principle of taxing machinery for purposes of revenue." (Hear, hear.)

The Fiscal Commission's Report is now thrown into the waste-paper basket because it is laid down there that fiscal considerations are absolutely unjustifiable in a matter of this kind. It is always recognised as an essential condition of the progress of a country—and remember that our country is very backward in the matter of industrial progress—that no machinery which would help the growth of industry should be made costlier than it need be. In these circumstances, any duty upon machinery is not justifiable. There was a time when, as the previous speaker remarked, Government imposed a duty of  $2\frac{1}{2}$  per cent. on machinery for revenue purposes. That was in 1916. But that did not include textile machinery. They imposed the  $2\frac{1}{2}$  per cent. duty on other machinery. Subsequently, in 1921 they imposed a  $2\frac{1}{2}$  per cent. duty on textile machinery also. The Fiscal Commission reviewed the whole situation subsequent to that and they condemned the action of Government in raising this revenue for fiscal purposes. But to-day not only are the Government of India guilty of a departure from the policy laid down by the Fiscal Commission, but they have revived and deliberately increased the old duty of  $2\frac{1}{2}$  per cent. of 1916 to 10 per cent. now.

There is another point from which we have to look at this matter. We as a country are not manufacturers of machinery. We purchase machinery from foreign countries for industries in which we compete with those foreign countries that produce that machinery. Therefore we are already handicapped in that we have to purchase machinery from a country with which we are competing. That being already a disadvantage, to impose an additional duty on these articles is to put this country at a further disadvantage.

The third point I would like to mention is that freight charges have considerably increased. This will add a third burden to the already burdened machinery of this country. On these three grounds I maintain that the Government of India are not justified in imposing this additional duty on machinery. In view of the fact that this amendment of my Honourable friend, Lala Hari Raj Swarup, covers printing machines as well, I would like to say a word. The Government of India appear to be particularly

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hard on printing presses in this country. It is only the other day we met at Simla and passed the Press Act and thereby humiliated the Press. We have put the printers at a great disadvantage. The Government of India have not only humiliated the Press by passing the Press Act, but under this Finance Bill they are sought to be impoverished. The other day, one Honourable gentleman from the European Group, Mr. Elliott, remarked that it was found to be much much cheaper to get a book printed in England than to get it done locally. Sir, what a sad commentary on the merits of the Government and the condition of those printers can there be than the illustration which the Honourable gentleman gave us! Sir, I strongly support this motion and say that Government are not at all justified in putting any additional burden on machinery.

**Sardar Sant Singh** (West Punjab: Sikh): Sir, I do not pretend to be an authority on financial matters. Therefore I prefer to keep my peace rather than to take part in the debates on them. But on this occasion I am reminded of an argument that was advanced from the Treasury Benches when the Wheat Import Duty Bill was being discussed. We on this side tried our best for the omission of clause 3 in the interests of the agriculturists. This clause 3 exempted contracts that had already been entered into from paying the duty. The Honourable the Finance Member, speaking in support of clause 3, used certain arguments the purport of which was that those who had placed orders in foreign markets should not be taxed because they did not know that such a duty was going to be imposed upon foreign wheat. To-day we find that he is introducing this duty on machinery, but we do not find the same consideration being shown to those who have already placed their orders before this duty was brought in. The Honourable the Finance Member and other gentlemen on the opposite side of the House did extend verbal sympathy to the agriculturists which they had better shown when Wheat Import Duty Bill was being discussed. But then the moral considerations intervened to the detriment of the agriculturist. We fail to see why those moral considerations should not be extended now to those firms, companies and individuals who had already placed their orders in foreign countries for machinery and which will be entering India after the duty was imposed. I have got a clear mandate from the Indian Merchants' Association, Lyallpur, to oppose this duty on principle. Therefore, I take this opportunity of giving my support to the amendment moved by my Honourable friend, Lala Hari Raj Swarup.

