

Saturday, 1st September, 1934

THE  
COUNCIL OF STATE DEBATES

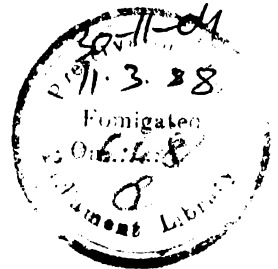
VOLUME II, 1934

*(8th August to 6th September, 1934)*

EIGHTH SESSION

OF THE

THIRD COUNCIL OF STATE, 1934



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## COUNCIL OF STATE.

*Saturday, 1st September, 1934.*

The Council met in the Council Chamber at Viceregal Lodge at Half Past Ten of the Clock, the Honourable the President in the Chair.

### QUESTIONS AND ANSWERS.

#### DETENUS IN THE DEOLI CAMP JAIL.

148. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE:

(a) Will Government be pleased to state the condition of health of detenus Basanta Kumar Roy, Subodh Chandra Mukherjee, Rakhal Chandra Dutt and Subodh C. Mullick, all of Dacca, now confined in the Deoli Detention Camp?

(b) Will Government be pleased to state the reason or reasons for the silence of these detenus for over a month and a half or thereabout, during the months of June and July, 1934, although their parents, relatives and guardians wrote several letters to them?

(c) Was any one of them ill during that period? If so, who and what was the nature of the disease and how long was he confined to bed?

THE HONOURABLE MR. M. G. HALLETT: (a) Detenu Rakhal Chandra Dutt is not confined in the Deoli Camp Jail. The other detenus mentioned are in good health.

(b) The detenus stopped sending letters as a protest against an order under which they are required to attach slips to their correspondence giving the full names, addresses and relationship of the addressee.

(c) The answer to the first part is in the negative. The second part does not arise.

#### DETENUS IN THE DEOLI CAMP JAIL.

149. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE:

(a) Will Government be pleased to state if the Commandant, Deoli Detention Camp, received a wire from Babu Janendra Kumar Roy of Dacca, the father of detenu Basanta Kumar Roy of camp III of the said Detention Camp on 26th June last requesting the Commandant to write to the father of the detenu immediately how the detenu was doing? If so, why was not that wire replied to in writing and the request of the detenu's father not complied with by the Commandant?

(b) Will Government be pleased to state whether instructions have been issued by them to the Commandant, Deoli Detention Camp, to inform the parents and guardians of the detenus confined there of the condition of their health whenever asked for, even by "Bearing letters" in the cases where the

poor parents and guardians of the detenus can not afford to pay the "pre paid" telegram charges?

THE HONOURABLE MR. M. G. HALLETT : (a) Yes, a telegram was received from the father of detenu Basanta Kumar Roy which was replied to in due course by the Superintendent of the Deoli Camp Jail, when the detenu on being asked to write to his father did not do so.

(b) Enquiries from parents concerning the health of detenus are answered by the Commandant by registered post and the cost of the postage is debited to the personal account of the detenu concerned. In cases of serious illness near relatives are invariably informed both direct and through the district magistrate of the district in which they reside.

#### DETENUS IN THE DEOLI CAMP JAIL.

150. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :

(a) How many separate camps are there in the main Detention Camp at Deoli ?  
(i) Is there any division of classes among the detenus ? (ii) If so, how many of them are getting first class treatment and how many are getting second and third class treatment ?

(b) Is it a fact that the pocket allowance of Rs. 15 (fifteen) only per month to the detenus of camp II has been cut down to Rs. 10 (ten) only per month ? If so, why, and with effect from what date ?

(c) Have Government received any application or applications from any or some of the detenus of the said camp protesting against this reduction of the pocket allowance ? If so, what action has been taken in the matter ?

(d) Is it a fact that as a protest against the reduction of pocket allowance the detenus in No. III camp went on hunger-strike for some days ?

(e) If so, will Government be pleased to make a detailed statement on the subject ?

THE HONOURABLE MR. M. G. HALLETT : (a) There are five separate camps in the Deoli Jail. There is no division of classes among the detenus.

(b) The personal allowance of the detenus in the Deoli Camp Jail was reduced from Rs. 16 to Rs. 11 a month from the 1st August, 1934, following a similar reduction in the case of detenus confined in Bengal.

(c) A joint representation on behalf of all detenus protesting against the reduction was sent by the Chief Commissioner, Ajmer-Merwara, to the Government of Bengal on the 16th August.

(d) No.

(e) Does not arise.

#### DETENUS IN THE DEOLI CAMP JAIL.

151. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :

(a) What is the present condition of health of detenu Barindra Roy, son of Babu Rajendra Roy, Pleader of Dacca ? Was he of late suffering from any disease of the stomach ?

(b) If so, how long did he suffer and were his parents informed of their son's ailment ?

THE HONOURABLE MR. M. G. HALLETT : (a) Detenu Barindra Chandra Roy has been under medical treatment for nearly three months for vague abdominal symptoms and loss of weight. He has been twice x-rayed but no organic disease has been found. Orders have recently issued for his re-transfer to Bengal.

(b) The Superintendent has written to his father on two occasions informing him of his son's condition.

#### DETENUS IN THE DEOLI CAMP JAIL.

152. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :

(a) What is the present condition of health of detenu Sachish Chandra Sarkar of Gandaria, Dacca ?

(b) Is it a fact that he had of late an attack of appendicitis ? If so, was there any operation of his appendicitis ?

(c) Was any of his relatives allowed to remain by his bedside at the time of the operation ?

(d) When were his relatives informed of his illness ?

(e) What is the present weight of detenu Sachish Chandra Sarkar ?

THE HONOURABLE MR. M. G. HALLETT : (a) He is in good health.

(b) He had a mild attack of appendicular pain on the 21st April, 1934. No operation was deemed necessary.

(c) Does not arise.

(d) On the 22nd April, 1934, by telegram.

(e) His present weight is 154 lbs. as against 152 lbs. on his arrival at Deoli.

It will be seen from the replies which I have given to the Honourable Member's series of questions that there is no foundation for the suggestion that the prisoners are ill. As has been mentioned in the replies I have given, information is given to the near relatives both direct and through the district magistrate in the case of serious illness, and in other cases if enquiries are made from the Superintendent. I venture to suggest that it would be more suitable if the Honourable Member would enquire from me personally instead of asking these questions in the Council as they tend to create a false impression in certain quarters.

#### NUMBER OF DETENUS IN THE DEOLI CAMP JAIL.

153. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE :

(a) What is the total number of detenus at present confined in the Deoli Detention Camp ? (i) Are they all Bengalis ? (ii) Are there any non-Bengali detenus also at the Deoli Detention Camp ? If so, how many ?

(b) Is it a fact that a detention camp is being erected at Nasik for accommodating a number of Bengali detenus ? If so, at what cost ? Will the Central Government or the Government of Bombay bear the cost ?



(a) Will Government be pleased to state the reasons for erecting a detention camp at Nasik ?

THE HONOURABLE MR. M. G. HALLETT : (a) There are at present 496 detenues in the Deoli Camp Jail all of whom are Bengalis.

(b) No.

(c) Does not arise.

#### SUPPLY OF COPIES OF THE WHITE PAPER TO THE DETENUS AT THE DEOLI CAMP JAIL.

154. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : (a) Have Government ever tried to gauge and ascertain the views of prominent detenues at Deoli by presenting them with or allowing them to read the White Paper proposals on the coming Indian Constitutional Reforms ?

(b) Are Government considering the question of the wholesale release of detenues in the near future ?

THE HONOURABLE MR. M. G. HALLETT : (a) No.

(b) The detenues have been detained because Government are satisfied that their release would strengthen the terrorist movement and so long as those conditions exist there can be no question at all of their release.

#### BAN ON THE RED SHIRTS ORGANIZATION IN THE NORTH-WEST FRONTIER PROVINCE AND THE RELEASE OF KHAN ABDUL GHAFFAR KHAN.

155. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : (a) Are Government aware that the " Red Shirts " or " Khudai Khidmatgars " (the servants of God) in the North-West Frontier Province are a part of the Congress movement ? If so, why has the ban on the " Red Shirts " not yet been lifted ?

(b) Do Government propose to release Khan Abdul Ghaffar Khan, popularly known as the " Frontier Gandhi " ?

THE HONOURABLE MR. M. G. HALLETT : (a) I would refer the Honourable Member to the answer given by me in this House on the 8th August, 1934, to the Honourable Rai Bahadur Lala Mathura Prasad Mehrotra's question No. 11 and to the supplementary questions asked in connection therewith.

(b) Khan Abdul Ghaffar Khan has been released from Hazaribagh Jail. He will not however be allowed to enter the Punjab or the North-West Frontier Province.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : A supplementary question, Sir. Are Government aware that the said Frontier Gandhi is proposing to pay a visit to Santiniketan in Bengal ? If so, for what purpose ?

THE HONOURABLE THE PRESIDENT : What connection has it with your question and the Honourable Member's reply ? I can not allow it. Will you proceed further ?

RETURN OF CONGRESS PROPERTY SEIZED BY GOVERNMENT.

156. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE : How many Congress libraries, buildings, etc., in India, forfeited by Ordinances have been restored to the Congress since the lifting of the ban on the Congress and the abandonment of the civil disobedience movement ? Will Government be pleased to state their number, province by province ?

THE HONOURABLE MR. M. G. HALLETT : I have some difficulty in appreciating what information the Honourable Member requires. Under the Indian Criminal Law Amendment Act, 1908, as amended by Act XXIII of 1932, immoveable property such as buildings notified under section 17A is not forfeited to Government but is returned when the notifications cease to be in force, that is to say, when the notification declaring the association to which the building belongs to be unlawful is cancelled. Moveable property may have been forfeited to Government under the provisions of section 17B of that Act and, if so forfeited, is not restored.

AMANAT WASIKAS.

157. THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : (a) Is it a fact that the Amanat Wasikas are trust and their proprietary rights vest in the (beneficiaries) Wasikadars and not in Government ?

(b) Is it a fact that Her Highness the Bahu Begum's minister, Raja Darab Ali Khan, delivered a property worth ninety-nine lakhs, forty-eight thousand and nine hundred and sixteen rupees consisting of sixty-five lakhs of rupees in cash and the remainder in jewels ?

(c) Is it a fact that just after the Mutiny in Oudh the Judicial Committee presided over by the Judicial Commissioner and advised by the Advocate General decided that Government was responsible for the whole of ninety-nine lakhs, forty-eight thousand and nine hundred and sixteen rupees and that the Government of India concurred with its findings ?

(d) Is it a fact that the interest accruing thereof was meant as pension for beneficiaries, i.e., grantees and to their heirs and successors, "Shanwa Warshanshan" as given in Aitchison's Treaties, Oudh number ?

(e) Is it a fact that there is no provision for the exclusion of collateral heirs in the absence of lineal heirs in the original deed of trust as given in Aitchison's Treaties ?

(f) Is it a fact that Government guaranteed the above said provision most solemnly ?

(g) Is it a fact that Darab Ali Khan was appointed executor for carrying out the wishes of Her Highness the Bahu Begum and that he was empowered with special powers which ran thus : " Whose recommendations and suggestions shall be received and attended to ", as given in Aitchison's Treaties ?

(h) Is it a fact that Raja Darab Ali Khan, originally a Hindu, is described in the original deed of trust as Her Highness' trusted servant, a public officer and faithful minister in the pages of Aitchison's Treaties ?

## RAJA DARAB ALI KHAN.

158. THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : (a) Is it fact that Darab Ali Khan left a will in favour of his real brother Raja Bodh Singh making him his heir and successor to all his property including his Wasika of four thousand rupees per month with a recommendation to the then Resident, General Monkton, dated the 7th Shawal 1233 A. H. for continuance of his Wasika to his brother ?

(b) Is it a fact that only a part of the Wasika of Darab Ali Khan amounting to a sum of five hundred rupees per month was issued to his brother for generation after generation ?

(c) Is it a fact that the hereditary nature of the Wasika of Raja Bodh Singh was confirmed by the re-grant of 28th July, 1841, by Colonel John Lowe, the then Resident ?

(d) Is it a fact that in 1871 under G. O. 1614 the Wasika of Raja Bodh Singh was held hereditary ?

(e) Is it a fact that on the alleged re-examination of the case of Bodh Singh's family no information was given to the family and that it had no opportunity to defend its rights and rebut the allegations and to produce *sanads* ?

(f) Is it a fact that the case was referred to in Sadik Ali Khan's case ?

## RAJA BODH SINGH.

159. THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : (a) Is it a fact that the reply given by the Secretary, Foreign and Political Department of the Government of India to letter No. 2532 of the Chief Commissioner of Oudh, November, 1874, in Sadik Ali Khan's case with reference to Bodh Singh's family runs thus :—" The Bodh Singh's family's case is a special one. They have re-grant. Their case will be governed by the terms of the re grant. If there is nothing to show in the terms of re grant to be hereditary their Wasika will also be resumed ".

(b) Do Government know of the re-grant ?

(c) Will Government be pleased to lay a copy of the re-grant on the table ?

