

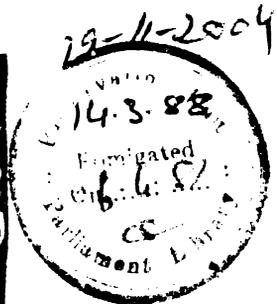
Monday, 18th February, 1935

THE
COUNCIL OF STATE DEBATES

VOLUME I, 1935

(11th February to 17th April, 1935)

NINTH SESSION
OF THE
THIRD COUNCIL OF STATE, 1935



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COUNCIL OF STATE.

Monday, 18th February, 1935.

The Council met in the Council Chamber of the Council House at Elever of the Clock, the Honourable the President in the Chair.

QUESTION AND ANSWER.

POSTAL INSURANCE POLICIES.

38. THE HONOURABLE MR. V. V. KALIKAR: Will Government be pleased to state:

(a) Is it a fact that all insurance companies give loans on the security of their insurance policies?

(b) Is it a fact that postal insurance does not afford this concession to its policy-holders? If so, will Government state why this concession has been denied in this exceptional insurance?

(c) Is it a fact that some policy-holders had made a representation to the postal authorities to amend the existing Postal Insurance Rules so as to make provision for granting loans on the securities of their policies? If so, what has been the decision arrived at by them?

(d) If no decision has yet been arrived at, will Government please state how long they will take to arrive at a decision?

(e) Is it a fact that standard banks and other persons offer loans on the security of postal insurance policies at double the rate of interest which is generally charged by Government on any loans offered by them to their servants?

(f) Do Government propose to change the policy hitherto followed, by considering the question on commercial lines?

THE HONOURABLE MR. D. G. MITCHELL: (a) Government understand that this is the case.

(b) Loans are not advanced by Government to holders of postal insurance policies on the security of such policies because such loans can be obtained from any bank on the security of the policies.

(c) The reply to the first part is in the affirmative. As regards the second part, it was decided not to make any special provision.

(d) Does not arise.

(e) Government have no information.

(f) Government do not propose to introduce the system of granting loans on postal insurance policies. These policies are intended to give special facilities to Government servants and persons of analogous position to

enable them to make provision for their families. It is also intended that there should be no unnecessary competition with private business. If Government were to grant loans on these policies on favourable terms, both objects would be defeated.

STATEMENT LAID ON THE TABLE.

REPORT OF THE COMMITTEE OF THE COUNCIL OF STATE ON THE OTTAWA TRADE AGREEMENT.

THE HONOURABLE MR. T. A. STEWART (Commerce Secretary): Sir, I lay on the table the Report of the Committee appointed by the Council of State to examine and report on the working of the scheme of mutual preferences between India and the United Kingdom arising from the Ottawa Trade Agreement, together with a separate note by certain members.

Report of the Committee appointed by the Council of State to examine and report on the working of the scheme of mutual preferences between India and the United Kingdom arising from the Ottawa Trade Agreement.

We were appointed by the Council of State on the 8th August 1934 as a committee to examine and report on the working of the scheme of mutual preferences between India and the United Kingdom brought into force as a result of the Trade Agreement concluded at Ottawa between the Government of India and His Majesty's Government in the United Kingdom.

We have made a careful examination of the available information, most of which is contained in a report on the working of the scheme of preferences up to the end of the fiscal year 1933-34 which the Director-General of Commercial Intelligence and Statistics has submitted, and have now the honour to present this our report.

2. We found it convenient that our investigation should be directed towards propounding the answers to five main questions and we think it will be equally convenient that our report should take the same form. The questions which we put to ourselves were as follows:—

- (i) What has been the effect on India's exports of the preferences granted to India?
- (ii) What has been the effect on India's imports of the preferences granted by India?
- (iii) What has been the effect on internal prices of the preferences granted by India?
- (iv) What has been the effect on Indian industries of the preferences granted by India?
- (v) What has been the effect on India's revenue of the preferences granted by and to India?

But before stating our conclusions we must emphasize that they are all subject to one main qualification: they are based on figures up to the end of March 1934, when the preferences granted by India had been in force for only fifteen months, and this period is, in our opinion, much too short to enable a final opinion to be reached on the effect of the scheme as a whole. Though it is possible to derive from the information so far available an indication of what the results of certain parts of the scheme may prove to be, even this is not practicable over the whole field; and as a whole we have found that we could do little more than point out the trend of the trade affected by the Ottawa preferences as revealed by the figures up to March 1934 without committing ourselves to a definite view of what the ultimate balance of advantage and disadvantage from the agreement may be.

3. *What has been the effect on India's exports of the preferences granted to India?*—We have made a careful examination of the statistics relating to each of the preferences scheduled in the agreement, and the results of our investigations are as follows:—

Wheat.—The preference has not so far been of value to India but has a potential value, especially when the area commanded by the Sukkur Scheme is fully developed.

Rice.—The position of the rice trade during the year 1933-34 was by no means fully satisfactory. There was a fall of 100,000 tons in the total volume of exports, and of about Rs. 3½ crores in their value. But the preference of a penny a pound given by the United Kingdom is the equivalent of over 200 per cent. *ad valorem* on the prices ruling in 1933-34 and has enabled India to double her export trade to the United Kingdom; the increase in value amounting to about Rs. 19 lakhs or 60 per cent. We consider that the preference has been of definite and substantial advantage to India in enabling her both to export more of her produce and to obtain a better price for it in the United Kingdom than she otherwise would have done.

We wish to invite attention to the dangers to the rice preference arising from the increasing imports of foreign paddy into the United Kingdom. It has been stated that it is possible that these increased imports have so far been at the expense of foreign rice and not of Indian rice. On the other hand, the Indian Trade Commissioner, commenting on the favourable development of the marketing of Indian rice, has stated that the novel feature of imports of foreign paddy bearing only 10 per cent. duty, will have to be carefully watched if the benefit of the Ottawa preference on rice from India is not to be jeopardised. This gives us some cause for apprehension and we are of opinion that the question of imposing an adequate countervailing duty on foreign paddy in order to protect imports of Indian rice into the United Kingdom should be taken up at an early date with His Majesty's Government in Great Britain.