**Mr. T. N. Ramakrishna Reddi**: Sir, I will be brief. The futility and undesirability of levying any import duty on machinery is clear from the reasons given in the Fiscal Commission's Report. If the country is to grow industrially, it is quite essential that there should be no obstruction placed in the way of the import of machinery, especially when the country has not taken to the production of machinery. Sir, this machinery includes not only the machinery for the textile industry but also for agricultural purposes, such as sugarcane machinery and others. By imposing this taxation you are hampering the agricultural enterprise of this country. In order to get the previous amendment against levying a duty on raw cotton defeated, some of the Honourable Members joined issues with the Government and spoke very vehemently and expressed solicitude for the welfare of the agriculturist. I want now to ask those gentlemen what justification there is for the imposition of this duty on agricultural machinery

and implements. They have no justification for saying that by imposing this import duty they can give an impetus to the manufacture of machinery in India, because India has not yet taken to the manufacture of any machinery, and she is not likely for some years yet to take to it. For all these reasons, I have great pleasure in supporting this amendment.

**Mr. Nabakumar Sing Dudhoria** (Calcutta Suburbs: Non-Muhamadan Urban): Sir, I rise to support the amendment which has been moved by my Honourable friend, Lala Hari Raj Swarup. Sir, it is an undoubted fact that a great national emergency has arisen and everybody having the interest of India at heart should leave no stone unturned to alleviate the present distressing financial situation of the Government. But in adopting measures for the realisation of this purpose we must not sacrifice prudence and sound finance. Consequently the measures that have been put forward by the Honourable the Finance Member for solving the present financial situation of the Government have more shocked the Indian public than evoked their sympathy and good-will. Next, Sir, the proposal for the levy of additional import duty on machinery contravenes all sound commercial policy. It is forgotten that at a period of serious industrial depression the levy of a prohibitive duty on machinery is calculated to accentuate the difficulties of the industrialists and arrest further the expansion of industries and thereby restrict the beneficent activities of the people. The Government destroy rather than construct by such a proposal.

The Indian Fiscal Commission laid down, amongst their recommendations, that the import of machinery should be free and such a tariff policy with regard to machinery is universally followed by every civilised country. Again, if import duties act prejudicially upon the expansion of industries, such measures are bound to produce an unfavourable reaction upon the sources of other revenue. In taxing machinery the Government go back upon those recommendations.

Again, Sir, it is a principle of sound finance that all import duties, in order to be productive of revenue, must not be pitched at too high a figure, for that is likely to be accompanied by diminished production and thus frustrate the anticipations of the increased yield. As the demand for the greater part of India's import is elastic, depending largely upon her export, it is unlikely that there would be any substantial improvement in revenue by that process. This conclusion is further strengthened by the fact that, owing to the collapse of the prices of agricultural commodities which India exports so largely, the purchasing power of the country has been so much crippled that, unless there is a substantial improvement in that purchasing capacity, the diminished consumption of imported goods is quite inevitable.

Sir, it is not by adding to the burden of taxation but by bringing about relentless economies in the civil and military administration of the country that the present crisis could have been effectively tackled. The retrenchment proposals which the Honourable the Finance Member has announced are utterly disappointing. A general cut or an universal cut of 10 per cent. for all grades of officers, irrespective of their salaries, is really most iniquitous and unjust. The cuts should rather have been on a progressive scale if they were really intended to fulfil the very object of retrenchment. There may be a policy underlying the plan followed, but the popular sentiment has to be counted as well. In not following a graduated scale in

[Mr. Nabakumar Sing Dudhoria.]

all the departments without discrimination, and in including the proposed surcharge within the enhanced income-tax rates, the Government have exposed themselves to any amount of criticism. In fact, when the Government have not yet explored the sources yet untapped, they should for the sake of only keeping alive the normal industrial activities of the country, refrain from taxing machinery just at present. In consideration of what I have said already, I beg to support this amendment.

**Mr. Bhuput Sing** (Bihar and Orissa : Landholders): Sir, I also join the previous speakers in supporting this amendment. In supporting this amendment I am quite apprised of the fact that a great national emergency has arisen and we have got to assist the Government in tiding over their acute financial situation. But as men of the world and as practical men, we have got to move cautiously and prudently in our ways and means for the alleviation of the distressing situation.

Sir, the proposal for the imposition of additional import duties on machinery militates against all maxims of sound finance and prudent commercial policy. It is apparently forgotten that at such a period of serious industrial depression prevailing in the country, the levy of a prohibitive duty on machinery will not only increase the difficulties of the industrialists but will also hamper further expansion of industries in the country. We have just of late been making some strides in the field of industry through the help of machinery imported from abroad, and have just been striving to achieve some place, however low and insignificant, in the industries of the civilised world, when comes this bolt from the blue, indirectly intending to scotch our industrial progress.