## RAJA DARAB ALI KHAN.

160. THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : (a) Is Government aware of the double nature of the pension of Darab Ali Khan as given in Aitchison's Treaties, etc., which, runs thus :—" To Darab Ali Khan who has served me most faithfully and obediently to my entire satisfaction, the Tuppeh of Rokha, in my original jagir of Salone in jagir or an allowance in money per mensem of Rs. 4,000 ".

(b) Is it a fact that the income of Tuppeh of Rokha exceeds over a lakh per year ?

THE HONOURABLE MR. R. E. L. WINGATE : With your permission, Sir, I will answer questions Nos. 157 to 160 together. The information is being collected and will be communicated to the Honourable Member in due course.

PRIVATE SECRETARY TO THE VICEROY'S PRESS.

161. THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA: 1. Is it a fact that the administrative posts of the superintendent, clerk and section-holder are held by Muhammadans in the Private Secretary to the Viceroy's Press? Why did none of these go to either Hindus or Sikhs?

2. (a) Is it a fact that the present Superintendent and the Press clerk were recruited from the Government of India Press, Simla? If so, why?

(b) Do Government propose to appoint a Hindu to one of these responsible posts in the next first vacancy?

THE HONOURABLE MR. D. G. MITCHELL: 1. and 2. (a) Out of the three posts mentioned, that of the Superintendent of the Press only is an administrative post. The present incumbent was selected in 1930, as he was considered to be the best out of the candidates for the post. The section holder was promoted to his present post in 1933, in view of his seniority, and the clerk was recruited from the Simla Press as he possessed the requisite qualifications and experience. All the incumbents of the three posts happen to be Muslims.

2. (b) The point raised by the Honourable Member will be given due consideration when a vacancy occurs but a decision in the matter will depend on the position, requirements and circumstances prevailing at the time the vacancy is to be filled.

PRIVATE SECRETARY TO THE VICEROY'S PRESS.

162. THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA: (a) Is it a fact that one Taj Muhammad is at present serving as a compositor in the Private Secretary to the Viceroy's Press? Was he detected by Captain Dring, the late Assistant Private Secretary to His Excellency the Viceroy opening a private shop in Government House?

(b) Is it a fact that Captain Dring reported this fact to the present Superintendent of the Press?

(c) Is it a fact that the said shop was put up for auction in the Press under the order of the late Assistant Private Secretary to His Excellency the Viceroy and was purchased by one of the press employees?

(d) Was the maintenance of such a shop in the office by a Government servant against the Government Servants' Conduct Rules? If so, what punishment was Taj Muhammad awarded by the Private Secretary to the Viceroy's Office?

THE HONOURABLE MR. D. G. MITCHELL: (a) to (d). The answer to the first portion of part (a) is in the affirmative. As regards the other parts I have no information.

PRIVATE SECRETARY TO THE VICEROY'S PRESS.

163. THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA: (a) Is it a fact that two years ago one Manzur Muhammad of the

Private Secretary to the Viceroy's Press went on leave for a short period ? Did he extend his leave upon medical certificate granted by a retired Government doctor ?

(b) Was Manzur Muhammad ordered to produce a medical certificate from the Civil Surgeon, Agra ? Did he produce the certificate ?

(c) Did not the Superintendent of the Private Secretary to the Viceroy's Press accept the Civil Surgeon's certificate and after Manzur Muhammad's return from leave ordered him to appear before the Household Surgeon for further examination ? Was Manzur Muhammad examined for three consecutive days in the hospital and found sick ?

(d) If the answers are in the affirmative, why did not the said Superintendent accept the Civil Surgeon's certificate and why was the said Manzur Muhammad further examined for three consecutive days in the hospital ?

THE HONOURABLE MR. D. G. MITCHELL : (a) Yes.

(b) Mr. Manzur Muhammad applied for a second extension of leave and was asked to produce a medical certificate from the Civil Surgeon, Agra, which he did.

(c) The certificate was accepted. On return from medical leave Mr. Manzur Muhammad was required, under the rules, to submit a fitness certificate and he was sent to the Viceregal Surgeon for examination. He attended the dispensary for three days under the orders of the Surgeon at the end of which he was reported fit for rejoining duty.

(d) Does not arise.

#### PRIVATE SECRETARY TO THE VICEROY'S PRESS.

164. THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Is it a fact that the late Assistant Private Secretary to His Excellency the Viceroy Captain Dring, condemned Fazal Muhammad for the compositor's post ? Is it a fact that after Captain Dring left this office the Press Superintendent arranged to appoint Fazal Muhammad again ?

THE HONOURABLE MR. D. G. MITCHELL : No.

#### EXTENSIONS TO GOVERNMENT SERVANTS' IN THE OFFICES OF THE MILITARY SECRETARY TO THE VICEROY AND THE COMPTROLLER, VICEREGAL HOUSEHOLD, AND IN THE PRIVATE SECRETARY TO THE VICEROY'S PRESS.

165. THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : (a) Will Government kindly place on the table the establishment list of the Offices of Military Secretary to the Viceroy, Comptroller and Private Secretary to the Viceroy's Press showing the names of the staff with their respective amount of services ?

(b) Is it a fact that Government intend to grant certain Government servants in these offices who have completed their services further extensions ? If the answer is in the negative, when will these Government servants retire and their places be filled by others ?

THE HONOURABLE MR. M. G. HALLETT : (a) I regret that a copy of the establishment list cannot be placed on the table, as such compilations are intended for departmental use only.

(b) I invite the attention of the Honourable Member to rule 56 of the Fundamental Rules, which is to the effect that ministerial officers should ordinarily be retained in service till the age of 60 years, if efficient. The provisions of this rule are strictly followed in the offices in question.

TECHNICAL POSTS IN THE GOVERNMENT OF INDIA SECRETARIAT AND ITS ATTACHED OFFICES.

166. THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : (a) Is it a fact that during 1930-32 a few technical posts were created in the Government of India Secretariat and Attached Offices ? If so, were these posts filled up either through the Public Service Commission or direct by the Departments ?

(b) Will Government kindly place on the table a statement showing the names of such candidates—both qualified and non-qualified—with their respective qualifications for giving them preferences ?

(c) Are these posts still in existence or were these retrenched in the retrenchment scheme of 1931-32 ? If abolished, were the retrenched candidates subsequently re-employed in their ex-departments on the next immediate vacancy under the order of the Home Department to give first preference to the retrenched hands ? If so, how many and where ? If not, how many yet remain unprovided and why ?

(d) Is it a fact that some unqualified candidates were recruited on technical grounds direct by the departments on the clear understanding that they would be made permanent and confirmed when their probationary period for six months expired ? If so which are those departments ? Were such candidates made permanent ? If not, why ? Why were they not sent back to their respective offices to maintain their jobs ?

(e) Is it a fact that they lost jobs in both offices and that they are still left unemployed ?

(f) Is it a fact that the Public Service Commission registers the names only of those candidates who were recruited through them and not of those candidates who were recruited by the departments direct on technical grounds and were not regularly qualified ? If so, why ?

THE HONOURABLE MR. M. G. HALLETT : (a), (b) and (c). I lay on the table a statement giving the information desired. As will be seen therefrom, the latter portions of part (c) do not arise.

(d) The reply to the first part is in the negative, and the other parts do not therefore arise.

(e) Does not arise in view of the reply to part (d).

(f) In addition to the list of persons recruited through the Public Service Commission, the Commission also maintain a list of qualified persons retrenched from offices which do not recruit through them.

*Statement showing the names, etc., of candidates recruited to technical posts created in the Government of India Secretariat and its Attached Offices during the years 1930-32.*

Name of Department of Office.	No. of technical posts.	Name of candidate appointed.	Designation of the post.	Whether qualified or unqualified.	Qualifications.	Whether still in existence or was abolished.	Manner in which the post was filled.
Imperial Council of Agricultural Research.	4	(1) Mr. Mohd. Shafi	Librarian	Unqualified..	B.A., LL.B.	Still in existence *	<p>* The candidates were recruited through the Public Service Commission.</p> <p>† Was employed in the Publication Branch, Imperial Institute of Agricultural Research, Pusa, and was transferred to the Imperial Council of Agricultural Research consequent on the transfer of that Branch to the Imperial Council of Agricultural Research.</p> <p>‡ A few of the existing posts the isthmus of which were required to possess special qualifications were removed from the ordinary cadre and classified as "special" posts. Vacancies which occurred in some of</p>
		(2) Mr. P. S. Sundaram.	Assistant-in-charge, Publication Section.	Do. ..	B.A., M.Sc.	Do.*	
		(3) Mr. M. Y. Burrey.	Clerk, Publication Section.	Qualified ..	B. Sc.	Do.*	
		(4) Mr. V. Padmanabhan.	Do. ..	Unqualified..	B.A.	Do.†	
Legislative ..	3	(1) Mr. M. B. Ghose	Head of the Printing Branch.	Qualified ..	Expert proof reader with eight years' experience of the special requirements of the Department in regard to the reading of proofs of Bills, Regulations and Ordinances.	Do.‡	

	(2) Mr. E. P. J. De Sousa.	Clerk, Solicitor's Branch.	Unpassed.	Special knowledge of the work in a Solicitor's Office, and 11 years' experience in the Office of the Solicitor to the Government of Bombay.	Do.†	..	these posts after their conversion into 'special' posts were filled by the nominees of the Department with the concurrence of the Public Service Commission.
	(3) Mr. N. H. Ansari.	Translator	Do.	M. A. in Persian and B.T. and B.A. with Honours in Persian.	Do.†	..	
Education, Health and Lands.	4 Mr. Abdus Subhan	Assistant Librarian	Do.	B.A., F.L.A. Holds a diploma in Library Science and has had many years' experience of Library work.	Do.§	..	§ Recruited through the Public Service Commission. (N.B.—One post of Librarian and three of Assistant Librarian were converted into special posts in 1931 and were held by their former incumbents. A vacancy occurred in 1932 and was filled as indicated).
Director of Civil Aviation.	1 Mr. M. A. H. Chowdhury.	Commercial Accountant.	Do.	F.C.I. (Birm.), A.C.R.A. (Glasgow).	Not in existence.	..	¶ The post was created temporarily for the period 15th June, 1931 to 29th March, 1932 on which date the incumbent's services were terminated. The Public Service Commission were not consulted in filling the post.



PERCENTAGE OF ANGLO-INDIANS AND EUROPEANS ON THE STATE RAILWAYS.

167. THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : (1) Will Government be pleased to state the percentage of Anglo-Indians and Europeans to the total strength of staff on each of the State Railways ?

(2) What is the percentage of grant given to the Anglo-Indian and European employees for the education of their children and recreation to the total grant given to the staff from the staff welfare funds on each State Railway ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (1) I would invite the Honourable Member's attention to Appendix " C," Volume II of the " Report by the Railway Board " for 1932-33 which contains the latest information available with Government.

(2) Government have no information. The rules do not lay down any definite proportion.

RAILWAY STAFF BENEFIT FUND ON STATE RAILWAYS.

168. THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : (a) Will Government be pleased to state whether it is the practice that grants from the staff welfare funds are distributed in proportion to the strength of each community on the muster roll of each State Railway or with a partiality to the lower paid staff ? If not, why ?

(b) Is Government aware that there is a widespread feeling amongst Indian railway employees that the public funds are administered only in the interest of the European and Anglo-Indian employees and are in the nature of subsidy to them ?

THE HONOURABLE SIR GUTHRIE RUSSELL : (a) No. Payments from the Staff Benefit Fund are controlled by a committee under rule 3 of the Rules of the Railway Staff Benefit Fund for State-managed Railways, a copy of which is already in the Library of the House.

(b) No. The committee has power to expend money from the fund only on the objects laid down in rule 8 of the rules referred to above.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : May I know the personnel of the committee that controls the fund ?

THE HONOURABLE SIR GUTHRIE RUSSELL : The committee is elected or nominated from the railway staff. There are Indians on it and there are Europeans. I cannot tell you the exact number of Indians and Europeans.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Is there a majority of Indians ?

THE HONOURABLE SIR GUTHRIE RUSSELL : I think there is a majority of Indians on most railways.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : Will the Government make inquiries whether there is a majority in the committee or not ?

THE HONOURABLE SIR GUTHRIE RUSSELL : No.

**RAILWAY STAFF BENEFIT FUND ON STATE RAILWAYS.**

169. **THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA :** (a) Is it a fact that all fines realised from the staff go into the staff benefit fund ?

(b) Is it a fact that most of the fines are paid by Indian employees on the State Railways ?

(c) If the answers to parts (a) and (b) are in the affirmative, will Government be pleased to state the reasons for not giving most of the benefit to the Indian staff ?

**THE HONOURABLE SIR GUTHRIE RUSSELL :** (a) Yes.

(b) As a very large majority of employees on State Railways are Indians, it is very likely that this is so.

(c) I do not know what reasons my Honourable friend has for assuming that this is not the case at present. The fund can be used only for the benefit of railway employees, and as I have already pointed out, a very large majority are Indians.

**THE HONOURABLE MR. HOSSAIN IMAM :** Will the Government inquire if the major part is being spent on the Indian staff or not ?

**THE HONOURABLE SIR GUTHRIE RUSSELL :** No, I do not think so.

**IMPOSITION OF FINES ON STATE RAILWAYS.**

170. **THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA :** (a) Is it a fact that a policy is laid down by Government not to impose fines on the clerical and subordinate staff on State Railways ? If so, how far is this policy followed in practice ?