Vegetable oils.—This group comprises castor, linseed, coconut, groundnut, rapeseed and sesamum oil. Taking the group as a whole, we are of opinion that the preferences granted by the United Kingdom have led to increased exports from India. We are unable to express any opinion as to the effect of the preferences on prices obtained by India.

Magnesium chloride.—This is only a small item, but it seems clear that the preference granted has been of advantage to the one manufacturing concern in India both in enabling it to export a largely increased quantity of magnesium chloride and in enabling it to get a better price for it.

Linseed.—The comparative failure of the Argentine crop would, in our opinion, anyhow have led to larger exports of Indian linseed to the United Kingdom in 1933-34. But we think it clear that the preference assisted Indian linseed to oust Argentine linseed from the United Kingdom in that year, for India increased her percentage in the United Kingdom market from 2½ per cent. to 53 per cent. while the world supply fell by only 25 per cent.

Coffee.—The preference appears to have enabled India to retain her position in the United Kingdom market, which she would otherwise have lost to British East Africa.

Tea.—We consider that the preference has been of advantage to India in preventing a diversion of the trade to Ceylon.

Coir mats and matings and coir yarn.—It seems to us clear that the preference on coir manufactures has been of definite advantage to India and has enabled her to capture practically the whole of the United Kingdom market. In 1931-32 she supplied 5·3 million square yards out of a total import into the United Kingdom of 6·6 million square yards; in 1933-34 she supplied 8·4 million square yards out of 8·5 million square yards.

The preference on coir yarn does not appear to have had any effect in stimulating exports. What seems to have happened is that India is now supplying more of the manufactured article at the expense of the United Kingdom manufacturer whose demand for coir yarn has therefore decreased.

Cotton yarn and cotton manufactures.—The preferences do not seem so far to have been of any appreciable value to India.

Tanned hides and skins.—The preference has obviously enabled India to increase her exports to the United Kingdom at the expense of foreign countries.

Jute manufactures.—We think it clear that the preference has enabled India to capture the market from foreign countries. In 1931 India had 78 per cent. of the United Kingdom's imports; she now has 98 per cent.

Oilseed cake.—There has been a substantial increase in the imports of oilseed cake and meal from India into the United Kingdom since the preference was granted in spite of the fact that the United Kingdom's total imports have decreased. On the other hand, India's exports to foreign countries have fallen by about the same amount as the increase in India's exports to the United Kingdom. The material before us is not sufficient to enable us to form an opinion whether the preference has been of advantage to India or has merely resulted in a diversion of trade.

Paraffin wax.—We are unable to express any view whether the preference has as yet been of any advantage to India.

Spices.—The preference does not seem to have had as yet any appreciable effect.

Teak and other hard woods.—Teak was responsible in 1933-34 for 98 per cent. in quantity of the total exports from India to the United Kingdom under this group. They increased very substantially in 1933-34 without any decrease (and in fact with a considerable increase) in the exports to countries not granting preference. We consider that the preference on teak has been of very definite value.

The preference on other sorts of hard wood, of which India is only a small exporter appears to have been of little value to India.

Woollen carpets and rugs.—The preference appears to us, from the figures of 1933-34, to have been of definite advantage to India, enabling her to increase her trade with the United Kingdom without loss of trade with foreign countries. Her percentage of United Kingdom imports has risen from 21½ per cent. in 1931-32 to 51 per cent. in 1933-34.

This preference is of particular value in that it assists an industry which in many cases partakes of the character of a cottage industry.

Bran and pollard and rice meal and dust.—The preference seems to have enabled India to maintain her place in the United Kingdom market.

Tobacco.—The substantial preference of 2s. per lb., which represents nearly 380 per cent. *ad valorem* on present prices, has enabled India to increase her share in the import trade of the United Kingdom. At the same time exports of Indian tobacco to foreign countries have increased. We are of opinion that the preference is of definite advantage to India, particularly with regard to unmanufactured tobacco, and that in view of the large market in the United Kingdom particularly for light tobacco for cigarettes, greater advantage can still be taken of the preference.

Castor seed.—The indications appear to us to be that the preference has enabled India to increase her share in the United Kingdom market. There has simultaneously been a decrease in the exports from India to foreign countries. At the same time we notice that the exports of castor oil from India to foreign countries have increased very considerably in the past two years.

Magnesite, sandalwood oil, granite setts and kerbs.—We think that the preferences on these three articles have been of advantage to India, and in the case of granite setts and kerbs fulfil their purpose of opening up a new line of trade.

Groundnuts.—The preference seems to have been of moderate value to India.

Lead.—The preference appears to have enabled India to increase her exports to the United Kingdom, both absolutely and relatively to other countries, and it has an important insurance value in that India's chief competitor in the United Kingdom market is Australia which also enjoys the same preference.

We note that there was some falling off in 1933-34 in the exports of pig lead to countries not granting a preference.

Raw cotton.—Under the Ottawa Agreement the Government of the United Kingdom undertook to co-operate in any practical scheme that might be agreed upon between the manufacturing, trading and producing interests in the United Kingdom and India for the promotion of the greater use of Indian cotton in the United Kingdom. We are of opinion that the increase in the exports of Indian cotton to the United Kingdom in the year 1933-34 reflects favourably on the action already taken in this direction.

The Honourable Mr. Hossain Imam wishes to record the following further observations:

"The export of Indian raw cotton is like all commodities governed by price factor. As it is inferior in quality to the American Middling, it commands greatest demand when its parity to it (A. M.) is lowest and the demand falls back when parity rises. When the parity was 70·3 the demand was 727,000 tons (29-30) with 88·3 the demand was only 375,000 tons (32-33) and with 75·8 it again went up to 514,000 (33-34). The parity is governed by internal demand to a great extent. With the boycott movement the internal production increased due to greater demand of the consumers and consequently the parity increased. In viewing the parities, the fact should not be lost sight of that the parities are in terms of gold while America was on gold standard and therefore the parity in terms of Pound purchasing power is different.