Next, Sir, the Indian Fiscal Commission have laid down, amongst the other recommendations, that the import of machinery should be free. Such a tariff policy with regard to machinery is in fact universally followed by every civilised country in the world. Again we must not

4 P.M. lose sight of the fact that if import duties will affect prejudicially the expansion of industries, such duties must produce a prejudicial effect upon the sources of other revenue.

Sir, by this proposed duty on imported machinery the Honourable the Finance Member will be indirectly crippling some of the constructive activities of the nation which is struggling hard to forge ahead. Sir, I own that my country has incurred the displeasure of the Government at Home by placing her orders for machinery in the Continental countries to the exclusion of Great Britain, but when we take into consideration the comparative cheapness in price and maintenance, simplicity in design and handling, excellence in get-up and durability of life of the machinery that is imported from Germany, France, Belgium and America, we cannot but show our decided preference for the machinery of those countries. Perhaps that is the sin for which we have been taken up in this country by the Honourable the Finance Member in the present Finance Bill by such a proposal for an import duty on foreign machinery. But I may tell him that my country has shown no preference for non-British countries in the matter of purchase of machinery, either actuated by the principle of boycott of British goods or for mere cussedness. We are and shall ever be willing and ready to buy machinery from Great Britain if it will come up to the

standard, quality, specification and price required by us. But he should not deter or discourage us from going in for machinery from foreign countries by such indirect and roundabout methods. I should not have thought it worth while to launch upon this topic if the Honourable the Finance Member had disclosed to us his true aim and object in bringing forward this proposal, apart from the obvious object of collecting a revenue in this emergency. Sir, with these words, I beg to support the amendment.

**Shaikh Sadiq Hasan** (East Central Punjab: Muhammadan): Sir, I consider that there is a deliberate attempt on the part of the Government to smother the Indian industries. It is a very well known fact that India is not an industrial country, and the duty of the Government is to develop Indian industries. What do we find? Now they intend to impose a duty on machinery. Machinery is not made in India. So it is not in the interests of the country that they are doing this thing. I think what they are doing is in the interests of foreign countries, because by doing so they will increase the price of the goods manufactured here. The Government, I think, should take a lesson from a country like Japan. Years ago there were no industries in Japan. What did they do? They did not propose duties on machinery but on the other hand encouraged young men to go to foreign countries and learn all about different machinery, and when they came back they subsidised the mills, they subsidised the people, to build up big industries. But the Government here have never had that policy in view. Their main object has been to keep India absolutely as an agricultural country so that it may not be in a position to compete with foreign countries in industries. I will just tell you how it would affect at least one industry with which I am familiar, the carpets industry. The carpets industry used to support in India thousands of people, but very unfortunately the exchange in Persia has made their carpets cheaper in America, with the result that the carpet industry in India is losing ground. By charging a duty on machinery, the result would be that yarn would become more costly: I cannot say about dyes because that will come later on, but that would also raise the price of yarn and dyes, and the result would be that we will be quite unable to compete with Persia.

In the same way the people will have to pay more for the goods because if the machinery is costly naturally the manufacturer must put a higher price on the goods he manufactures. I think that the Government whatever they may do, ought to bear in mind one thing, that the only salvation of a country lies in its industrial development. Let them look at the millions of unemployed people who are starving in this country. Millions are starving because they have got no work to do. The function of the Government should be to find ways and means to provide them with employment. The English Government give so many things to their unemployed—doles, insurance benefits and such things. But what are the Government of India doing for those here? The one way to help them would have been to give them some sort of employment, and employment could only be given if bounties could be given on the machinery which is imported into India. Do the Government think for a minute that, by putting duties on machinery, they will be giving work to the starving millions in India? Their duty is to see how they can help them. As far as I know, and as far as the House knows, they have not devised one scheme to help these starving millions, these dumb millions; and the bureaucracy always say they are the true representatives and the true sympathisers of those dumb millions. If they had the least sympathy, I

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consider they would find ways and means to help them, and there is no better way to help them than that they should develop industries and encourage industries in this country. I am afraid this is not the way to encourage industries. I am not going out of the way if I say that they should appoint experts in connection with machinery, because the main reason why the people are not able to introduce machinery in this country is that it is very easy to get that advice of an expert in England and much cheaper too, but here unfortunately, if a man puts up a small piece of machinery, he cannot get the advice of an expert because he has to pay very heavily, with the result that he cannot start or develop any new industry; and as I said before, machinery is not made in this country. If there had been the least chance of machinery being manufactured in this country in the interests of the country, they would have been justified in putting a duty on it; but I am positive that it will take a very large number of years before there are people who even think of manufacturing machinery. With these words, I support the amendment.