(b) Is Government aware that out-door clerical and subordinate staff is still being fined ? If so, do Government propose to make necessary enquiries and abolish the practice ?

**IMPOSITION OF FINES ON STATE RAILWAYS.**

171. **THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA :** (a) Is Government aware that the infliction of fines during the cut in salaries causes great hardship to the low paid clerical staff ?

(b) Do Government propose to stop the practice till the cut is restored ?

**THE HONOURABLE SIR GUTHRIE RUSSELL :** With your permission, Sir, I propose to reply to questions Nos. 170 and 171 together. The policy of the Railway Board in this matter was laid down in paragraph 3 of their letter No. 1023-E., dated the 25th August, 1925, as follows :

"The system of punishing by fines has already been abolished on State Railways in respect of clerical and office staffs, but it still remains in force in respect of the remaining staff. The Government of India recognise the difficulty of maintaining discipline among the large staff of employees, many of whom are ignorant and illiterate men, and of punishing breaches of rules (many of which are concerned with the safety of the public) slackness, carelessness, absenteeism and the like, without resort to a system of fines, and they are aware that the fines are credited not to the Railway Administration but to separate fine funds. But they trust that Railway Administrations will make

a careful survey of the various offences, at present punishable by fines, with the object of gradually reducing fines as much as possible so as to eliminate avoidable hardship".

Government do not propose to make any change.

**FINANCIAL CONDITIONS UNDER WHICH THE INDIAN ARMY WAS EMPLOYED IN THE GREAT WAR.**

172. THE HONOURABLE MR. HOSSAIN IMAM : Will Government lay on the table the correspondence with the Secretary of State for India relating to the employment of the Army in India in the Great War and state the basis of the financial conditions relating thereto ?

HIS EXCELLENCY THE COMMANDER-IN-CHIEF : Government are not prepared to lay on the table the correspondence on the subject. The information required by the Honourable Member is embodied in the Resolutions passed by the Houses of Parliament on 16th September, 1914 and 26th November, 1914, copies of which are laid on the table.

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*Resolution passed by both Houses of Parliament, 16th September, 1914.*

That His Majesty having directed a military force consisting of British and Indian troops, charged upon the revenues of India, to be despatched to Europe for service in the war in which this country is engaged, this House, in compliance with section 55 of the Government of India Act, 1858, consents that the ordinary pay and other ordinary charges of any troops so despatched, as well as the ordinary charges of any vessels belonging to the Government of India that may be employed in this expedition which would have been charged upon the resources of India if such troops or vessels had remained in that country or seas adjacent shall continue to be so chargeable, provided that if it shall be necessary to replace the troops or vessels so withdrawn by other vessels or forces, then the expense of raising, maintaining, and providing such vessels and forces shall be repaid out of any moneys which may be provided by Parliament for the purposes of the said expedition.

*Resolution passed by the House of Commons, 26th November, 1914.*

That, His Majesty having directed military forces charged upon the revenues of India to be despatched out of India for service in the war in which this country is engaged, this House consents that the ordinary pay and other ordinary charges of any troops so despatched, or that may be so despatched during the continuance of the war, as well as the ordinary charges of any vessels belonging to the Government of India that may be employed in these expeditions which would have been charged upon the resources of India if such troops or vessels had remained in that country or seas adjacent, shall continue to be so chargeable provided that, if it shall be necessary to replace the troops or vessels so withdrawn by other vessels or forces, then the expense of raising, maintaining and providing such vessels and forces shall be repaid out of any moneys which may be provided by Parliament for the purposes of the said expeditions.

*Resolution passed by the House of Lords, 26th November, 1914.*

That His Majesty, having directed military forces charged upon the revenues of India to be despatched out of India for service in the war in which this country is engaged, this House in compliance with section 55 of Government of India Act, 1858, consents that the ordinary pay and other ordinary charges of any troops so despatched, or that may be so despatched during the continuance of the war, as well as the ordinary charges of any vessels belonging to the Government of India that may be employed in these expeditions which would have been charged upon the resources of India if such troops or vessels had remained in that country or seas adjacent, shall continue to be so chargeable, provided that, if it shall be necessary to replace the troops or vessels so withdrawn by other vessels or forces, then the expense of raising, maintaining and providing such vessels and forces shall be repaid out of any moneys which may be provided by Parliament for the purposes of the said expedition.

PROVIDENT FUND OF CURRENCY OFFICES.

173. THE HONOURABLE SARDAR SHRI JAGANNATH MAHARAJ PANDIT : Have Government taken any measures to improve the conditions of the Provident Fund of the staff in the Currency Offices in India ? If not, why ?

THE HONOURABLE SIR ALAN PARSONS : I would invite the attention of the Honourable Member to the information laid on the table of the Legislative Assembly on the 12th of December, 1933, in reply to question No. 1090, asked by Mr. Lalchand Navalrai.

JURISDICTION OF THE SUPERINTENDENT OF POST OFFICES, LOWER ASSAM DIVISION.

174. THE HONOURABLE SRIJUT HERAMBA PROSAD BARUA : (a) Will Government be pleased to state the jurisdiction of the Superintendent of Post Offices, Lower Assam Division ?

(b) Is it a fact that according to the rules of the Department, the headquarters of a Superintendent of Post Offices should be centrally located ?

(c) Is it a fact that the headquarters of the Superintendent of Post Offices Lower Assam Division, have been removed from Gauhati to Shillong ?

(d) Is it a fact that the people of Goalpara, Kamrup, Nowgong and Darrang districts have been put to inconvenience by the removal of the office from Gauhati to Shillong ?

(e) Is it a fact that there is a waste of two days' time and that unnecessary expenditure is incurred every time for the journeys from Shillong to Gauhati and *vice versa* whenever the Superintendent goes on tour to the districts within his jurisdiction ?

(f) Is it a fact that the staff of the Superintendent's office has been put to difficulties by this removal of office and that they have applied for hill allowance ?

(g) Will Government be pleased to state how the buildings previously occupied by the Superintendent as his quarters and the office buildings at Gauhati have now been utilised ?

(h) Is it a fact that the building now occupied by the Superintendent was formerly used as the quarters of the Deputy Postmaster General, Assam Range ? Why was it not allotted to the Divisional Engineer of Telegraphs, who has no quarters at Shillong ?

HEADQUARTERS OF THE SUPERINTENDENT, LOWER ASSAM DIVISION.

175. THE HONOURABLE SRIJUT HERAMBA PROSAD BARUA : Will Government be pleased to state whether they are reconsidering the question of reshifting the headquarters of the Superintendent of Post Offices, Lower Assam Division, to their former place at Gauhati ? If not, why not ?

THE HONOURABLE MR. D. G. MITCHELL : With your permission, Sir, I propose to deal with questions Nos. 174 and 175 together.

*Question No. 174—*

(a) The jurisdiction of the Superintendent of Post Offices, Lower Assam Division, comprises the Dhubri, Gauhati, Nowgong, Shillong and Tezpur head post offices and the sub and branch offices in the accounts jurisdiction of those head offices.

(b) Yes.

(c) The fact is as stated, but I should explain that the term "central" has an administrative as well as geographical significance in deciding the location of a Superintendent's headquarters.

(d) to (h). Government have no information, but a copy of the question and this reply is being sent to the Postmaster General, Bengal and Assam, who is competent to deal with the matters referred to.

*Question No. 175—*

Does not arise in view of the replies just given to parts (b) and (c) of the Honourable Member's question No. 174.

**EXPORTS OF TEA NOT CARRYING EXPORT RIGHTS TO PERSIA BY LAND AND TO THE PERSIAN GULF THROUGH KATHIAWAR AND CUTCH.**

176. THE HONOURABLE SRIJUT HERAMBA PROSAD BARUA: (a) Will Government be pleased to state whether considerable quantities of tea, not carrying export rights under the Indian Tea Control Act, have been exported from India's frontier to Persia *via* Nok-Kundi and Zahidan? If so, have Government taken effective steps to stop this by bringing it immediately under the strict control of the Customs authorities?

(b) Will Government be pleased to state whether considerable quantities of similar tea have also been exported from Kathiawar and Cutch States to the Persian Gulf? If so, do Government propose to make some immediate arrangement with the authorities of these States to permit shipment of tea only on the production of a licence issued by the Indian Tea Licensing Committee?

THE HONOURABLE MR. T. A. STEWART: (a) and (b). The Government of India have received representations to this effect from the Indian Tea Licensing Committee and have under consideration the question of controlling exports of tea through these channels.

THE HONOURABLE SAIYID RAZA ALI: Sir, will you be pleased to allow the two questions standing against my name to be put on Wednesday, 5th September, instead of today?

THE HONOURABLE THE PRESIDENT: You want to reconsider your questions?

THE HONOURABLE SAIYID RAZA ALI: Yes, Sir.

THE HONOURABLE THE PRESIDENT: I will allow it.

**TRANSFER OF THE IMPERIAL INSTITUTE OF AGRICULTURAL RESEARCH FROM PUSA TO DELHI.**

177. THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: (a) Is it a fact that the proposed transfer of the Imperial Institute of

Agricultural Research from Pusa to Delhi will necessitate the acquisition of a thousand acres of land near Delhi for the location of the Institute ?

(b) Is it a fact that the project involves the depopulation of some villages and that the land which is to be acquired is under cultivation ?

(c) Is it a fact that this land is valuable and is the only means of sustenance to the inhabitants who are to be dispossessed of it ?

(d) Is it a fact that there is ample land situated in Shahdara (near Delhi) and between Shahdara and Ghaziabad which is practically waste and does not yield much ? Is there any land also in Shahdara which is Government property ?

(e) Is it a fact that if the land mentioned in (d) is acquired for the Institute no people will be deprived of their hearth and home ?

(f) Have Government considered the advisability of utilizing the land referred to in (d) and (e) for building the Institute instead of acquiring the land proposed at present ?

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN :

(a) Yes.

(b) The answer to the first part is in the negative and to the second part in the affirmative.

(c) Cultivated land generally is valuable to the cultivator. Those whose lands may be acquired will be compensated in the usual way.

(d) to (f) The land suggested will be considered as a possible site, and if equally suitable, will naturally be preferred.

PERFORMANCE OF *Arti* BY THE HINDUS OF AGRA AT CERTAIN FIXED TIMINGS.

178. THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD :

(a) Has any telegram been received recently by His Excellency the Viceroy and Governor General as head of the Government of India from the Hindus of Agra (United Provinces) about the alleged application by the district authorities of Agra of section 144 of the Criminal Procedure Code to the religious *Arti* of the Hindus there and ordering its performance at certain fixed timings so as not to clash with the Muslim prayer time ?

(b) Is it a fact that the Hindus of Agra have resented the alleged order, and have in consequence suspended their *Arti* and are observing *hartal* ?

(c) Do the Government of India propose to take any action to pacify the feelings of the Hindus of Agra in this matter ?

THE HONOURABLE MR. M. G. HALLETT : (a) Yes.

(b) and (c). The facts are briefly as follows. In June and July complaints were made by worshippers at the Chittikhana mosque that the noise of the *Arti* celebrations in a private temple about 50 yards distant interfered with their devotions. On the 20th July a collision took place in which both Hindus and Muhammadans were injured and on the two following days there were cases of petty assault. On the 27th July *Arti* was performed in the temple in a specially noisy manner to the annoyance of Muslims in the adjacent mosque.

at evening prayer. Negotiations were opened and it was agreed by the Hindus that *Arti* should be performed in future ten minutes after the completion of Muslim prayers; but this provoked a further dispute the next day because the Muslim prayers were started late. After further negotiations it was agreed that the *Arti* celebration should be so conducted that no noise would be audible in the Chittikhana mosque. The Hindus, however, failed to implement this undertaking. In view of the position thus created an order was passed on the 14th August by the District Magistrate under section 144 of the Criminal Procedure Code providing that the *Arti* should either be completed more than two minutes before sunset or not begun till seventeen minutes after sunset. As a result of this order, *Arti* was not celebrated on that day and a *hartal* was observed on the 15th, Hindu shops being closed. The order was relaxed to permit the performance of the *jhula* ceremony, whereupon a noisy demonstration by some 2,000 Hindus took place which, it was represented, made the Muslim evening prayers impossible. No further developments have occurred, and it is hoped that an agreed arrangement will be reached. In fact a further report which I received on Thursday showed that the negotiations were reaching a final stage and there was only a minor point of difference between them.

The matter is primarily of local concern, and the Government of India do not propose to issue any instructions to the Local Government who are fully aware of the desirability of settling such disputes on the basis of mutual understanding and neighbourly goodwill.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD: Is it a fact that the *hartal* is still going on?

THE HONOURABLE MR. M. G. HALLETT: I have no information later than that which I got on Thursday which, as I stated, indicates that the matter may be about to be satisfactorily settled. I trust by now the parties have been induced to settle amicably the whole business.

#### BILLS PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL: Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the following Bills which were passed by the Legislative Assembly at its meetings held on the 28th and 29th August, 1934, namely:

- A Bill further to amend the Indian Army Act, 1911, for certain purposes;
- A Bill to consolidate the law relating to customs duties;
- A Bill to provide for the application of the Naval Discipline Act to the Indian Navy; and
- A Bill to amend certain enactments.