I do not therefore regard the increase in intake of the United Kingdom as anything but a direct result of decreased parity, and to a certain extent due to difficulties of financing American trade".

Iron and steel.—Although the necessity for an export market for Indian "semis" may now have disappeared, we are of opinion that the arrangement entered into by the Supplementary Agreement was of advantage to India. The free entry of pig iron into the United Kingdom, while supplies from foreign sources paid 33 per cent. *ad valorem*, has enabled India to find a market for 93,000 tons of pig iron in the year 1933-34 when, apart from temporary causes, export markets for Indian pig iron have been rapidly contracting.

It will be observed from this detailed examination that, in our opinion, certain of the preferences granted by the United Kingdom, notably those on rice, vegetable oils, coir and jute manufactures, tanned hides and skins, teak, woollen carpets and rugs, tobacco and lead, definitely led to an increase in India's exports in 1933-34, while others, such as those on tea and coffee, had an insurance value in preventing a loss of trade, more particularly to other Empire countries receiving similar preferences. As a whole the indications seem to us to be that the preferences are of considerable assistance to India.

We desire to invite particular attention to our comments on one effect of the preference given to rice.

The preferences granted to India by non-self-governing Colonies and Protectorates appear to have had little effect so far. This is also true of the preferences granted by India to these Colonies and Protectorates.

We are informed that Ceylon has not yet implemented in full the preferences agreed upon at Ottawa. We understand that negotiations to this end are still in progress, and we would urge that early steps be taken to secure an adequate *quid pro quo* for the preferences given to Ceylon.

1. *What has been the effect on India's imports of the preferences granted by India?*—The preferences granted by India cover a large number of commodities in many of which the trade is relatively small. An examination of the figures up to March 1934 leads us to the conclusion that, taken as a whole, these preferences have been of value to the United Kingdom in enabling her to increase her trade with India, more particularly in the case of chemicals, hardware, instruments, wrought aluminium, brass, bronze and copper, oils, paints and colours, provisions, rubber manufactures, stationery, woollen manufactures, toilet requisites, cycles and parts of cycles, and to some extent motor cars and motor omnibuses. In other cases the preferences seem to have enabled her to maintain her existing trade in a period of depression when the tendency was downward.

It has been pointed out to us that lubricating oils of foreign origin blended and packed in the United Kingdom have in the past enjoyed preferential treatment. We are informed, however, that the rules which govern the admissibility of such oils to preferential treatment have been altered and that such oils blended and packed in the United Kingdom are no longer accorded preferential treatment.

5. *What has been the effect on internal prices of the preferences granted by India?*—We have examined the available statistics which appear to us to indicate a downward tendency in the prices of the articles affected by these preferences since the scheme was introduced. We are unable, however, to record any definite opinion of the extent to which this downward tendency was due to the grant of the preferences and not to other causes at work during the period. It seems clear that the consumer has not been adversely affected.

6. *What has been the effect on Indian industries of the preferences granted by India?*—The only industry which has made a representation that it has been adversely affected by the operation of the Ottawa preferences is the aluminium utensil manufacturing industry, and after considering the facts brought out in Chapter IV of Dr. Meek's report on the working of the scheme of preferences we have come to the conclusion that the case for this industry has not been made out. The indications appear to us to be that the scheme of preferences has not adversely affected any Indian industry.

7. *What has been the effect on India's revenues of the preferences granted by and to India?*—We append to our report a note on this subject which has been prepared by the Central Board of Revenue. It seems to us clear that the preferential scheme has in no way adversely affected the revenues of India.

8. We wish to express our obligations to Dr. Meek not only for his very fair and valuable report which we consider to be exactly what is required for the detailed study of this complicated matter, but also for the great assistance he gave to us in our deliberations.

We were unable to complete our deliberations before the close of the session, and our report cannot therefore be presented to the Council of State till some months have elapsed since its preparation. The Honourable Mr. Hossain Imam and the Honourable Mr. Kalikar would have wished the preparation of the report to have been postponed until January, when some further information might have been available.

The Honourable Diwan Bahadur G. Narayanaswami Chetty and the Honourable Mr. Bijay Kumar Basu were unable to take part in our deliberations and consequently do not sign this report. We append to it a separate note by the Honourable Mr. Hossain Imam, the Honourable Mr. V. V. Kalikar and the Honourable Mr. Mahmood Suhrawardy.

A. A. L. PARSONS.

T. A. STEWART.

E. MILLER.

RAZA ALI.

*HOSSAIN IMAM.

*MAHMOOD SUHRAWARDY.

*V. V. KALIKAR.

Sinla, 12th September, 1934.



APPENDIX.

I have been asked to give an appreciation of the effects of the Ottawa preferences on our customs revenue. For this purpose I have examined the figures of collection of import duty under the main tariff headings in the last two complete years 1932-33 and 1933-34. It may be observed that the preceding year 1931-32 is unsuitable for purposes of comparison because there was a general increase in the rates of duty in September 1931. It must also be borne in mind that the Act embodying the results of the Agreement came into effect on the 1st of January 1933. For three months, therefore, of the financial year 1932-33 the Ottawa preferences were in force. We can, therefore, only compare the figures of the year 1933-34, during the whole 12 months of which the preferences were in force, with the figures of the previous year during three months of which the preferences were in force.

2. For the purposes of this comparison I have prepared three tables. Table I gives the figures for tariff headings which were completely covered by the Ottawa Trade Agreement. Table II gives the figures for tariff headings covering articles some of which were affected by the Agreement while others were not. For the year 1933-34 the figures are given in two columns, A and B, showing the duty collected on articles so affected and on articles not affected. It is for obvious reasons impossible to make a similar division of the figures for 1932-33. Table III gives the figures for tariff headings entirely unaffected by the Ottawa Trade Agreement.