**Mr. Muhammad Muazzam Sahib Bahadur** (North Madras: Muhammadan): I think, Sir, that of all the items on which the Honourable the Finance Member has been pleased to levy a duty, machinery is the one which ought not to have found a place in that list. As it is, I think I can maintain without fear of contradiction that the policy of England has been to crush Indian industries rather than foster them. To me it appears that England has always taken a very keen interest in putting down our industries in every way possible. At the present moment, very large quantities of machinery are being imported into this country, and with the help of this machinery we are manufacturing many things, such as banians, socks, etc. We are getting machines for extracting oil. All that will be lost to us. At least a burden will be placed on their free import into this country. I have always thought that there were a number of other items which could have been very properly taxed, on which customs duties could have been more properly levied, but that has not been done because such a course would hamper the trade of England . . . . .

**The Honourable Sir George Rainy**: Can my Honourable friend give me a list of those articles?

**Mr. Muhammad Muazzam Sahib Bahadur**: I think I will. Is it the idea of the Government of India that no machinery of any kind by which Indian industries are being kept up at the present moment, should come to this country? At least that appears to me to be the guiding spirit of the Government of India. Then, in times like these when we have got very few industries in which our young men could be employed, and when we have lots of them unemployed, if you deprive us of the little machinery which we are getting from foreign countries, I really do not know what the condition of India would be in the next few years.

Another point has occurred to me and it is this: that Government in manipulating the levy of taxes on machinery and other goods which are imported into this country always take care to put in the proper thing at the right moment. Government might have suggested the levy of a tax on machinery long ago, but they thought that if under ordinary conditions they suggested the levy of a customs duty on machinery or such like useful articles, then the result would be that that would have evoked a lot of opposition. But they wedge in the right item at the right moment when

there is financial stringency and something has to be got by taxation: the right moment has now come and the duty on machinery is now being introduced. I think that although we failed on the amendment on raw cotton—and I really do not know what the result of a division on this amendment would be—I think this amendment which relates to machinery is a far more important amendment than that on raw cotton and I hope that this will have the support of a big majority in this House.

**Some Honourable Members:** The question may now be put.

**Mr. President:** The question is:

"That the question be now put."

The motion was adopted.

**The Honourable Sir George Schuster:** Sir, I have not been given very much to answer in the speeches in support of this amendment, and what I have to say very largely covers the same ground, or at least embodies the same principles, as those with which I had to deal in my speech on the last amendment . . . .

**Dr. Ziauddin Ahmad:** Is there any benefit to the agriculturist?

**The Honourable Sir George Schuster:** I have already made it clear, and the view is, I think, felt in all quarters of the House that there are a large number of these taxes which we should prefer not to have to impose, and if I might select one which I should like to see go as soon as possible as soon as the revenue needs no longer exist, of all the import duties I should like to see this one go. But, Sir, on the other hand, it offers a chance of raising a very important amount of revenue, and in all the circumstances, we think it is justifiable to impose this charge as part of our general plan. I want to emphasise that point again, it must be regarded as part of our general plan. That sentence has two implications; first of all, the implication that if we do not impose this tax we shall have, for the sake of achieving our objective, to find some alternative to it, and the second implication is that it must be taken together with the effects of all the other customs import duties which we are imposing.

Now, Sir, the last speaker has made a charge against the Government that they have some sinister motive, some desire to crush Indian industry to which they hope to give effect by imposing this duty. He has suggested that the Government have taken advantage of their need for revenue as an excuse to satisfy their hidden and nefarious design. Sir, I venture to say that any one, who reviews our programme as a whole and who takes this programme which we are now putting forward in combination with measures which have been introduced in the last two Budgets, will see at once that such a charge is a gross misrepresentation. I do not think that, if I were to take my Honourable colleague, the Commerce Member, and ask him to stand in the dock beside me, considering the amount by which we together have increased the customs import duties in the last two years on articles in which India is particularly interested, I do not think that either of us could have the slightest anxiety in meeting a charge of that kind.