#### PETROLEUM BILL.

THE HONOURABLE MR. D. G. MITCHELL (Industries and Labour Secretary): Sir, I move:

"That the Bill to consolidate and amend the law relating to the import, transport, storage, production, refining and blending of petroleum and other inflammable substances, as passed by the Legislative Assembly, be taken into consideration."

Sir, petroleum is used as an illuminant, but it is a dull subject. It is also used as a source of power, but it is not powerful enough to propel me through a long speech. I propose therefore to endeavour to group the salient features of the Bill under two main topics and to deal with them as shortly as possible. The two topics are the nature of the substances to which the Bill relates and, secondly, the nature and the degree of the control over these substances. As regards the first topic, the present Petroleum Act was passed in 1899—35 years ago—since when there have been great developments in the use and technique of petroleum, particularly in connection with the development of the internal combustion engine. One would naturally expect therefore that the definition adopted in 1899 is now somewhat out of date. It begins with the following category :

“ The liquids commonly known by the names of rock oil, Rangoon oil, Burma oil, paraffin oil, mineral oil, kerosene, petroline, gasoline, benzoline, benzine and benzol ”.

Many of these terms are now-a-days practically unknown ; we now talk in terms of aviation spirit, motor spirit, kerosene oil, diesel oil and so forth. When the Bill was being drafted it was decided that a long categorical definition of this kind was unsuitable and it was decided to have a more scientific definition based on the chemical composition of the substances concerned. Accordingly the following formula was devised :

“ ‘ Petroleum ’ means any liquid hydrocarbon or mixture of hydrocarbons, and any inflammable mixture containing any liquid hydrocarbon ”.

These hydrocarbons, I may mention, are derived either from crude oil from the ground or from the destructive distillation of coal, shale, bitumen and other substances. The definition now adopted will include all the substances covered by the definition of 1899. Possibly, however, it may cover a few things over which Government does not contemplate the need for control. To meet this possibility, power has been taken in the Bill totally to exempt particular forms of petroleum from the provisions of the Bill.

Now, Sir, as regards the nature and the degree of the control to be exercised over these substances, I may say generally that the Bill is justified by the fact that there is a risk of fire or explosion in the handling of petroleum and the need for control over these substances may arise at various stages in the handling. The Bill classifies these stages into those of import, transport and storage. The Bill also contains a reserve power to control production, refinement and blending of petroleum, but this will only be used if need should arise in India proper and the provisions will not extend to Burma which has a local Act of its own controlling oil-winning operations in the Burma oil-fields. Now, Sir, in the handling of petroleum there are various degrees of risk according to the inflammability of the various kinds of petrol. This risk is determined by the flashing point, of which the definition given in the Bill is—

“ ‘ Flashing point ’ of any petroleum means the lowest temperature at which it yields a vapour which will give a momentary flash when ignited ”.

Put more popularly the flashing-point of a given petroleum is the lowest temperature at which it is likely to burst into flame if a flame or spark is brought near it.



[Mr. D. G. Mitchell.]

The most dangerous form of petroleum referred to in the Bill as dangerous petroleum, but is better known to every one as petrol or motor spirit. Its flashing point is not higher than 76°F., and in regard to this form of petroleum its handling will be carefully controlled at all stages, and a license will be required for its import, transport and storage. Next come ordinary kerosene, fuel and diesel oil, which have flashing points ranging from 76 to 200°F. These may be imported without license, but storage and transport will be controlled by license and also by a rule. At the other end of the series come heavy oils and lubricating oils with a flash point above 200°F. The Bill totally exempts these as no danger attaches to their handling. That, Sir, is a very broad account of the scheme of control contained in the Bill, but the Bill also recognises that the ordinary citizen handles small quantities of petroleum and it is not proposed to trouble him with the taking out of licenses. It is also not proposed to trouble small dealers in kerosene. Accordingly, three important exemptions are provided for in the Bill. The first relates to non-dangerous petroleum not in bulk, that is, in quantities not exceeding 500 gallons and contained in recep-

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tacles not exceeding 200 gallons. Such quantities of non-dangerous petroleum will not require a license.

Again, the ordinary house-holder will be exempted from taking out a license for small quantities of dangerous petroleum used for domestic purposes such as for use in petrol lamps or for cleansing. For these purposes, he may keep six gallons without license. More important still is the exemption in favour of the ordinary motorist who may keep his tank full of petrol and another 20 gallons in his garage without license. On the other hand, Sir, in contrast to these exemptions the Bill recognises that there are certain substances which, though they are not hydrocarbons yet resemble the hydrocarbons in being dangerously inflammable. Such substances are carbide, wood-spirit, acetone and the like. The Bill contains a special clause under which Government can declare these to be dangerous substances and make special rules for the handling of them.

The Bill in its present form has been accepted by all the interests concerned; it makes full provision to avoid unnecessary trouble to the ordinary citizen; and it is believed to be adequate for present needs, and for any developments in the near future. I commend the Bill to the acceptance of the House.

**THE HONOURABLE MR. P. C. D. CHARI (Burma: General):** Sir, the province which I have the honour to represent has been interested in the production of petroleum from very early times and I welcome a Bill to bring up to date the regulations for the control of this essential of modern life. The original Act was placed on the Statute-book about 35 years ago and I think I can safely say that in no other industry has there been a greater advance in technique than in the petrol industry during this period. It is therefore high time for the introduction of a Bill which incorporates the various amendments in the existing Act necessitated by changing conditions and I have no doubt that this House will welcome a measure which shows that the Government of India are keenly alive to the necessity of being abreast of the times.

Sir, I am sure that the Honourable mover of the Bill realises as well as I do that the rules which are to be drafted when the Bill becomes an Act are quite as

important if not more important than the Act itself and I feel confident that the Government will continue to give favourable consideration to the suggestions made by the public and the petroleum industry when the rules are drawn. I have no suggestion to make for the improvement of the Bill as passed by the Legislative Assembly. It is evident that the measure has received very careful consideration in the light of modern requirements and it is a matter for satisfaction that in these controversial times we have before us a Bill to which, I submit, no one can take exception, since its sole object is the protection of the public without imposing undue restrictions upon this great industry.

Sir, I support the Bill.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA (United Provinces Central: Non-Muhammadan): Sir, I rise to support the Bill. So far as the merits of the Bill are concerned I have nothing to say and if I intervene in the debate it is only to throw out a suggestion to the Government and I hope they will see their way to accept it. Sir, the suggestion is to the effect that the time has now come for the Government to allow the sugar factories to manufacture alcohol to be mixed in petrol to a certain degree. Sir, we all know that the Government by putting import duties on sugar has developed that industry.

THE HONOURABLE MR. D. G. MITCHELL: Is the Honourable Member in order, Sir? The Bill is for the control of petrol.

THE HONOURABLE THE PRESIDENT: I was just endeavouring to follow what he was alluding to. He had not completed his remarks.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA: The object of my suggestion is that these sugar factories should be allowed to make alcohol to be mixed in petrol.

THE HONOURABLE THE PRESIDENT: Order, order. This is entirely an inopportune time to discuss the question. Will you kindly confine yourself to the Bill before the Council?

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA: Sir, I am talking about petrol and I am showing to the Government that they can improve the petrol as well as the wealth of the country by the suggestion that I am throwing out. The whole of my speech will be about petrol and nothing else.

THE HONOURABLE THE PRESIDENT: There are many things which are connected with petrol which we are not discussing here now.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA: But, Sir, if you will permit me, on the motion to control the sale and import of petrol we can bring in the question as to how the manufacture of petrol can be improved.

THE HONOURABLE THE PRESIDENT: What has that to do with the provisions of this Bill?

**THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA :** Sir, it is connected in this way that it deals with the control and manufacture of petrol and therefore it is connected with this Bill.

**THE HONOURABLE THE PRESIDENT :** Will you be very brief in your remarks please ?

**THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA :** Thank you, Sir. So, Sir, if the molasses which are being at present thrown out are to be utilised in the form of making alcohol to be mixed in petrol, it will increase the wealth of the country and reduce the price of the petrol too.

**THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Education, Health and Lands Member) :** It will reduce the price of sugar as well !

**THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA :** Yes, Sir. We all know, Sir, that the price of petrol in the Presidencies of Bengal and Bombay are much lower than those in the United Provinces and the Punjab and for the benefit of those who come from these provinces and for whom motors are not now luxuries but matters of necessity, it is necessary to decrease the price of petrol in the interior of India too. How can we decrease the price of petrol with all the heavy duty that is being levied on it in India ? So if the Government brings in a legislation by which they allow the sugar factories to turn their molasses into alcohol and a certain percentage of alcohol is to be mixed with petrol as is done in all the foreign countries, I am sure the price of the petrol will be reduced in the interior of the country. Also the sugar factories will be benefited because at present they have to waste this commodity. Sir, molasses used to fetch a very high price in 1931, when the Tariff Board recommended a certain import duty on sugar. It was sold at Rs. 1-8-0 in 1931. Then its price came down to 10 annas in 1932, to four annas in 1933, and in 1934 it fetches no price at all. It is practically wasted and the factories have to spend large amounts in throwing away their molasses. Keeping the price at four annas a maund, if Government allows these factories to turn molasses into alcohol to be mixed in petrol, the factories will gain as much as Rs. 35 lakhs. This national wealth is at present being wasted. The suggestion that I have thrown out is not a novel one. If Government will look at the records of other countries, they will find that they have made legislation by which they have made it compulsory for all petrol dealers to mix a certain percentage of alcohol. If we in India do the same, we will simply be following what is being done in other countries. Sir, the consumption of petrol in all the provinces is very great. With your permission, Sir, I will place before the House the consumption of petrol in each province.

**THE HONOURABLE THE PRESIDENT :** This is all unnecessary for the purpose of this Bill.

**THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA :** The consumption of petrol in the different provinces is

connected with this Bill, Sir. In 1931, the consumption of petrol was as follows :

Province.	Gallons.
Madras .. .. .	10,696,000
Bombay .. .. .	13,182,000
Bengal .. .. .	10,782,000
United Provinces .. .. .	4,553,000
Burma .. .. .	7,137,000
Shan States .. .. .	621,000
Punjab .. .. .	5,560,000
Bihar and Orissa .. .. .	2,736,000
Central Provinces .. .. .	2,247,000
Assam .. .. .	1,764,000
North-West Frontier Province .. .. .	1,660,000
Rest of British India and Indian States .. .. .	11,723,000
Total .. .. .	73,661,000

THE HONOURABLE THE PRESIDENT : This is all irrelevant to the Bill before us.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : The consumption of petrol ?

THE HONOURABLE THE PRESIDENT : What has this Bill got to do with that ? The Bill refers to the import, transport, storage, production, refining and blending of petroleum.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : If you will not permit me, Sir, I will not say a word about it. But the Bill deals with the consumption, storage and sale of petrol. I am showing what is the consumption of petrol in the different provinces, and how if my suggestion is accepted by the Government, they will reduce the price in the different provinces.

THE HONOURABLE THE PRESIDENT : You have already said that. You have stressed that point.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEHROTRA : I will cut short my speech, Sir, and only repeat the suggestion that I have just made that Government will kindly see their way to introduce legislation by which they can mix alcohol with petrol in the proportion of from 20 to 25 per cent. Will you permit me to refer to other foreign countries where petrol is made ? If not, I shall resume my seat.

THE HONOURABLE THE PRESIDENT : That is entirely irrelevant to this Bill.

(The Honourable Rai Bahadur Lala Mathura Prasad Mehrotra thereupon resumed his seat).

**THE HONOURABLE MR. D. G. MITCHELL:** Sir, the Honourable Mr. Chari was concerned that the rules which will be framed under this Act should be in accordance with public opinion and the requirements of the petroleum trade. Under clause 29, all these rules are subject to previous publication and any rules of any importance whatsoever will be published for three months before they are finally promulgated. Every interest concerned will be given ample opportunity of representing its case and every suggestion made will be most carefully considered.

As regards the question raised by the Honourable Mr. Mehrotra, I may say, Sir,—if you will not rule me out of order—that it is a fascinating subject and one which has been engaging the attention of various experts of the Government of India for some time past. I understand that the Department of the Honourable the Leader of the House is now conducting experiments in the distillation of high strength alcohol in order to find out whether any such scheme is feasible. There are many very serious technical difficulties in the way, the chief of which, I may mention here, is the likelihood that this mixture, when brought into the humid climate of an Indian monsoon, will absorb water, in which case the alcohol and water will separate out, and the unfortunate who uses it in an aeroplane or motor car is going to find lots of trouble. As I said, the question is under consideration. But, talking quite privately, if the sugar interests will come forward to the oil interests with a straightforward proposition saying, “Here is two annas a gallon profit on this alcohol; you take one anna and we will take one anna”—if such a proposal is made, I see no reason why the two interests should not come to an amicable settlement.

**THE HONOURABLE THE PRESIDENT:** The Question is:

“That the Bill to consolidate and amend the law relating to the import, transport, storage, production, refining and blending of petroleum and other inflammable substances, as passed by the Legislative Assembly, be taken into consideration.”