3. The total revenue from import duties in the year 1933-34 was Rs. 6·26 crores less than the total import revenue of the previous year 1932-33. It will be seen from the tables that the way in which the three groups of tariff headings contributed to produce this result was as follows:—

Table I.—Tariff headings entirely affected by the Ottawa Trade Agreement: net gain 5·10 lakhs or +1½ per cent.

Table II.—Tariff headings partially affected: net loss 68·24 lakhs, or —5 per cent.

Table III.—Tariff headings entirely unaffected: net loss 563·70 lakhs, or —23 per cent.

4. It will be seen from Table III that the greater part of the loss occurred under the protected heads Sugar, Cotton Piecegoods, and Iron and Steel, which accounted for 4·30 crores of the decrease.

A. RAISMAN.

16th August 1934.

* Subject to separate note.

TABLE I.

Tariff Headings entirely affected by the Ottawa Trade Agreement.

(Figures in thousands of rupees.)

Article.	1932-33.	1933-34.	Difference.	
			-	+
Pneumatic Rubber tyres and tubes .	37,57	32,52	5,05	..
Confectionery	7,35	7,33	2	..
Spices	18,08	18,00	8	..
Tea	11,45	13,36	..	2,09
Tobacco, unmanufactured	99,96	87,66	12,30	..
Lubricating oils	11,11	15,41	..	4,30
Motor cars	64,66	75,02	..	10,36
Electric Lighting bulbs	18,06	15,92	2,14	..
Cinematograph films (not exposed)	2,72	3,65	..	93
Smokers' requisites	1,14	1,96	..	82
Toys, etc.	23,69	25,37	..	1,68
Wireless reception instruments and apparatus.	2,55	4,09	..	1,54
Metals, Iron and Steel	30,74	35,05	..	4,31
Portland Cement	11,51	10,17	34	..
Bestel Nuts	57,54	56,54	1,00	..
	3,98,13	4,02,05	20,93	26,03

N.B.—The rate of duty on unmanufactured tobacco had been Rs. 1-14-0 a lb. and was altered owing to the Ottawa Agreement to Rs. 2 standard and Rs. 1-8-0 preference. The amount imported from British Colonies remained negligible. It is improbable that the decrease was due to the slightly increased rate of duty. Former importations were:—

	lbs.
1929-30	4,551,848
1930-31	1,608,381
1931-32	2,844,919
1932-33	5,115,672
1933-34	4,187,024

TABLE II.

Tariff Headings partially affected by the Ottawa Trade Agreement.

(Figures in thousands of rupees.)

Article.	1932-33.	1933-34.		Total.	Differences.	
		A	B		-	+
Ale, beer, porter, &c.	35,41	33,04	1,17	34,21	1,20	..
Spirits	1,72,59	16,34	1,61,64	1,77,98	..	5,39
Boots and shoes	27,82	3,24	21,13	24,37	3,45	..
Arms and Ammuni- tion, etc.	4,17	7,35	1	7,36	..	3,19
Other articles at special rates	6,40	1,45	18,17	19,62	..	13,22
Articles of food and drink	1,12,27	55,73	34,64	90,37	21,90	..
Raw materials	1,08,17	45,22	55,75	1,00,97	7,20	..
Cutlery and hardware	1,41,81	1,32,61	9,30	1,41,91	..	10
Metals other than Iron and Steel	91,53	67,55	8,00	75,55	15,98	..
Yarn and Textile fab- rics	1,36,05	50,09	59,39	1,10,08	25,97	..
All other articles at 25 per cent	4,39,38	3,08,93	1,31,08	4,35,01	4,37	..
Other articles at 50 per cent.	77,08	12,32	54,69	67,01	10,67	..
	13,52,68	7,29,47	5,54,97	12,34,44	90,14	21,90

Nett loss—88,24.

Column A.—This shows the total duty collected in 1933-34, whether at preferential or standard rates, on those portions of the Tariff Heading which are affected by the Ottawa Trade Agreement.

Column B.—This shows the total duty collected in 1933-34 on those portions of the Tariff Heading which are entirely unaffected by the Ottawa Trade Agreement.

TABLE III.

Tariff Headings not affected by the Ottawa Trade Agreement.

(Figures in thousand of rupees.)

Article.*	1932-33.	1933-34.	Difference.	
			-	+
Wheat	13,44	3,22	10,22	..
Wines	12,92	13,81	..	89
Molasses	3,86	2,22	1,64	..
Tobacco, manufactured	33,80	27,15	6,65	..
Coal, coke and patent fuel	32	50	..	18
Tin block	7,25	6,15	1,10	..
Kerosene oil	1,45,35	1,26,01	19,34	..
Motor spirit	20,00	16,20	18,90	..
Other mineral oils (excluding lubricating oils)	23,20	23,94	..	74
Cotton, raw	55,91	30,38	25,53	..
Silver	7,56	89	6,67	..
Artificial silk yarn and thread	17,14	15,70	1,44	..
Cotton yarn and thread	54,87	40,17	14,70	..
Silk and artificial silk mixtures	47,64	44,78	2,86	..
Vinegar, etc.	15	23	..	8
Dyes and colours	17,24	28,64	..	11,40
Machinery	1,13,33	1,33,30	..	19,97
Railway Plant and rolling stock	7,12	8,70	..	1,57
Other articles at 10 per cent.	73	79	..	6
Miscellaneous at 25 per cent.	66,18	64,24	1,94	..
Silk and artificial silk	2,55,25	1,96,41	58,84	..
Cinematograph films (exposed)	6,76	9,17	..	2,41
Iron and Steel, protected	1,09,75	84,25	25,50	..
*Heavy chemicals, protected	4,48	18	4,30	..
Silver wire and thread	8,33	5,71	2,62	..
Paper and Stationery, protected	21,19	23,60	..	2,41
Sugar	6,84,79	4,72,64	2,12,75	..
Cotton piece-goods	6,52,64	4,60,85	1,91,79	..
Matches, etc.	40	29	11	..
Wood pulp	8,80	11,49	..	2,69
	24,08,80	18,45,10	6,06,20	42,50

Nett loss—5,63,70.