Now, Sir, I would like to put to the House that they must regard our programme as a whole. If we were considering how best to produce

[Sir George Schuster.]

revenue at a time like this, and if we found that the taxation levied on the import of articles for which, according to our policy, no further protection was required, was a fruitful source of raising revenue, it would, I submit, be legitimate for us,—in fact it would be the normal course—if corresponding with those new import duties we were to impose countervailing excise duties. That would have been the normal, legitimate course which, looked at from a purely financial point of view, this Government or any other Government might have followed. We have not followed that course; we have not suggested anything of that kind. We know what the national feeling is on matters like the cotton excise duties, and I think my friend, Mr. Mody, from Bombay owes a debt of gratitude to the nation—I make no claim to it on behalf of the Government—for having saved him from a sound revenue-producing measure of that kind. If that sort of measure has not been introduced, and if the claims of industry are advanced in opposition to this tax on machinery, I suggest that it is fair to regard it as a very small burden justifiable in the same way and on the same principle by which a countervailing excise duty might have been justified. It will, I believe, in many cases operate something in the same way. I understand that one of the industries which may be most severely burdened by this imposition will be the oil industry. They require a very large quantity of consumable machinery; that is to say, machinery not required on one single occasion as capital equipment, but machinery which is worn out and which is constantly being consumed. I believe that, as far as the Burma oil industry is concerned, they will probably be the people who will be most heavily hit by this tax. I had certain figures supplied to me,—I do not know whether any of my friends on the right will correct me—but the figures supplied to me seem to indicate that for the B. O. C. this tax might be equivalent to a burden of something like Rs. 13 lakhs a year. I believe that is about correct.

Well, a good many speakers at an earlier stage in this discussion have urged the point that we ought to equalise the excise duty and the import duty on kerosene. I would ask them,—speaking according to my text that we must regard this programme of taxation as a whole,—I would ask them to take into account the very special burden which is being put upon the oil industry by this particular tax. That is a subject which no doubt will be discussed more fully at a later stage. I have only brought it in now as an illustration of the way in which we think these taxes will work, as an illustration of my point that our programme must be regarded as a whole, and by taking the argument from the analogy of an excise duty, I have brought in the point as affording some indication of the principle by which we think this particular tax ought to be judged. It is, we hope, a sound revenue-producing measure. We hope by this means to get something like Rs. 52 lakhs in the current year, and Rs. 103 lakhs next year. If that is cut out, I would ask Honourable Members to exercise their imagination as to where I am to turn to fill the gap. We can think of no better method; we think in all the circumstances as an emergency measure this is justifiable, we think it is a fairly sure measure of raising revenue, and on those grounds I have no hesitation, Sir, in opposing this amendment.

Mr. President: The question is:

"That in Part I of Schedule I to the Bill, amendment No. 3, be omitted."

The Assembly divided:

AYES 53.

Abdur Rahim, Sir.  
Aggarwal, Mr. Jagan Nath.  
Anklesaria, Mr. N. N.  
Azhar Ali, Mr. Muhammad.  
Badi-uz-Zaman, Maulvi.  
Bhuput Singh, Mr.  
Chetty, Mr. R. K. Shanmukham.  
Chinoy, Mr. Rahimtoola M.  
Das, Mr. A.  
Dudhoria, Mr. Nabakumar Sing.  
Dumasia, Mr. N. M.  
Fazal Haq Piracha, Shaikh.  
Gour, Sir Hari Singh.  
Gunjal, Mr. N. R.  
Harbans Singh Brar, Sirdar.  
Hari Raj Swarup, Lala.  
Ibrahim Ali Khan, Lt. Nawab  
Muhammad.  
Ismail Ali Khan, Kunwar Hajee.  
Isra, Chaudhri.  
Jha, Pandit Ram Krishna.  
Jog, Mr. S. G.  
Lahiri Chaudhury, Mr. D. K.  
Lalchand Navalrai, Mr.  
Liladhar Chaudhury, Seth.  
Maswood Ahmad, Mr. M.  
Misra, Mr. B. N.  
Mitra, Mr. S. C.