The Motion was adopted.

Clauses 2 to 13 were added to the Bill.

Clauses 14 to 32 were added to the Bill.

Clause 1 was added to the Bill.

The Schedule was added to the Bill.

The Title and Preamble were added to the Bill.

**THE HONOURABLE MR. D. G. MITCHELL:** Sir, I move:

“That the Bill, as passed by the Legislative Assembly, be passed.”

The Motion was adopted.

### IRON AND STEEL DUTIES BILL.

**THE HONOURABLE MR. T. A. STEWART** (Commerce Secretary): Sir, I move:

“That the Bill to provide for the modification and continuance of the protection afforded to the iron and steel industry in British India, and to impose an excise duty for revenue purposes upon certain steel, as passed by the Legislative Assembly, be taken into consideration.”

This Bill, Sir, embodies the decisions of the Government of India on the recommendations of the Tariff Board which, a year ago, was directed to carry out the statutory inquiry prescribed by section 3 of the Steel Industry Act of 1923. Honourable Members are of course aware that the original inquiry into the claim of the steel industry to protection was carried out more than 10 years ago, and that the task of the Tariff Board which has just reported was not to re-investigate this claim *de novo* but to come to a finding on the following issues. First, is it necessary to continue protection to the steel industry and, secondly, if so, what is the extent of the protection necessary?

Before going on to consider what have been the answers to these two questions, I may be permitted to anticipate a series of questions which I am forced to admit are perfectly legitimate questions. Though it is true, it may be said, that the Tariff Board of 10 years ago found that the steel industry had fulfilled the conditions prescribed by the Indian Fiscal Commission, are we bound thereby for ever and is our only function to hand out the appropriate quantum of protection from time to time? Are we not entitled to ask what use has the industry made of the assistance it has enjoyed, and are we not entitled to inquire whether the anticipations of the Tariff Board are likely to be realised and whether the industry is within a measurable distance of being in a position to stand upon its own feet? These, I have said, are legitimate questions. I would go further, Sir, and say that these are questions to which Government before proposing any further measure of protection should have convinced themselves that satisfactory answers could be given. Let us therefore consider what the industry has done to help itself. And in reviewing the progress which it has made let it not be forgotten that in the last period of protection it was seriously afflicted by labour troubles. Let it not be forgotten that the last period of protection included a time of depression—of unparalleled depression—for India as for other countries. Neither of these factors are likely to be conducive to the progress and expansion of the industry. We are, Sir, entitled to ask that an industry receiving protection should keep its technical equipment up to modern standards and that it should at the same time improve as much as possible the economy and efficiency of its productive processes. What is the record of the steel industry in these respects? I believe that few of us here are technical experts and I believe that most Honourable Members like myself will be prepared to accept the advice and opinion of an experienced Tariff Board which has had the advantage of the advice of a technical expert. In chapter VII of its Report, the Board, after a careful study of the organization of the Tata Works, has expressed the opinion that in point of equipment and efficiency they will stand comparison with any in the world, and they say further that when the projected programme of improvements has been carried out, there will be little room left for criticism. Again, in respect of the efficiency of the labour, the Board points out in paragraph 58 of its Report that though it was anticipated in 1926 that by the end of the period of protection the output per man would be as much as 25·6 tons on the assumption that full production would by that time have been attained. This anticipation has been bettered and the output is now about 26½ tons per man. The extent of the advance may be measured when it is mentioned that in 1926 the output per man was as low as 12 tons. It would therefore appear that not only has Tatas kept abreast

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of the times in respect of technical equipment, but they have enormously improved the organization and efficiency of their labour. If however any Honourable Member is not satisfied by the findings of the Tariff Board on these technical matters, I invite him to apply a simpler test. Let him compare the works cost in 1926 with the works cost at the present day. I shall quote some figures which Honourable Members will find for themselves in Table VIII of the Report. In 1926 the works cost of structural sections was Rs. 105 per ton ; the latest figure is Rs. 60 a ton ; for bars the corresponding figures are Rs. 90 and Rs. 60 ; for plate, Rs. 103 and Rs. 63 ; for sheets, Rs. 164 and Rs. 85, and for galvanized sheets, Rs. 264 and Rs. 115. These figures represent a very remarkable achievement, and they show an improvement even on the somewhat sanguine estimates of the Board in 1926. I submit, Sir, that in the face of these facts and figures it is impossible to deny that the industry has made a fair contribution towards its own salvation.

Turning now to the possibility of the industry being in a position after a reasonable time to dispense with protection, I would mention that this is a question which is closely inter-connected with the Tariff Board's calculations of the protective duties which are still required. I shall later discuss the Board's calculations, but for the time being I accept their results, and if for any reason these results should be rejected, my present argument will naturally fail. If Honourable Members will refer to Tables XXI and XXIV at page 54 of the Tariff Board Report, they will find in those tables a list of the duties which have been recommended by the Board. They will find also a comparison between these proposed duties and the existing duties. They will find that six out of the nine main commodities produced by the steel industry require no protection against the United Kingdom steel manufacturer. In the remaining three cases the amount of protection required is equivalent to less than 10 per cent. *ad valorem*, which is the duty now applicable to British steel of non-protective classes. Again, of these commodities, four of them require no protection against imports of any origin whatever. In one case only, that is, the case of untested structural section, has it been proposed that there should be an increase of duty. In short, Sir, India can now meet the United Kingdom manufacturer on practically level terms and, as the Tariff Board has shown, if continental manufacturers would make a fair and sufficient allowance in their prices for overheads and depreciation, India would have little to fear from any quarter. We may therefore take it as proved, Sir, that by the aid of protection already given and by virtue of its own exertions the industry is nearing a point where it can stand alone. It would be foolish,—it would be more than foolish,—it would be iniquitous to desert it now when the end of the journey is in sight.

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN  
(North West Frontier Province : Nominated Non official) : For how many years ?

THE HONOURABLE MR. T. A. STEWART : Our proposal is seven years. If then we decide to continue to protect the steel industry, the question arises what is the amount of protection required ? The Board's recommendations which are summarised in Table XXIII of the Report have been accepted by the Government of India, who are satisfied that the Board's method of calculation

and the Board's findings are sound and reasonable. Let me briefly explain what the method adopted by the Board is. From an examination of the cost sheets supplied by the Company the Tariff Board has estimated the works cost of each of the products of the works, and if I may refer Honourable Members to chapter 3 of the Board's Report they will find that it was in a most careful and critical spirit that the Board examined these cost sheets. To the works cost there is added an allowance on account of overheads, that is to say, on account of depreciation of the plant and property, on account of working capital and on account of managing expenses; finally an addition has been made representing reasonable profit to the Company and the total thus arrived at is what the Board terms the "fair selling price", that is to say, a price which, if realised, will give the Company a return to cover manufacturing and managing expenses and to give a fair profit. The next step in the Board's process is to determine the prices at which competing goods can be landed in India. The difference between the fair selling price and the ex-duty landed cost of the competing article is the measure of protection required. This method is not a new one; it is as old as the Tariff Board itself. It is one which ensures that the protection given is sufficient but not excessive and imposes a minimum burden on the consumer. The duties proposed by the Board have been calculated in this manner and these are the duties which have been embodied in this Bill. There is one exception, namely, galvanized sheets. The Board, by reason of the operation of the Supplementary Iron and Steel Agreement which formed part of the Ottawa Agreement, thought themselves unable to determine the free competitive prices of galvanized sheets and they have worked on the prices accepted by our Ottawa delegation in 1932. In so far as the duty now proposed for British galvanized sheets is based on the supplementary Agreement it is preferential, but if reference is made to the Report of our Ottawa delegation, it will be found that what the Board regards now as an artificial price was in fact a real price. The Indian delegates including Sir George Rainy and Sir Padamji Ginwala (who know all about iron and steel), were satisfied that Rs. 159 per ton was the lowest price at which the British industry could afford to export in 1932. That circumstances have not changed seriously to any great extent since then is suggested by the fact that today the price of galvanized sheets landed at Colombo ranges from Rs. 167 upwards. That figure is an ex-duty figure. The element of preference in the proposed duty cannot therefore be considerable, but we have nevertheless secured a *quid pro quo* in that His Majesty's Government has agreed to continue the concession which we have been enjoying, namely, the concession of free admission of Indian pig iron into the United Kingdom.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Is there any duty on our steel in the United Kingdom ?

THE HONOURABLE MR. T. A. STEWART : 33½rd per cent. is the duty upon steel in the United Kingdom.

THE HONOURABLE MR. HOSSAIN IMAM : No preference to Empire steel ?

THE HONOURABLE MR. T. A. STEWART : I presume so.

Government have also accepted the Board's recommendation for the protection of certain subsidiary industries, such as, fabricated steel industry, tin-



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plate, wire and wire nails and cast iron pipe manufacture. In these cases the Board has followed the same procedure as in the case of the main industry and I need hardly enter upon the details of their recommendations in these respects. I would refer, however, to the duty proposed on fabricated steel of British manufacture. The duty of Rs. 40 has been suggested to meet a particular danger and from a particular source. Should it appear at any time that that danger has disappeared and the duty is unnecessary or unnecessarily high, steps will be taken to reduce it under the offsetting powers which are continued to the Governor General in Council by the present Bill.

A matter to which the Tariff Board attach considerable importance and one to which the Government of India attach no less importance is the position of the re-rolling industry *vis-à-vis* the main industry, that is to say, Tatas. The re-rolling mill is a useful part of the economy of steel production in India. It supplies a specialised and small demand which might not appeal to the large scale industry and Government are concerned that this re-rolling industry should not fail because of a lack of its raw material, namely, steel billets. If Tatas cannot supply, or do not supply at the fair price calculated by the Tariff Board, Government will take steps to reduce or remove the revenue duty on steel billets so that an alternative supply may be available at a fair price.

Similar to this problem is that of the supply of tin bar to the Tinsplate Company. By virtue of a long-standing contract the Tinsplate Company are paying to Tatas some ten rupees more than the fair price which has been calculated by the Tariff Board. As a result of this, the fair selling price and consequently the protective duty on tinsplate is higher by about Rs. 13·3 than it would be were the Tinsplate Company paying only the fair price calculated by the Board. It is hoped that good counsels will prevail and that the two Companies will by agreement adjust their contract prices. Failing this, however, it will be the concern of Government to safeguard the interests of the importers and consumers of tinsplate in India.

In the case of iron and steel as in the case of other protected industries, the establishment of a prosperous indigenous industry has been accompanied by a loss in our customs revenue. It is calculated that the adoption of the new customs duties proposed by the Board will involve a deterioration of something like Rs. 30 lakhs in our customs receipts. It is therefore proposed to make up this deficit by levying an excise duty of Rs. 4 per ton on steel ingots produced in India and to impose a countervailing customs duty on imports of steel at a rate of  $1\frac{1}{2}$  times the excise duty on rolled steel and  $1\frac{1}{2}$  times the excise duty on fabricated steel. These countervailing duties are based on the fact that out of every four tons of steel ingots only three tons of finished steel is produced and it is also the case that, when rolled steel is processed into fabricated steel there is a 10 per cent. loss of material. No doubt, many Honourable Members dislike the principle of an excise duty on a basic industry. Let me assure them that Government is by no means enamoured of the idea. It is only stark necessity which has forced this device upon them and it will be their concern to remove the duty so soon as financial considerations permit.

These, Sir, are the outlines of the Bill. Government believe that they are putting forward proposals which at the least possible sacrifice to the consumer.

will at the end of the period of protection see India's great steel industry firmly established.

Sir, I move.

THE HONOURABLE MR. HOSSAIN IMAM : May I ask a question, Sir ? What will be the effect of the increased duty proposed by the Legislative Assembly.

THE HONOURABLE MR. T. A. STEWART : Do you mean the effect of the restoration of a 10 per cent. duty ? I personally cannot say but no doubt my Honourable friend, the Finance Secretary, will be able to give you the necessary information.

THE HONOURABLE SIR ALAN PARSONS (Finance Secretary) : I, Sir, am equally unable to say.

THE HONOURABLE MR. S. D. GLADSTONE (Bengal Chamber of Commerce) : Sir, I rise to support the Motion of the Honourable Mr. Stewart that this Bill be taken into consideration. Seven years nearly have gone by since the passing into law of the Steel Industry (Protection) Act of 1927 and in accordance with one of the provisions of that Act an enquiry has been held and a report made by the Tariff Board on the question of the measure of protection to be afforded to the iron and steel industry in the future. The object of the Bill now before the House is to give to the industry a further seven years of protection on a basis modified to meet present necessities in the light of the existing circumstances.

The provisions of the Bill follow in the main the recommendations of the Tariff Board and those who have studied the report cannot have failed to have been greatly impressed with the comprehensive and very expert nature of its findings. In my opinion, and I think this will be generally shared by Honourable Members of this House, the report gives us additional justification to be very proud of the achievements of this most important body. But in certain respects the provisions of the Bill now before the House have departed from the Tariff Board proposals. I do not intend to go into the details of our objections to the original plan, as so ably explained by Sir Leslie Hudson in the other House, though I will later have certain comments to make in connection with one or two of them. It is sufficient to say that our objections were very largely met in Select Committee and I am now able to express whole-hearted approval of the Bill.