* Protection removed in 1933-34 except for one item. Duty collected in 1933-34 included under miscellaneous.

Separate note by the Honourable Mr. Mahmood Suhrawardy, the Honourable Mr. Hossain Imam and the Honourable Mr. V. V. Kalikar.

In this note which we are attaching we desire to stress the emphasis laid on the fact that the period of fifteen months during which the preferences have been in existence is much too short to enable us to arrive at definite conclusions as to the results of the scheme of mutual preferences. When a further period has elapsed and fuller foreign trade information is available it will then be possible to come to more definite conclusions on many important points connected with the effects of preference, in particular we shall then be in a position to examine the trade statistics from the points of view of what is called "diversion". In the meantime we wish to add the following considerations to which we have given careful thought as we are convinced that the success or failure of

the Ottawa Agreement should be viewed from a special standpoint. Sir George Schuster at Ottawa expressed the view that India's greatest need at the moment was to have an increase in the price level of home commodities. It is therefore our object to see how our prices have improved by the grant of preference. The effect of preference on trade can conveniently be divided into three categories and possibly a fourth.

- * (A) (i) Where preference is granted to a producer, who supplies only a small portion of market at competitive prices, then if he does not increase his trade he retains the entire advantage of the preference.
- * (B) (ii) If the producer wants to expand the market he brings down his price* below what he could obtain and takes a bigger share of the market and thereby transfers part of the advantages to the consumer, and both the consumer and the producer benefit.
- * (C) (iii) If preference is granted to the suppliers of the majority of requirements of the consumer, the result is that the suppliers of unpreferred articles, in order to retain their share in market, usually bring down their prices to the level of preferred articles. Thus advantage of preference is retained entirely by the consumer.
- * (D) (iv) There is another aspect of preference which deserves consideration. Producers whose landed cost at the consuming centre is higher than that of the other competitors, are enabled by preference to acquire a market in the consuming centre. In this kind of preference, although there is no direct burden on the consumer, yet it has a great effect on the national exchequer. There is the resultant deficit in the customs income without saving to the consumer, entailing new taxation on the nationals of the consuming country and the preference is regarded as indirect subsidy to the producer and is therefore distinctly to the advantage of supplier as it enables them to expand their trade.

2. Arising from the above four principles we come to the conclusion that preference is of advantage to the granting country and the consumer if it comes in the third category and to a certain extent in the second class. It is of greatest advantage to the producer if it falls under the first heading and to a certain extent if it is either second or fourth order. We attach Schedules I and II.

3. In valuing the advantages of Ottawa one cannot lose sight of the fact that while Britain enjoys uncompetitive preference in our market we have been given preference in some of the commodities with a host of competitors, the members of the British Commonwealth of Nations. This as a necessary corollary brings an element of competition among the preference holders in the United Kingdom market, necessitating price cuts and other disadvantages to Indian suppliers in some commodities, while England is safe from all these worries.

4. A further contributing cause which cannot be lost sight of is the transport costs from the producing centre to the consuming markets. No enquiry under this head has so far been made; but what little we can find out from the general information available to us, leads us to believe, that India is heavily handicapped in this race. It would be of great advantage to India if an enquiry is made to find out what advantages have been acquired by our competitors in the United Kingdom market and what disadvantages have been heaped on India from March 1932. It would also help us if we could know how far the shipping charges from the United Kingdom to India in our commodities have been altered during this period. This enquiry will no doubt cost us something but we feel sure that the advantages which will accrue, will more than compensate the small outlay. Exploration of avenues which will increase our trade ought not to be grudged. Sir James Grigg in his speech on 20th August in the Council of State stated as follows:

"In my view, a much healthier way of creating a favourable balance of trade is to stimulate exports, and this is of particular importance to India whose main products are agricultural."

As we are in entire agreement with this dictum of the Honourable the Finance Member we commend this line of action to Government and Council.

5. The Chairman suggested five heads under which we should examine the working of the Ottawa Pact. While in agreement with him, we would like to stress the fact that prices of our export articles are an important item and they should also be given prominence. The trend of our world export trade involving expansion of whole trade or a

* A, B, C and D refer to the sub-heads in Schedules I and II.

diversion are to be fully considered. We note below a few special considerations about some of the important articles of our export trade:—

Wheat.—During 1933-34 we did not take any advantage of the preference in wheat but lately some export is taking place. We can take full advantage only if the railway freights are reduced and a propaganda is started to stimulate export. Even when Karachi prices were 5s. 1½d. below the London prices in August 1933 there were no exports.

Rice.—While United Kingdom takes only 5.3 per cent. of our total export in this commodity we as a matter of fact supplied more than 90 per cent. of the United Kingdom's requirement in the particular class in which our rice is included (Appendix I). The fall of 25 per cent. between 1931-32 and 1933-34 of our total trade with countries not granting preference calls for special notice. This may be accounted for by the reduced purchasing power of our chief consumers of rice and it is attributable to the decrease of our purchases from those countries. This tendency of self-sufficiency of India and reliance on Empire markets for our requirements by the Government will bring in its train as a logical consequence a decrease in purchases of our raw produce by our foreign customers. It is from the agriculturist's point of view that we cannot but look with disfavour on any tendency towards contraction of the purchases of our foreign customers. It is a tragedy that while our total export trade in this commodity has fallen materially even our home market is being invaded by Siamese rice. In England, although we get a preference of 9s. 4d. per cwt., our price fell down from 8s. 7½d. in January, 1932 to 5s. 9½d. in March, 1934. We are now supplying almost the entire demand of England in this class of rice and Saigon is practically out of the market.