Mody, Mr. H. P.  
Muazzam Sahib Bahadur, Mr.  
Muhammad.  
Mujumdar, Sardar G. N.  
Murtuza Saheb Bahadur, Maulvi  
Sayyid.  
Parma Nand, Bhair.  
Patil, Rao Bahadur B. L.  
Puri, Mr. B. R.  
Ranga Iyer, Mr. C. S.  
Rastogi, Mr. Badri Lal.  
Reddi, Mr. P. G.  
Reddi, Mr. T. N. Ramakrishna.  
Sadiq Hasan, Shaikh.  
Sant Singh, Sardar.  
Sarda, Rai Sahib Harbilas.  
Sen, Mr. S. C.  
Sen, Pandit Satyendra Nath.  
Shah Nawaz, Mian Muhammad.  
Singh, Kumar Gupteshwar Prasad.  
Singh, Mr. Gaya Prasad.  
Sivaramaraju, Mr. B.  
Sukhraj Rai, Rai Bahadur.  
Talib Mehdi Khan, Nawab Major  
Malik.  
Thampan, Mr. K. P.  
Uppi Saheb Bahadur, Mr.  
Ziauddin Ahmad, Dr.  
Zulfiqar Ali Khan, Sir.

NOES 52.

Ahmad Nawaz Khan, Major Nawab.  
Allah Baksh Khan Tiwana, Khan  
Bahadur Malik.  
Azizuddin Ahmad Bilgrami, Qazi.  
Bajpai, Mr. R. S.  
Banerji, Mr. Rajnarayan.  
Bhore, The Honourable Sir Joseph.  
Cosgrave, Mr. W. A.  
Crerar, The Honourable Sir James.  
Dalal, Dr. R. D.  
DeSouza, Dr. F. X.  
Desanges, Mr. H. G.  
Dyer, Mr. J. F.  
Elliott, Mr. C. B.  
Fox, Mr. H. B.  
French, Mr. J. C.  
Graham, Sir Lancelot.  
Griffiths, Mr. G. I.  
Gwynne, Mr. C. W.  
Heathcote, Mr. L. V.  
Hira Singh Brar, Sardar Bahadur  
Captain.  
Howell, Mr. E. B.  
Ishwarsinghi, Nawab Naharsinghi.  
Jawahar Singh, Sardar Bahadur  
Sardar.  
Knight, Mr. H. F.  
Lal Chand, Honv. Captain Rao  
Bahadur Chaudhri.

Lall, Mr. S.  
Montgomery, Mr. H.  
Moore, Mr. Arthur.  
Morgan, Mr. G.  
Mukherjee, Rai Bahadur S. C.  
Noyce, Sir Frank.  
Parsons, Mr. A. A. L.  
Pelly, Major H. R.  
Rafiuddin Ahmad, Khan Bahadur  
Maulvi.  
Raghubir Singh, Kunwar.  
Rainy, The Honourable Sir George.  
Rajah, Rao Bahadur M. C.  
Rajan Bakhsh Shah, Khan Bahadur  
Makhdum Syed.  
Rama Rao, Rai Bahadur U.  
Row, Mr. K. Sanjiva.  
Sahi, Mr. Ram Prashad Narayan.  
Sams, Sir Hubert.  
Schuster, The Honourable Sir George.  
Scott, Mr. J. Ramsay.  
Stodd, Mr. E.  
Suhrawardy, Sir Abdullah.  
Sykes, Mr. E. F.  
Tait, Mr. John.  
Todd, Mr. A. H. A.  
Yakub, Sir Muhammad.  
Yamin Khan, Mr. Muhammad.  
Young, Mr. G. M.

The motion was adopted.

**Mr. B. Sitaramaraju:** I do not propose to move this amendment because I have not got the necessary permission of His Excellency the Viceroy.

**Mr. President:** If the Honourable Member wishes to move his amendment he can do so. When a point of order is raised as to whether sanction is required, the Chair will decide it.

**Mr. B. Sitaramaraju:** Sir, I wish to move. I move:

"That in Part I of Schedule I to the Bill, amendment No. 4 be omitted."

**The Honourable Sir George Rainy:** I raise the point of order that the sanction of the Viceroy is required.

**Mr. President:** I wish the Leader of the House had explained why he thinks so. The existing rate of tax is Rs. 1-4-0. The Bill proposes to reduce it to one rupee. The amendment does not propose to impose an additional burden on the people if the tax is retained at Rs. 1-4-0. The Chair wants that point to be elucidated.