During the past several weeks we have heard a great deal about the steel industry and even those of us who previously had no knowledge about it are now able to talk quite glibly about ingots and billets, blooms and bars, semis and structurals and a host of other technical terms ! Anyhow, the man in the street has had the opportunity sufficiently to master the complicated processes carried out at Tatas' Works at Jamshedpur to feel competent in some small degree to understand the mass of evidence which has been given and to decide whether what is now proposed to be done is in the best interests of the industry and of India as a whole.

One point has struck me as a result of a study of all that has been written and spoken on this subject. It seems to me that perhaps too little has been

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heard about the consumer. I think we are very right to compliment the Tariff Board on their excellent report and there is also every possible justification to be proud of the great industry which has been built up by Tatas at Jamshedpur. Would it be out of place to say a word for the consumer at whose expense the creation of this vast steel industry has largely been built up? Has it ever been calculated what it has cost the consumer and to what extent the protection afforded to the steel industry has increased the costs of production of almost all other Indian industries. I am not suggesting that it has not been worth while—I am convinced that it has been so—but what I do say is that cheap steel is urgently necessary to other industries in this country and during the next seven years the consumer will expect to see further substantial progress made by Tatas towards still greater efficiency and still further lowering of costs which will make it possible for them to deliver their products to buyers in India at a price more comparable to that paid by consumers in other countries. We must have this eventually if we are to get an adequate return upon the vast amount of public money invested. The results of the past seven years may be said to be very satisfactory in the unfavourable conditions which have ruled, both from the point of view of increased production and greater efficiency which together have resulted in an appreciably reduced cost. Let us hope that this progress will continue and that, after another lapse of seven years, Tatas will be in a position not only to supply the whole requirements of India at world prices but that they will be supplying markets outside India on a large scale in free competition with British and foreign suppliers.

This brings me to a point I wish to make about the excise duty on steel ingots. An excise duty is an evil thing and in principle I am absolutely opposed to this system of raising revenue which—it seems to me—destroys the whole object and reason, from the point of view both of the industry concerned, and of the consumer who foots the bill, of affording protection to an industry to enable it to become established. Take the case of a new industry. You want to establish it but it cannot be done because in the initial stages it cannot compete with the imported article. Therefore, when it is found after searching enquiry that it is desirable to establish that particular industry in India, protective duties to a sufficient degree are imposed with a view to make it possible for the industry to compete. In the process of time the industry becomes established and is able to dispense with protection. Thus the consumer who, in the meantime, has been paying an inflated price for the article produced, once more has the prospect and indeed the right of purchasing on a lower level—a level in line with world prices. But this is not to be. The Government of India have in the meantime come to count upon the revenue produced by the protective duties and they are loath to give up this source of revenue. So with the reduction or total elimination of the protective duty a corresponding excise duty on the products of the Indian industry is imposed perpetuating the burden to the consumer.

May I here quote the words of Sir Leslie Hudson in the speech which he recently made in the Assembly? It is quite brief.

**THE HONOURABLE THE PRESIDENT :** Order, order. Did he make that speech in this session ?

**THE HONOURABLE MR. S. D. GLADSTONE :** He did, Sir.

**THE HONOURABLE THE PRESIDENT :** Then it is inadmissible. I cannot allow it. You can use those arguments as your own, but you should not quote those words.

**THE HONOURABLE MR. S. D. GLADSTONE :** The point I really wanted to make by quoting that speech was that the Government of India in no circumstances whatsoever should come to regard the revenue from such an excise duty as legitimate.

Sir, it may be said, "If your views on this matter are so strong why have you agreed to the excise provision in the Bill?" The answer to this is that firstly, we recognise that the question is bound up with the present exceedingly difficult financial position and, secondly, we have, so I understand, the unqualified assurance of the Honourable Finance Member and the Honourable Commerce Member that it will not be taken as a precedent for other industries nor regarded as a permanent burden. I was glad that the Honourable Mr. Stewart confirmed that in this House. That is why we have accepted the position.

I would now like to draw attention to the recommendation in paragraph 159 of the Tariff Board's Report. They say :

"We attach great importance, from the point of view of developing the steel industry, to the adoption of suitable measures calculated to increase the market for fabricated steel. No other form of protection can have the influence on this development that would be exercised by a definite scheme spread over a period of years for capital replacements and construction of railways and other productive public works. The credit of the Government of India in the capital market is exceptionally high and money is both plentiful and cheap. A bold policy of public loans for capital expenditure would at this juncture afford enormous assistance in stimulating the market for capital goods like structural steel. We believe that the effect of such a policy would not be confined to the steel industry but would be felt in every aspect of the country's economic life."

I would like to commend this very definite recommendation to the careful consideration of the Government of India. It is one with which I wholly agree.

Then there is another point I wish to touch on—the tendency for Tatas to become a monopolistic concern which has given rise for very justifiable apprehension amongst the several smaller industries which hitherto have been supplying Tatas with a certain proportion of their requirements. It is not possible, nor is it desirable to legislate on this point but it is much to be hoped that Tatas will so arrange for their future requirements of the commodities concerned so as to ensure that their own further development will not result in the elimination of existing industries. I understand that certain conversations between Tatas and the smaller industries have already taken place and it is a matter of first rate importance that agreements should be reached satisfactory to all concerned.

Now, Sir, I have one last matter to refer to. We are very much in the dark about Tatas' freight arrangements. It has been alleged in some quarters that there is a secret agreement between Tatas and the Bengal Nagpur Railway by which the steel industries will enjoy exceptionally low rates of freight,

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rates which will not be available to others. If this is so I must say I consider it to be most highly objectionable because it amounts to an industry obtaining a measure of its protection in the form of specially advantageous rates of freight. For such an arrangement to be secret and to remain undisclosed to the public would make it still more obnoxious. Sir, what I respectfully ask for is a definite assurance from the Honourable mover that no such special or secret arrangements will be allowed to exist and that full and complete details of the rates of freight to be paid by Tatas will be published at an early date.

Sir, I support the Motion.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal: Muhammadan): Sir, it is from the consumers' point of view that I propose to deal with the Bill in the first instance. The measure now before the House has, in one form or another, been considered by the Central Legislature during the past nine years. The steel industry is a key industry, vital to the interests of the country, and if there is any dissentient note against affording it protection, it is entirely due to the fact that the industry is the virtual monopoly of a single firm. This creates a feeling among the consumers that protection which, in the last resort, falls upon their shoulders is an interminable phase of this industry. Protection for the industry was first introduced for a period of three years and then in 1927 it was renewed for a further period of seven years and it was then stated that no protection would be required thereafter. One can sympathise with the feeling that there must be something wrong with the industry if it seeks protection again after 10 years. Sir, it appears however that in practically every case the cost of production today is at least as low as, if not lower than what was anticipated by the Tariff Board in 1927. The real reason for the continuance of protection therefore would appear to lie elsewhere. It is to be found in world conditions of unexampled economic depression and particularly in the phenomenal fall in continental prices of steel. Continental firms are importing steel and steel products at prices which are below the economic level. The Tariff Board says:

12 Noon.

"The sale of continental steel is effected through an international organization which apparently regulates prices for export markets according to the local conditions of each market and not necessarily to the expenses of production. It is against this class of competition based on indeterminate and often uneconomic prices, that the Indian industry now requires protection. To this extent therefore it is reasonable to suggest that the protection which we now propose for the Indian steel industry may be regarded as in the nature of an anti-dumping provision rather than as a measure of substantive protection".

This then, Sir, is the reason prompting the protective measure embodied in the Bill.

Sir, so far as protection granted to the industry for meeting the menace of unfair prices of foreign steel is concerned, it deserves our support. Steel is a national industry in this country. Sir, if it is a national industry, as a representative of the Muslim community in this House, I desire to draw the attention of Tatas to the justice of giving my community adequate representation not only in the labour force but also in the administrative branches of the industry.

Sir, as regards the introduction of preferential duties in the Bill, as the whole policy of preference emanating from the Ottawa Agreement is shortly to come before this House, it is therefore not expedient to discuss this aspect of the Bill at this stage. I would however like to say a word here about the excise duty on steel. An excise duty, even for revenue purposes, can be justified only on the score of over-production or profiteering. It is common knowledge that India is not self-sufficient so far as supplies of iron and steel products are concerned. There is no question therefore of the appropriateness of a levy of excise on a product at its marketing stage. At no stage in the career of Indian steel is an excise duty justifiable, unless and until India becomes entirely self-sufficient so far as her steel requirements are concerned. The plea for an excise duty for revenue purposes is not justifiable when existing revenue duties are to be removed. The exigencies of duties when dictated by revenue needs command recognition however in all circumstances. Revenue duties are preferable to excise duties, but in the case of steel, the Honourable the Finance Member in the other place categorically mentioned that excise duties were absolutely necessary to maintain budgetary equilibrium. In the circumstances, Sir, we must regard these duties as inevitable.

Sir, I support the Bill.

THE HONOURABLE DIWAN BARADUR SIR RAMUNNI MENON (Madras : Nominated Non-Official) : Sir, I rise to support the Bill which has been placed before us, and in doing so I propose to make one or two general observations in the belief that the Government would welcome the opinions of Honourable Members, and in any case the concerns which are engaged in the steel industry would like to know what was passing in the minds of Honourable Members when they gave their assent to the Bill. But before I come to the subject proper of my remarks, I should like, with your permission, to express my appreciation of the Report of the Tariff Board which, in my humble opinion, is a very clear and business-like document prepared after very considerable labour bestowed upon an extremely complicated subject. It is perfectly natural that a report of this kind would be subjected to criticism. It always is, and this particular report we know has been subjected to very severe criticism in several quarters. One need not grudge that, but it is rather unfortunate that the criticism has in certain quarters been directed to the personnel of the Board and in particular to the two Indian members of the Board. Well, Sir, if you will permit me to say so, I happen to know these two members more or less intimately and I have had the good fortune and privilege of being associated with them in various spheres of work and I can honestly say that they are men who can be relied upon to discharge their public responsibilities with fearlessness, with impartiality and in the larger interests of the country.

With these preliminary observations, I shall proceed to the main subject. The proposal before us is to extend protection for a further period of seven years. This extension is fully justified by the considerations set forth in the Report of the Tariff Board. The period of extension will expire in 1941. By the end of that year the steel industry will have been in existence for 28 years and will have enjoyed protection for 17 years. The thought which will naturally occur to everybody, which has already occurred to the Honourable Member in charge, and he has expressed it very clearly, is, whether we shall be in a position at the end of this period to dispense with protection altogether? The

[Diwan Bahadur Sir Rumunni Menon.]

answer which he has given to this question, which is practically a reproduction of the answer which the Tariff Board has given to the same question, is that it is quite possible that at the end of that period we might be able to dispense with protection altogether. But I am bound to say that the qualifications with which the Tariff Board has hedged its opinion make it practically worthless. I can quite understand—in fact it is obvious—that it is extremely difficult to dogmatise on the period that will be required for the growth and full development of the steel industry in India, because we have no data to go by. But it will be readily granted that protection cannot be continued indefinitely and for ever. If therefore it is impossible to set an absolute time-limit within which the industry should be asked to set its house in order, the alternative is to see that every improvement that is necessary or is calculated to secure economy in production is carried out by the industry without delay.

THE HONOURABLE THE PRESIDENT: Has the Fiscal Commission recommended any time-limit?

THE HONOURABLE DIWAN BAHADUR SIR RAMUNNI MENON: No, Sir. The Tariff Board I believe has made very valuable suggestions in this direction. It has recommended particular measures which should be introduced to improve the efficiency of the works and I think that the Government should see that the firm carries out all these recommendations without undue delay. In this connection it will be pertinent to remark that a very important recommendation of the Tariff Board—or to be more accurate, I should call it a suggestion—namely, that the old open hearth furnaces should be replaced by more modern works, which was made in 1926 has not yet been carried out. I am only mentioning this to show that the Government should take some steps to see that the recommendations of the Board are carried out by the management.