Vegetable oils.—It is a regrettable feature of our trade with the United Kingdom that although there is an increase of 80 per cent. in quantity of our export to the United Kingdom between 1931-32 and 1933-34 yet the price advanced only by 19 per cent. while in countries not granting preference the quantity exported and the price both increased by 43 per cent.

Linseed.—The increase in our exports of this article to the United Kingdom is greatly influenced by the failure of the Argentine crops. Therefore all the gain is directly attributable to that cause, but a noteworthy feature is that our parity with the LaPlata linseed fell from 132 to 117 between January, 1932 and January, 1934, a reduction of 15 points. The price in January 1932 of this commodity was 2s. 16½d. per cwt. higher than LaPlata but in January, 1934 it was only 11½d. higher than the duty paid price of LaPlata.

Coffee.—Trade with other countries was increasing more rapidly in the last three years than trade with the United Kingdom.

Tea.—The whole issue has been clouded by the Tea Restriction Scheme which has materially affected the prices as well as the total trade. We cannot isolate any advantage accruing from preference as apart from the restriction scheme.

Coirs and coir matting.—It is noteworthy that between 1931-32 and 1933-34 our trade with United Kingdom had a setback and our trade with foreign countries increased. There is an increase of 60,000 cwts. in our total trade and 70,000 cwts. with foreign countries with a fall of 33,000 cwts. in the United Kingdom between 1931-32 and 1933-34.

Cotton and cotton manufactures.—Our trade with United Kingdom is an insignificant part of our total trade and the possibilities of getting preference from the non-self-governing Colonies in manufactured articles are to be explored as the Colonies have a favourable balance of trade against us in the preferred articles.

Hides.—The fact that our price in foreign countries has registered a slight increase between 1931-32 and 1933-34 is contrasted by a distinct fall in value of our export to the United Kingdom and it is further confirmed by the market quotations on page 49 of the departmental Report.

MAHMOOD SUHRAWARDY.

HOSBAIN IMAM.

V. V. KALIKAR.

SCHEDULE I.

*Exports from India to U. K.**Sub-head A or D—*

Cotton manufacture 10% (1932) 12.69 lakhs.

Sub-head B (divided advantage)—

Rapeseed oil 16 to 28% 23 lakhs.
 Cotton yarn 14 to 20% 1.35 "
 Oilseed cake 29 to 44% 82.15 "
 Paraffin wax " 54.70 "
 Bran and rice, etc. " 37.00 "
 Magnesite 20 to 35% 2.84 "
 Granite setts 4 to 16% 3.05 "
 Sandal oil 16 to 31% 6.22 "

Total B Rs. 187.54 "

Sub-head C (advantage to U. K.)—

Rice 95% 51.98 lakhs.
 Castor oil 89% 10.17 "
 Groundnut oil 95% 6.25 "
 Linseed 50% 2,00.00 "
 Coffee 50% 34.40 "
 Tea 86% 17,58.16 "
 Coir yarn 100% 14.09 "
 Coir matting 99% 44.19 "
 Tanned hides 96% 2,38.34 "
 Tanned Skins 84% 2,91.78 "
 Goat skins 89% 77.09 "
 Jute goods 99% 1,60.22 "
 Spices 75% 7.43 "
 Teak 93% 39.88 "
 Woollens 55% 56.49 "
 Castorseed 96% 21.61 "
 Groundnut 99% 35.22 "
 Lead 96% 1,29.78 "
 Tobacco (unmanufactured) 46.94 "

Total C Rs. 32,21.02 "

	Advantages to India.	Advantages to U. K.
A or D.	12.69 lakhs	..
B	93.77 "	93.77 lakhs.
C	<u>32,21.02</u> "

Grand totals 1,06.46(India) 33,14.79 (U. K.) Lakhs.

SCHEDULE II.

Export from U. K. to India.

<i>Sub-head A (below 50%)—</i>			
Apparel	33 to 29%	20.06	lakhs.
Building material fall	12%	20.89	"
Cork manufacture	39 to 10%	.58	"
Glue	25 to 22%	.96	"
Leather	42 to 36%	12.50	"
Paper	10 to 6%	2.81	"
Provision	32%	58.33	"
Woollons	28%	57.44	"
Toys	22%	11.82	"
Umbrellas	9 to 4%	3.55	"
Total Rs.		1,88.74	"
<i>Sub-head D—</i>			
<i>Differential duties—</i>			
Iron and Steel		1,64.38	lakhs.
Cotton goods		8,58.05	"
<i>Preferential duties—</i>			
Motor cars & buses		1,18.50	"
Toilet Soaps		23.78	"
Machinery	(Figures not available.)		
Total Rs.		11,64.71	"
<i>Sub-head B—</i>			
Boots and shoes	25 to 29%	5.26	lakhs.
Brush	11 to 18%	4.72	"
Buttons	6 to 11%	1.05	"
Chemicals	52 to 55%	1,49.00	"
Cordage and rope	34 to 42%	2.49	"
Cutlery	23 to 27%	6.41	"
Drugs	40 to 53%	16.35	"
Earthenware	increase	12.24	"
Hardware	29 to 33%	92.00	"
Aluminium and other metals		1,16.45	"
Pastboard	14 to 22%	6.65	"
Rubber	40 to 62%	1,16.23	"
Stationery		35.17	"
Mineral oil	13 to 23%	25.55	"
Total Rs.		5,89.57	"
<i>Sub-head C—</i>			
Asbestos	67%	11.22	lakhs.
Arms	91%	9.58	"
Cycles, etc.	71%	62.67	"
Furniture	68%	8.65	"
Instrument	51%	2,06.00	" (provi- sional)
Liquors	64%	65.00	"
Paints, etc.	68%	44.09	"
Total Rs.		4,07.21	"
<i>Advantage to India—</i>			
C. plus $\frac{1}{2}$ B.	Rs.	7,02.00	lakhs.
<i>Advantage to U. K.—</i>			
A. D. $\frac{1}{2}$ B.	Rs.	16,48.24	"
Total Rs.		23,50.24	"

APPENDIX I.