**The Honourable Sir George Rainy:** I am glad that attention has been drawn to that point because it requires explanation. Under the commercial agreement which India has entered into with Greece we are precluded from levying a higher duty than Rs. 1-4-0 on currants imported from Greece, and that is the source from which the bulk of the imports come. Now, when the Bill was drafted, the question was considered how it could best be arranged to avoid making a breach of our commercial agreement by the provisions of the Bill. There were two possible ways of doing it. One was to omit currants specifically from the surcharge, but it was thought on the whole better to adopt another plan, namely, to reduce the substantive duty to one rupee and leave it subject to the surcharge. A 25 per cent. surcharge on a duty of one rupee would then restore the duty to Rs. 1-4-0, the original figure. If this amendment were now to be carried, the effect would be to raise the duty including the surcharge from Rs. 1-4-0 to Rs. 1-9-0. That would be the actual effect, and it is for that reason I have raised the point of order that the sanction of the Governor General would be required.

**Mr. President:** The Chair thinks that the question of relations with foreign countries can form the subject of argument in debate. The question of sanction has to be dealt with on its merits. The present taxation is Rs. 1-4-0. This clause proposes to reduce it to one rupee, and later on, adds a surcharge of 25 per cent. making it Rs. 1-4-0 again. It is a question for the House to decide whether they will accept these proposals or not, but the present amendment does not increase the burden on the people, and therefore the question of sanction does not arise. I should like to read out to Honourable Members the ruling which was given on the 19th March, 1923, by Sir Frederick Whyte. The point of order was raised by Sir Hari Singh Gour and it was as follows:

"May I, Sir, in this connection inquire whether if the Government proposal is for the decrease of the tax, as for instance, under clause 2 of section 3, an amendment maintaining the *status quo ante* would be in order?"

That is exactly the case on the present occasion. The President ruled:

"The existing charge is in the Indian Tariff Act as now on the Statute Book. Therefore, that item could not be held as a proposal to increase the tax."

Therefore no sanction was required.

**The Honourable Sir George Rainy:** That is certainly so if this particular entry in the Schedule is taken by itself, but when the entry in the Schedule is read with clause 4 of the Bill, then it does have the effect of increasing the taxation.

**Mr. President:** Will the Honourable the Leader of the House explain in greater detail how he arrives at this conclusion?

**The Honourable Sir George Rainy:** The present duty on currants, Mr. President, is Rs. 1-4-0. Under this particular entry in Schedule 1, the duty is reduced to one rupee. If that stood alone, I should not have a word to say or had any point of order to raise. I quite recognise that an amendment retaining the existing rate would be in order, but under clause 4 of the Bill,—

“Where any goods chargeable with a duty of customs under Part II, Part IV, Part V, Part VI or Part VII of Schedule II to the Indian Tariff Act, 1894, as amended by section 3, or under any of the said parts read with any other enactment, (when the goods are assessed to duty) there shall be levied and collected as an addition to and in the same manner as the total amount so chargeable, a sum equal to one quarter of such total amount”.

That applies to the part of the Schedule by which the duty on currants is imposed. Therefore if this amendment were carried, the substantive duty in the Schedule would remain at Rs. 1-4-0, but in addition there would be levied this 25 per cent. in addition. The sanction of the Governor General has undoubtedly been obtained to the surcharge, and this applies to everything else in the Bill as introduced, on the assumption that the substantive duty goes down to one rupee. It is for that reason I contend that, taking the two parts of the Bill together,—the entry in the Schedule and the provisions of clause 4 of the Bill,—the actual effect of this amendment would be to increase taxation. For that reason, I submit, the sanction is required.

**Sir Hari Singh Gour:** The Leader of the House might be presented with another case. We pass a certain Act levying a certain duty. The local authorities can pass another Act levying another duty and the municipality passes another bye law demanding a duty as for instance on bicycles. The net result of it could be that the subject will have to pay more duty than what we have passed. That is what is called the resultant effect of a statute, but that is not the intention of the Indian Legislature. It does not matter what the resultant effect is. If the immediate effect of an Act of the Indian Legislature is to raise the taxation, in that case and in that case only the sanction of the Governor General is required. There may be various hard cases; thus, we may pass a piece of legislation and on the top of it other authorities empowered by law may also levy surcharges, but that, I submit, would not take the case out of the jurisdiction of this House. This very point was raised, as you, Sir, have rightly pointed out, by me in 1923 when your predecessor, Sir Frederick Whyte, laid down what I submit was a correct ruling.