Another point which I should like to touch upon is this. In view of the very long period of protection and the very heavy burden which the taxpayer and the consumer have borne in regard to the steel industry, it will be legitimate to ask what the results of the policy of protection which has been pursued so long have been. In so far as it has resulted in the establishment of a very important national industry on a broad and firm basis, I think we may say that it has achieved a result of which the whole country may be proud; and the Government which adopted and enthusiastically carried out the policy of protection and the firm of Tatas which made it possible for the policy to produce such a notable result may be heartily congratulated. But when we look in other directions, I confess we meet with disappointment. It was thought when the policy of protection was adopted that India would soon become self-supporting in the steel industry. As the industry stands at present a very considerable portion of the steel market is supplied by foreign steel. Another expectation which was cherished at the time was that other steel works would spring up under protection and create internal competition which would bring about low costs. It is gratifying to note that in certain respects the steel industry has grown; in regard to the re-rolling industry there have been signs of active growth, and we should be gratified at this development. But in regard to the basic industry, namely, the production of basic steel which is the raw material

for various subsidiary industries, the position remains what it was many years ago, that is to say, the production of the steel is still in the hands of one particular firm. In other words, this firm has a virtual monopoly in the production of raw steel. The evils of such an arrangement are sufficiently obvious. Some of these have already been referred to by previous speakers, but the greatest evil in my opinion is that there is no adequate incentive to the firm to reduce its costs. That incentive will come only when there is competition within India and internal competition will come only when there is some other steel works producing raw steel. True there are immense difficulties in the establishment of another steel works in India. These difficulties are well known and I need not dilate upon them. There is all the more reason therefore that when some concern is started and promises to develop into a successful industry, we should give to it every encouragement. The only steel works other than Tatas that I know of is the Mysore Steel Works. The position of the Mysore Works and its prospects have been fully gone into by the Tariff Board and the opinion of the Tariff Board is that the steel produced in the Mysore Works will be under a permanent handicap, because it produces charcoal steel which is very expensive and not coke steel which is produced by Tatas. The Board estimates this handicap at about Rs. 20 a ton. In view of the fact that internal competition is extremely essential for the growth of the steel industry in India one would have thought that if the Mysore Works could not be actively encouraged, it would be at least left alone. It was with some surprise and disappointment therefore that I read a statement in the Report of the Select Committee on this Bill to the effect that the progress of the steel works in Indian States should be carefully watched and that suitable action should be taken by the Government whenever there are any signs of undue competition. I am putting it in a way which is favourable to the Select Committee. Expressed in plain language, I interpret the statement to mean nothing more than this, that inasmuch as the Mysore steel will not be subject to the excise duty, there is just a possibility that it might be able to reduce its initial handicap, and to compete with Tata steel in British India. When such a contingency arises, the suggestion is that the Government of India should come to the rescue of Tatas. That is the way in which I understand the statement. I should very much like, Sir, the Government to examine any situation which is likely to arise in regard to this matter with the utmost care and impartiality, and whatever decision they might come to should be reached, keeping in view the supreme importance of internal competition to the development of the Indian industry and in the larger interests of the country.

With these few remarks, Sir, I heartily support the Bill.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal : Non-Muhammadan) : Sir, I had no mind to take part in the discussion of this Bill as I am neither an industrialist nor the proposals of the Tariff Board, or the Bill under discussion very much adversely affects the consumers of corrugated sheets. I would have rather welcomed the proposals of the Tariff Board had they recommended a lower duty on imported corrugated sheets, as by the heavy import duties on such articles all these years, in the name of protection, it hit the Bengal consumers and more especially the agriculturists of that part of Bengal, viz., East Bengal, of which I am a representative in this House. In this respect if I have any complaint against the Tariff



[Mr. Jagadish Chandra Banerjee.]

Board, or the present measure, it is because its predecessor was responsible for the advent of that evil spirit, *viz.*, imperial preference, which has fully possessed the Indian administration at present. Sir, it was at the time of drafting the first Steel Protection Bill that the present bureaucracy forced down the throat of India the policy of imperial preference, though by a back door, to which political India never subscribed. The same imperial preference pervades this Bill and it was included in this measure before the Report of the Ottawa Agreement Committee was made available to the other House. As I said before, the heavy duty of Rs. 40 per ton on galvanized sheets of non-British manufacture, as against a duty of Rs. 10 per ton on galvanized sheets of British manufacture, is nothing but a palpable injustice to the consumers, especially of Bengal, where more than 60 per cent. of the imported sheets used to be consumed before. Sir, East Bengal is full of rivers and every year villages are inundated, and naturally the agriculturists live in houses neither built of mud walls and thatched roofs as in other parts of India nor in *proca* built houses. They live in houses made of galvanized sheets, as such houses are easily removable to uplands whenever there is any likelihood of a flood. Thus, I being a representative of East Bengal, am more interested on the reduction of import duties on sheet iron, and I would certainly blame Government for not giving that much consideration to the poor consumers as they should have done. Had the import duties on galvanized sheet iron been made uniform, then by competitive prices, it would have been made cheaper in the market, which is always to the advantage of consumers.

The next point to which I would like to refer is one which will not be very congenial or palatable to my Honourable colleagues from other provinces. Sir, of late a movement is afoot against the Bengalis, both Hindus and Muslims, employed in Tatas. The argument adduced by them is that men of other provinces do not get chances of employment in Tatas. This movement has now been given a filip and a communal colour. Here I hold in my hand a pamphlet, issued by some disgruntled and dismissed employees of Tatas, to give communal colour to the discussion of the grant of protection to Tatas. In this connection the first and foremost point to be considered is, whether men of other provinces are sufficiently employed by Tatas or not? As far as I am aware, the number of employees in the Tatas from other provinces is none the less rather more than such employees from Bengal. The next complaint which has been levelled against Tatas is that all high posts there are being occupied by men of my province. In this connection I can not help pointing out to my Honourable friends that Tatas have now become a national concern, but it was not so when a beginning had to be made. Sir, it was a Bengali geologist named Dr. Pramatha Nath Bose, who by dint of his pertinacity went on exploring all the jungles and forests of Chota Nagpur, infested with wild animals and beasts, at the risk of this own life. It was this adventurous Bengali who first discovered iron ore in a place named Gornmahisni, a Sonthal village in the heart of dense forest. After this exploration, Tatas desired to make a small beginning, but they failed to get together men who would go and work there, and as the site then was under the province of Bengal, Bihar and Orissa subsequently, they had to recruit a few students of the Bengal National Technical School. It was thus a beginning was made. Is there any wonder that those

people who toiled hard from the firm's low beginning are employed now as heads of branches? Sir, every now and then we hear Government bringing forward the argument that Indians can not aspire to get the highest posts in railway services unless Indians come on the lowest rung of the ladder in larger numbers. We hear also from the Government that Indians can not grudge the Anglo-Indians an overweightage in railway services because it was the Anglo-Indians who have been pioneers in the railway services. That being so, on the same analogy, the people of other provinces can not justly grudge the people of my province who have secured these high positions in the Tatas through their perseverance, intellect and they secured such positions being the pioneers in the field of iron industry both as geologists and metallurgists.

THE HONOURABLE PANDIT PRAKASH NARAIN SAPRU (United Provinces Southern : Non-Muhammadan): Sir, the Bill before us seeks to provide for the modification and continuance of the protection afforded to the iron and steel industry of this country. Protection was first given to this industry in 1924 and again, in accordance with the recommendations of the Tariff Board, in 1927, for a period of seven years.

Sir, we live in a world of tariffs, import quotas, preferential arrangements, bounties and subsidies and it is not possible for anyone to be an orthodox free-trader. The country and the Government have adopted deliberately the policy of discriminating protection. It is, I submit, too late in the day to question the wisdom of this policy and I am not going to do it.

Sir, the protection given to the Tatas,—I say the Tatas because they have come to have a practical monopoly in this line and the fortunes of this industry are bound up with the Tatas,—has justified itself. There can be little doubt that they have utilised the protection given to them to good advantage. In a period of world depression, in spite of the heavy fall in the demand for steel products, the industry has made substantial progress. It has, in the midst of adverse factors, striven to maintain its output, reduce costs and improve efficiency. The Tariff Board has testified to the efficient state of the industry. At page 81 of the report they say :

“ It should not be thought that the works are inefficient as compared with other works of similar age ”.

Sir, the thriving town of Jamshedpur bears witness to the magnificent work of this industry. The industry has treated its workers well. They are well paid and well looked after. They are provided with good houses. There are good sanitary arrangements in the town. They have a pure water supply and the town has been electrified. The Tariff Board have stated :

“ Their inspection of both the works and the town of Jamshedpur has convinced us that the arrangements made by the Company for the welfare of labour are adequate. In the opinion of some, too much attention and too much expenditure have been devoted to labour welfare, but we are definitely of opinion that the attention and expenditure bestowed on these activities are well repaid ”.

The Tatas represent the good employer type—they keep up the traditions of their great founder—that great Indian patriot and philanthropist—Jamshedji Nasserwanji Tata—and it is impossible not to feel that they have earned well of the country.

[Pandit Prakash Narain Sapru.]

Sir, we have an increasing population—our birth rate shows an alarming increase—and we have to find employment for this increasing population. It is clear that industrialization—rapid industrialization—is our most pressing need. Millions of our people live in a state of semi-starvation. We have to tackle the big problem of Indian poverty—we can only do it by a bold and vigorous policy of industrial development, and it is for the State to do all it can to help the industrial and commercial development of the country. When Japan started on her industrial career—

THE HONOURABLE THE PRESIDENT: All this is very interesting, but very irrelevant for the purpose of this Bill.

THE HONOURABLE PANDIT PRAKASH NARAIN SAPRU: When Japan started on her industrial career she had to meet the difficulties we have to meet today, but there was determination on the part of the Government and people in Japan to make Japan great and they have done it. There is need for the same determination in this country. A policy of discriminating protection involves some sacrifice on the part of the consumer no doubt, but we have to take a long view and situated as we are, living as we do in a world which has made a fetish of economic self-sufficiency, I can see no alternative to it.

The principal question we have to consider therefore is whether the Bill gives adequate protection to what is a basic industry of great national importance. The steel and iron industry is a key industry; it is an industry on which so many other industries depend; it is an industry of great importance to the defence of the country. It is of prime importance that the country should be made self-sufficient in the matter of her steel requirements. The Tatas have been supplying so far 72 per cent. of the steel requirements. The objective to be kept in view is or should be that cent. per cent. of the requirements should be supplied by Indian steel concerns. With the early expansion of the industry is bound up the future of so many other industries, industries which we should like to come into existence, such as, for example, industries for the manufacture of bicycles, motor cars, aeroplanes, refrigerators, electric dynamos and the plant.

Keeping the importance of the industry in view, it cannot be fairly said that the protection given by the Act of 1927, was excessive. In fact, the Tatas complain in the very able representation they have submitted to the Tariff Board that the protection given was inadequate. In one respect, Sir, the result of the scheme of protection of 1927 has certainly been disappointing. The Tariff Board of 1927 had hoped that another steel work would come into existence. That hope has not yet been realised. The Tariff Board have again stressed that:

“In regard to the future we regard it as a development to be greatly desired that steel protection should not remain the monopoly of a single enterprise”.

So far the success of the Tatas has not been sufficient to encourage the establishment of another concern. It is undesirable that in a basic industry there should be a virtual monopoly, and it strikes me that it ought to be the endeavour of our protective policy to encourage the growth of other concerns similar to Tatas.

Sir, I am not very good at figures and I should not like to talk about things I do not understand. But while on the subject of the adequacy of the protection, I should mention that a part of the public, including poor widows and small middle class men have invested very nearly Rs. 10½ crores in the Tatas. The ordinary shareholders, as far as I have been able to see, have been getting no return on their ordinary shares. The preference shareholders stand on a different footing. I am thinking of the ordinary shareholders.

The scheme of protection devised by the Tariff Board, as far as I have been able to understand it, and I speak with diffidence, is framed to yield the Tatas a net profit of one crore, after providing Rs. 78 lakhs for the depreciation and other charges such as head office expenses and managing agent's commission. Will this sum enable anything to be paid to the ordinary shareholders? The point is of importance because if the investing public do not get any return on their investments, there is little chance of their being induced to invest money in another concern. I find that a paper called *Commerce and Industry* published at Delhi states that the reserve fund of the Company stood last year at Rs. 16,92,820 and that this is the figure at which it stood on the 31st March, 1921. How is it and why is it that the Company has not been able to add anything to this reserve fund during this period of 12 years? Inadequate protection, Sir, is worse than no protection because if you give an industry inadequate protection, you make the consumer pay and at the same time not reap the harvest in the shape of increased industrial development and lower prices at some future date. Therefore, Sir, it is necessary that the protection given should be adequate, should be such as will enable the industry to become a paying concern. I agree with the view that the consumer, particularly in a poor country like India, ought not to be made to pay too heavily. But I do not think the protection proposed to be given can be legitimately attacked on this ground. Sir, I have heard a good deal of discussion on the estimates of what the consumer will have to bear if the industry is given protection. I will just refer to one item to show that the arguments by which the consumer's case is supported are not necessarily always sound. The Tariff Board say that the landed price without duty of continental bars is Rs. 67, and of English bars would be Rs. 96, while the selling price of the Indian steel would be Rs. 106. From this the inference has been drawn and the argument advanced that if there were no duties at all the Indian consumer will get his continental bars at Rs. 67 per ton. That is not a correct argument. On the assumption that there are no duties and that the British steel bars cannot be sold below Rs. 96 per ton, why should the continental manufacturer sell his bars at Rs. 67? He will sell his bars at any price in the neighbourhood of Rs. 96, say, about Rs. 88 or Rs. 87 per ton. The point that I want therefore to make is that it often happens that it is the levy of high protective duties which forces competition and compels the foreign manufacturers to lower their prices in order to retain the market for their goods. Sir, we see this in the case of Javanese sugar today. I am therefore not disposed to quarrel with the quantum of protection proposed. My grievance against the Bill is that the protection proposed is accompanied with conditions which might make it ineffective and defeat its purpose. Let me just explain this. The two most objectionable features of the arrangements

[Pandit Prakash Narain Sapru.]

embodied in this Bill are the excise duty on iron and steel ingots and the preferential duties in favour of Great Britain. So far as the excise duty is concerned, I would like to say this. It ought not to have found its place in any Bill intended or designed to give protection to a basic industry. Ordinarily an excise duty is imposed during the budget proposals and it strikes one that this is not the occasion for Government to levy such a duty. What is the revenue that you will lose if you do not impose this duty? The duty will act as a tax on protection. It will not be in the interests of the growth of this industry. We have modified the scheme of protection to the disadvantage of Tatas. What you are bound to consider is whether the Rs. 30 lakhs which they will have to pay by way of excise duty will not have a tendency to make the scheme of protection which Government has devised for them ineffective. The industry will have to pay increased railway freights about Rs. 40 lakhs and it is to be burdened with this further payment of nearly Rs. 30 lakhs in the shape of an excise duty. Add to this the fact that the British manufacturer is being put in a position of advantage by the reduction of duties on British goods. What will be the effect of all this on the industry and the country generally? What will be the effect of this on the general industrial advancement of the country on the subsidiary industries which depend on this industry, such as coal, fire brick, manganese, etc.