Imports of cleaned whole rice into the United Kingdom.

			Imports from		
			British India.	Fr. Indo China.	Siam.
1928	{ Cwt.	(000)	484	9	36
	{ £	(000)	354	6	22
1929	{ Cwt.	(000)	448	..	9
	{ £	(000)	318	..	8
1930	{ Cwt.	(000)	413	..	6
	{ £	(000)	252	..	3
1931	{ Cwt.	(000)	453	5	20
	{ £	(000)	198	5	12
1932	{ Cwt.	(000)	527	3	6
	{ £	(000)	250	1	4
1933	{ Cwt.	(000)	644	(a)	(a)
	{ £	(000)	282		

(a) Figures not available.

PRESENTATION OF THE RAILWAY BUDGET FOR 1935-36.

THE HONOURABLE SIR GUTHRIE RUSSELL (Chief Commissioner of Railways): Sir, I have the honour to present a statement of the estimated revenue and expenditure of the Governor General in Council for the year 1935-36 in respect of railways. It has been my misfortune in the past to present to the Council what must have been considered as rather gloomy statements and forecasts. Railway earnings are however like the tides; they rise and fall. It would appear that low tide was reached during 1932-33, and that now there is every indication that we are on the rising tide. I know that in the past I have been accused of being an optimist, but I think that the figures which I shall place before the Council to-day, will show that this optimism has been justified and that the Railways of India are now well on the road to a period of prosperity. I do not say for one moment that we shall not have set-backs, but unless our calculations are entirely upset by events outside India, over which we have no control, I believe such set-backs as we do have, will only be temporary. Ever since the beginning of the financial year 1933-34, our earnings have shown a tendency to rise. During that year our gross earnings amounted to 86.63 crores as against 84.43 crores for 1932-33. These results would have been better to the extent of about $\frac{1}{2}$ a crore but for the fact that, owing to the holidays at the end of the financial year, this sum could not be taken into account. Our earnings during 1934-35 will, of course, be swelled to this extent. In placing the Budget for 1934-35 before the Council, I estimated that our gross earnings would be about 2 $\frac{1}{2}$ crores better than for the previous year, or a total of 89 crores. To date, our anticipations have been more than realised, and we now think we are on reasonably safe grounds in estimating our total traffic receipts at 90.75

crores for this financial year. With these results before us, I think we are justified in approaching our task of making our budget estimate for 1935-36 in a spirit of optimism. We, therefore, propose to assume that we shall get a further increase of 2½ crores in our earnings which will raise these to 93½ crores. If our anticipations are realised, we shall be in a position to meet all our liabilities so far as commercial lines are concerned, and the deficit will be reduced to under 2 crores, or approximately the loss on strategic lines. To emphasise the point that I have already made that we are now apparently on a rising tide of railway earnings, I would repeat the figures I have already given of actuals and estimates. During 1932-33, the trough of the depression, our earnings were 84.43 crores. During 1933-34 they rose to 86.63 crores, and our revised estimate for 1934-35 places these at 90.75, and for 1935-36 we estimate they will amount to 93.50 crores.

2. The figures I have given are our gross traffic receipts, but the real indication of prosperity is the net earnings, i.e., the difference between gross earnings and working expenses. How have we fared as regards working expenses? Has all that is possible been done during the lean years to adjust these to falling earnings? I think we can justify our claim that the Railways of India have done their utmost to cut their coats according to the cloth available. In 1929-30 the last year of peak traffic the working expenses rose to 55.59 crores, by 1932-33 they had been reduced to 49.08 crores—a decrease of just over 6½ crores. In 1933-34 with an increase in traffic they rose to 49.50 crores, in 1934-35 we estimate they will be 50.10 crores and our budget estimate for 1935-36 is 51.15 crores. Thus, between 1932-33 and 1935-36, though we anticipate an increase in earnings of just over 9 crores we hope to obtain this with an increase in working expenses of about 2 crores. When it is borne in mind that during 1932-33 our staff was subject to the full cut in pay which reduced our working expenses by 193 lakhs, we shall, if our estimates prove correct, and taking into account varying factors, etc., obtain 9 crores of additional revenue from an increase of only about two-thirds of a crore in working expenses.

3. A simple mathematical calculation which I propose to do for the Council will show that our net traffic receipts for 1932-33 were 35.35 crores, for 1933-34 37.13 crores, our revised estimate for 1934-35 is 40.65 crores, and our budget estimate for 1935-36 is 42.35 crores. From these amounts has to be deducted the appropriation to the Depreciation Fund. After making this deduction and adding the net result of our miscellaneous receipts and charges, if we had been a private company, we should have had available for payments of dividends during 1932-33 and 1933-34, 22.68 and 24.62 crores respectively. Our estimate for 1934-35 is 27.60 crores and for 1935-36, 29.79 crores. Unfortunately we are not in the position of a private company, and we have got to meet fixed interest charges. The result was that in 1932-33 and 1933-34 we were short in these interest charges by 10 crores 23 lakhs and 7 crores 96 lakhs respectively. During 1934-35 we anticipate that our deficit will drop to 4.24 crores and in 1935-36 to 1.90 crores. The position for 1935-36 will be that our deficit will be rather less than the loss on strategic lines, that is, the Railways of India, as a commercial concern, after meeting all their charges, will have a small surplus.

As the Council is aware, since our reserve fund has been exhausted, we have met our deficits by loans from the Depreciation Fund. Despite these heavy withdrawals, the balance in the Depreciation Fund at the end of 1935-36 should be 12.87 crores. Though no one can see into the future, I have every hope that, when I place the budget estimates for 1936-37 before the

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Council next year, I shall be in a position to estimate for a surplus for commercial and strategic lines combined.