**Mr. R. K. Shyamkham Chetty:** Sir, as the point of order raised on this occasion involves a very important principle relating to the procedure of this House, I would like to say a word in support of the contention that my Honourable friend is perfectly entitled to move his amendment. There is no doubt that the effect of clauses 3 and 4 taken

[Mr. R. K. Shanmukham Chetty.]

together, along with this amendment, would result in an increase of the customs duty, but I would submit that we are now considering clause 3 and the Schedule referred to in clause 3. In considering a particular clause, this House cannot be influenced by what subsequently follows from that clause until this House has had an opportunity of expressing its opinion. If, Sir, in a previous clause, this House had passed the surcharge, then the contention of the Honourable the Leader of the House would be correct, but I contend that we are concerned only with the issues arising out of clause 3 and the issues arising out of the Schedule referred to in clause 3. The proposal of the Government is to reduce the existing tariff, and the amendment of my Honourable friend seeks simply to restore that duty, for which, as you have pointed out, Sir, we do not require the sanction of the Governor General. If, as a result of the passing of that amendment, the ultimate effect is to increase the burden on the taxpayer, then it is for the Honourable the Leader of the House to make the necessary arrangements under clause 4 in proper time, but in so far as we have not yet passed clause 4, I submit we are perfectly entitled to move amendments under clause 3.

**Mr. President:** The view that the Deputy President has taken is exactly the view I hold. (Hear, hear.) At present, the amendment merely proposes to restore the duty which exists at present, and therefore, no sanction of the Governor General is required. If this amendment is carried, it will be open to Government when clause 4 is reached to move an amendment eliminating the surcharge on this item. I should like to remind Honourable Members, that the only issue is whether this amendment can be considered by the House without the previous sanction of the Governor General. The Chair holds that the House is perfectly entitled to do so. If the House decides to pass the amendment and restores the tax to Rs. 1-4, it will be open to Government to move an amendment that this item should be excluded from the proposed surcharge. The question concerns the rights and privileges of the House, and the Chair is clearly of the opinion that this amendment is quite in order. (Loud Applause.)

**Mr. B. Sitaramaraju:** Sir, in moving this amendment, I wish to make it clear that my object is mainly to elicit information as regards the foreign relationship of the Government of India with the country which supplies the currants. When I tabled this amendment which proposes to lower the duty, I thought there might be a discrimination which would not be justified. Since then I have had an opportunity of discussing the matter with the other side and I have come to the conclusion that there are agreements between our Government and foreign Governments on which we should be enlightened so that we may appreciate the point of view of the Government in this matter. Sir, with these few words, I move this amendment, namely:

"That in Part I of Schedule I to the Bill, amendment No. 4 be omitted."

**Mr. T. N. Ramakrishna Reddi:** Sir, hitherto the Government have been saying that they have to impose additional taxation in order to meet the present deficit, but here I do not see any reason why they should reduce a duty which is already there. So, for the purposes of their own revenues, I propose that there should be no reduction in the existing duty.

**The Honourable Sir George Rainy:** Sir, I only desire to speak very briefly upon this amendment. There is no intention on the part of Government that this duty should be reduced. Our intention is that the duty should remain exactly at its present figure. I gather that that is also the desire of my Honourable friends. They also desire that it should remain at its present figure. Of course it is possible that the House may decide, when clause 4 comes before it, that there should be no surcharge at all. I hope the House will not decide to that effect, though I cannot but recognize that there is this possibility. But I can assure my Honourable friend that, while we are anxious to maintain the position into which we have entered by the agreement with the Government of Greece, that the duty shall not be increased beyond Rs. 1-4, if, owing to the rejection of clause 4 by this House, we found we were getting the duty on currants at a lower rate, then I am quite certain my Honourable friend, the Finance Member, would be most willing and anxious to get back the revenue which had inadvertently been lost. I will not enlarge on the point—indeed there are not the materials for entering into a long argument about this question—but I should like to ask my Honourable friend whether it is really worth while making very heavy weather about a rather small point (Hear, hear). I should be quite prepared to say that if, owing to any concatenation of circumstances, it seemed likely that these currants were likely to escape the duty of Rs. 1-4, Government would be prepared to take steps to restore it.

**Mr. B. Sitaramaraju:** I wish, Sir, to ask for leave to withdraw the amendment.

**Mr. President:** The Honourable Member wishes to ask for the leave of the House to withdraw his amendment.

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

The Assembly then adjourned till Eleven of the Clock on Saturday, the 14th November, 1931.