I now come, Sir, to the differential duties in favour of Britain. The Bill as it has come out of the Select Committee represents an improvement over the original Bill as based on the recommendations of the Tariff Board, but it still shows considerable preference to British steel. The duties on British steel have been considerably reduced and in many cases only revenue duties to the extent of 10 per cent. have been retained. We should have thought that it was the Indian industry that required protection. Sir, Indian commercial opinion is, generally speaking, against preferential arrangements, as it is not convinced that those arrangements have any tangible gains to offer. I was reading only today the conclusions which the Federation of Indian Chambers of Commerce and Industry has reached on Dr. Meek's Report on the working of the Ottawa Agreement. They point out that the preference scheme has not created any new market for India and that it has merely diverted India's export trade from foreign countries to Great Britain. They have also reached the conclusion that the preference scheme has obstructed direct trade relations with foreign countries in a number of articles, and it is creating obstacles in the smooth trade relations between India and her chief customers abroad. Already we hear, Sir, that Belgium is proposing to find other markets for cotton and other things of which she was a purchaser from us. The result of these duties will be that the continental manufacturer will be driven out of the Indian market, and even be eliminated, and the Indian consumer will not be able to buy, if he wants to, cheap continental goods. He will have to make this sacrifice not in order that Indian trade might benefit, but in order that the British steel manufacturer might not be squeezed out. What is the advantage that the Indian consumer is going to get in return? Sir, cold expressions of sympathy with our political aspirations leave us unmoved, and so far as material benefits are concerned, I cannot see any. We want to know what are the advantages in return that we shall get for the sacrifice that we are making? Surely the proper course for the Government would have been to impose one

uniform revenue duty on all countries and take anti-dumping powers against the countries that are dumping goods. I must therefore express my disapproval of the principle of preferential duties in this Bill.

One other observation that I would like to make is in regard to clause 2. Clause 2 gives power to the executive to modify the scheme of protection embodied in the Bill—

THE HONOURABLE THE PRESIDENT: You are anticipating your own amendment.

THE HONOURABLE PANDIT PRAKASH NARAIN SAPRU: I will not say anything more.

With these words, Sir, I will resume my seat.

THE HONOURABLE SIR JOSEPH BHORE (Commerce Member): Sir, I must apologise if what I have to say this morning is for the large part a repetition of what I have said in another place, where a debate on this subject has extended over many days and where practically every aspect of this question has been most carefully considered. This Bill, Sir, is in all probability the last major protective measure which will be introduced by the Commerce Department during my term of office, and it is a matter of some satisfaction to me that the Bill should refer to an industry which I may justly describe as a key industry of the greatest national importance and which has on the whole justified the sacrifices that the country has made in the desire to place it upon a firm and stable foundation. I do not think, Sir, that there is any serious challenge of the Board's conclusion that the industry has in the past justified the protection which it has received, and I do not think that there will be any one who will question the conclusion of the Board that it merits the continuance of protection for a further definite period, sufficient to enable it to consolidate its position finally and enable it to stand unaided against the competitive efforts of its outside rivals. Assuming, Sir, that the necessity for protection is admitted, the only other question of importance is the quantum of protection which should be given in the circumstances of the case. Now, Sir, here again, I do not think there will be any serious controversy in regard to the recommendations which have been made by the Tariff Board. The more I examine the provisions of the Bill the more they appear to me to be almost inevitable having regard to the data before us; not merely inevitable but I may say impervious to serious criticism and challenge. My Honourable friend Mr. Stewart has already explained the procedure adopted by the Board. It is no new procedure; it is a procedure which has been followed by, as far as I know, every previous Tariff Board, in the examination of the question of protection and in assessing the quantum of protection required. The Board has in the first place fixed a fair selling price for the Indian product; it has then ascertained the price of the competing non-Indian product. The difference between the two is the amount of protection that is required. Now, Sir, the Board has had recourse to no subtle, no hidden methods in arriving at its conclusions. The Board has founded its findings on facts and figures and it has subjected those facts and figures to the cold processes of mathematics. If there is anybody who says either that the protection recommended by the Board is too much or too little, then they must challenge either the correctness of the facts and figures concerned or they must

[Sir Joseph Bhore.]

say that the processes which have been adopted by the Board in arriving at its conclusions are incorrect or inaccurate. So far as I know, Sir, that has not been done by anybody, whether inside the Legislature or outside it. Those who have thought fit to criticise the recommendations of the Tariff Board have abandoned the region of facts and figures and have proceeded on vague generalizations which have no solid foundation whatsoever. I say that those who adopt these vague generalizations put themselves entirely out of court and they cannot claim to be seriously considered in any reply that may be called for from these benches.

THE HONOURABLE MAJOR NAWAB SIR MAHOMED AKBAR KHAN : It is a matter of opinion.

THE HONOURABLE SIR JOSEPH BHORE : No, Sir, it is not a matter of opinion ; it is a matter of facts. If any body wants to challenge the findings, he must challenge the foundations on which the Board's recommendations are built and not content himself by making wild and vague generalizations. One of such wild and vague generalizations is that which was made by one or two Honourable Members this morning when they suggested that the duties imposed on British goods were unreasonably advantageous to the British producer.

Now, Sir, this brings me to the question of differential duties. I have very little to add to what has already been said on more occasions than one in the Indian Legislature in respect of differential duties. I would only ask Honourable Members to consider this question on the basis of ordinary common-sense and reason and not of prejudice. The underlying fact is that in many instances the price of British products cannot possibly compete with the price of continental or foreign products. Now, Sir, let me illustrate this case in its simplest form. It may appear to you, Sir, and to business men to be extremely elementary, but it is often the elementary that is overlooked. Let us assume that the landed price without duty of a British article is Rs. 100. Let us assume the landed price of the foreign article to be Rs. 60 ; and let us assume that the fair selling price of the Indian product is Rs. 105. Then, Sir, it is quite evident that other things being equal the protection required by the Indian article against the British competitor is Rs. 5, as against Rs. 45 against the foreign or continental competitor. Now, if you were to impose, as my Honourable friend Mr. Sapru suggests, a uniform duty of Rs. 45 on all outside imports, you will be imposing a totally unnecessary handicap on the British importer, and you will also be penalising very severely the Indian consumer. The principle of differential duties has been accepted by the Indian Legislature on more than one occasion and, Sir, nothing has been said this morning which would justify the rejection of a principle which has already been considered and accepted. For whose benefit, is it argued, that we should do away with these differential duties ? Is it for the benefit of the Indian producer ? Surely not, Sir, because the calculations of the Board make it quite clear that the duties that they have recommended against the British competitor are sufficient protection to the Indian producer. Is it for the sake

of the Indian consumer ? Again, Sir, surely not, for an unnecessarily high rate of duty is directly and diametrically opposed to the interests of the Indian consumer. Let me take just one particular case, the case to which my Honourable friend Mr. Jagadish Chandra Banerjee referred, the case of galvanized sheet. What are the facts ? The facts are these. My Honourable friend Mr. Stewart has already pointed out that we have ascertained on the most irrefutable evidence that it is not possible for the British importer to sell galvanized sheet at a price below Rs. 160 a ton without duty. The price at which the continental importer can sell is Rs. 130 a ton ; the fair selling price for the Indian product is Rs. 170 a ton. The Board therefore has suggested that a duty of Rs. 10 is sufficient against the British importer and a duty of Rs. 40 is necessary against the foreign non-British importer. Now, my Honourable friend Mr. Banerjee suggests that we should impose a duty of Rs. 40 on the British product as well. What will be the result ? It is well known that Tatas cannot possibly supply more than a fraction of the demand for galvanized sheet in this country. The inevitable result will be that the British price will be driven up to Rs. 200, that the foreign competitor instead of selling at Rs. 170 will be free to sell at any price up to—possibly a little below—Rs. 200 ; and for the sake of a uniform rate of duty, you are going to impose extra burden upon the Indian consumer to the tune of something like Rs. 30 a ton. My Honourable friend also overlooked the fact that we are in this Bill very considerably reducing the duties on galvanized sheet. We are reducing the duties on continental sheets to Rs. 40 a ton ; and that means a reduction of the burden on the Indian consumer of something like Rs. 48 lakhs. If the complaint is that the duty proposed on British goods is not sufficient to make the protection for the Indian industry effective, I have on more than one occasion said that we are perfectly ready to examine the evidence upon which that contention is based ; but, Sir, up to the present moment no one has ventured to set out that evidence ; no one has ventured to advance facts and figures in support of such a contention.

Referring to differential duties, Sir, I need only emphasise what was stated by a very distinguished predecessor of mine in office, namely, Sir Charles Innes. He explained that it was not a question of Empire sentiment. It was a question of the Indian consumers' interests. Now, Sir, I do realise that there is a certain amount of perturbation in certain quarters in regard to the effects of these differential duties upon our non-British—I may say extra-British—foreign trade. I do not wish to treat, and I certainly would not be justified in treating that anxiety lightly, but I would place before the House two considerations. The first consideration, Sir, is the very substantial reductions indeed which we are now proposing in this measure on continental products. Let me give to the House just one or two instances. On continental bars we are reducing the duty from Rs. 46½ to Rs. 39. On continental plates from Rs. 45 to Rs. 25. On black sheet (continental) from Rs. 73½ to Rs. 32. On continental galvanized sheets from Rs. 83 to Rs. 40.

**THE HONOURABLE MR. HOSSAIN IMAM :** What about the structures ?

**THE HONOURABLE SIR JOSEPH BHOORE :** There are only two cases in which the duties that we are now proposing are slightly in excess of the duties



[Sir Joseph Bhore.]

that are at the moment existing and that brings us to the question of uneconomic competition from the Continent.

The next point, Sir, that I wish to refer to is this question of uneconomic continental competition and here, Sir, perhaps you will forgive me if I again repeat what I said before in this connection. I said on another occasion that I frankly admit the necessity of seeing that the continental importer is not unduly or improperly penalised. I am at one with those who point out the danger inherent in an unfair handicap on continental products, but I would point to the very pregnant observations of the Tariff Board on the question of continental competition. I do not want to weary the House, Sir, and I will therefore merely refer the House to paragraphs 101 and 195 of the Tariff Board's Report in this connection. I said, Sir, further that, when continental prices become stable and economic, there is nothing to prevent us from utilising our powers under clause 2 of the Bill to bring the duties into line with certain modifications of price.

Sir, I do not think I should detain the House any longer. The duties embodied in this Bill are not random impositions. They are the result of careful calculations on a scientific basis. I submit that they are fair to the industry and I think, if my Honourable friends would consult the industry today, they would be satisfied that the industry does not seriously regard these duties as affording insufficient protection. All industries would no doubt like to get as much as they possibly can and squeeze the consumer as much as they possibly can. (*An Honourable Member*: "What about the shareholders?") Sir, we are here not to safeguard the shareholders but the consumers. (Applause.) I submit, Sir, that these duties are fair to the industry. They are fair to the consumer. In our view they will help to establish the industry on a firm basis and at the end of the period of protection we hope the industry will be able to face with equanimity competition from outside,—always supposing, of course, that that competition is on an economic basis.

I would ask the House, Sir, to accept the Bill as it stands. (Applause.)

THE HONOURABLE THE PRESIDENT : I do not propose to curtail the discussion on this Bill as it is a very important measure. I would like to give all Honourable Members an opportunity of addressing the House. But today being Saturday and particularly as on Monday next we have no work, I propose to adjourn the Council till Monday, after hearing the Leader of the House, when a full debate on this Bill will be resumed.

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#### STATEMENT OF BUSINESS.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Leader of the House) : Sir, as I announced previously the remaining portion of today's business will be taken up on Monday, the 3rd September. I understand that some Honourable Members desire that, of the four Bills which have been laid on the table today, one, namely, the Indian Tariff Bill which I

understand is a non-controversial measure, may be proceeded with on Monday after the conclusion of today's unfinished business. I therefore suggest, Sir, if the House agrees, that the normal period of notice in respect of the Tariff Bill may be curtailed by one day and that it may be put down on the agenda for Monday. The other three Bills laid on the table today will be taken up on Tuesday, the 4th September, with your permission.

THE HONOURABLE THE PRESIDENT : I shall suspend the Standing Order in respect of the Tariff Bill and direct it to be put on the List of Business for Monday next.

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The Council then adjourned till Eleven of the Clock on Monday, the 3rd September, 1934.

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