4. Despite the undoubtedly more cheerful outlook, there is one rather depressing feature. Goods traffic is entirely responsible for our increase in earnings; our passenger earnings still show a tendency to decrease. For this the reasons are not far to seek. The country has been passing through a period of depression and people have little money to spend on travelling, but with a return to prosperity we hope the travel spirit will again evince itself, and in this belief we have allowed for a small increase in passenger earnings during the next financial year. In an endeavour to regain traffic we have, as an experiment, made a general reduction of fares on the North Western Railway. The result of this for the first 12 months, during which it has been in force, has been an increase in the number of passengers travelling as compared with the previous 12 months, of 6 million or 11 per cent., but a decrease in earnings of 4 lakhs or 1 per cent. We are also trying a somewhat similar experiment for 3rd class traffic on the Great Indian Peninsula Railway, and we have introduced return tickets on the Eastern Bengal Railway. It is yet too early to say whether these experiments are going to pay or not. We are, however, still up against a problem—a problem that, if I may say so, has baffled the ingenuity of our Railways to grapple with, that is, relating to those who feel they have an inherent right to travel by railway without paying for their journey as other fellow citizens do. The extent of the evil can perhaps best be gauged from the fact that in 1933 nearly 3 million passengers were detected travelling without tickets. This, it is believed, is only a fraction of the number who travelled similarly but were not detected. Had it been possible for us to have had two or more ticket examiners on every train the facts that would have been disclosed would have, I feel sure, enabled the public to realise the seriousness of the situation. How many crores of revenue the Railways of India have lost on this account it is difficult to estimate, but it is the honest passenger who has to pay more for his travel to cover what the Railways lose on the ticketless traveller. I think Railways may justifiably look to public opinion to assert itself in this matter and support them in the measures that they desire to take at least to mitigate, if not eradicate, this evil. Railways have suggested amending the Indian Railways Act in order to make the penalty for those found travelling without tickets sufficiently deterrent. We have asked Railways for their views as to what amendments in the Act they would recommend, and it is our intention to discuss this matter, in due course, with the Central Advisory Council for Railways before deciding on the steps to be taken.

5. Our passenger earnings, like those of the Railways of every other country in the world, have undoubtedly been affected by the growth of motor transport, and Honourable Members will perhaps expect me, on this occasion, to make some observations on the somewhat complex problem of competition between the railways and the roads. It is a problem which practically every country in the world has to solve. Each is endeavouring to find a solution compatible with the conditions there prevailing. Here in India also the problem has within recent years assumed an importance which compels early action being taken before it reaches a stage at which co-ordination will become more difficult. I have no desire to exaggerate the seriousness of the position so far as it affects our railways. We realise that there is considerable room for the expansion of both our roads and our railways. That the expansion of the one should be complementary to the other is a doctrine to which no one, I believe, will take exception. Honourable Members are perhaps

aware of the first meeting of the Transport Advisory Council held here last month, which, apart from anything else, showed how completely in agreement were all those who are responsible for the development of railways and roads, in regard to the necessity for the adoption of measures to ensure systematic development. There is to us only one criterion that is paramount in these matters and that is the public interest, which is synonymous with the interest of the general taxpayer.

6. I know it has been suggested that road competition is good for Railways, as it tends to make Railway Administrations give more careful consideration to the improvement of their services. I do not propose to controvert this view. But Honourable Members will no doubt appreciate the point that it is not a lack of willingness that prevents Railways from improving their services. All improvements call for increased expenditure, and while Railways are quite prepared to take the long view that an immediate return cannot reasonably be expected, they cannot in the public interest adopt the numerous suggestions they receive for more frequent services and the provision of other facilities, which, their experience and local knowledge tell them, would involve expenditure out of all proportion to the convenience afforded. I can, however, assure this House that Railways fully realise and appreciate the necessity for keeping abreast of the times and are doing whatever is practicable to meet all reasonable requirements.

7. As I have already said, the increase in goods traffic is entirely responsible for our increased earnings. A perusal of the statistics so far collected for this financial year shows some remarkable results. With the exception of oil seeds, sugar and jute, practically every commodity shows an increase. The increase in the tonnage of coal carried is over 11 per cent. with an increase of 12 per cent. in the earnings. We have carried 20 per cent. more rice with 10 per cent. more earnings. Our traffic in gram and pulses has actually increased by 30 per cent., both in tonnage and earnings. The greatest increase of all is in metallic ores, where our tonnage has increased by 40 per cent. and our earnings by 50 per cent. These figures alone, I think, show that commerce and industry in India are very definitely on the up grade. It was in earnest of this belief that we announced some days ago that the basic rate for the surcharge on coal would be reduced on 1st April from 15 per cent. to 12½ per cent. and be subject to a maximum of Re. 1 per ton. This will be of particular benefit to long-distance traffic. The overriding maximum of Re. 1 comes into operation at distances of above 700 miles from the coalfields.

8. While I am on the subject of goods traffic, Honourable Members will, I am sure, desire to know what progress has been made in regard to the question of a revision of the General Classification of Goods, a matter which we discussed with the Central Advisory Council for Railways last August. The lines which such a revision would take would depend entirely on the result of a detailed investigation of the traffic in each of the important commodities. The extent to which revenue is likely to be affected by any general revision of freight classification is so great that detailed statistics showing the volume of the traffic in each commodity, the zones within which it moves and the revenue earned therefrom, must be available before any further action is taken. A Committee was specially constituted by the Indian Railway Conference Association to examine and report on the statistics that should be compiled. The Committee's report was considered by the Indian Railway Conference Association at their meeting in October last when they decided that a further examination should be made as to whether it would not be possible to consider a simplification of the tariff without the preparation of the more elaborate statistics which their special Committee had recommended. The matter is

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coming up for further consideration at the meeting of the Conference Association next month. This contemplated revision of the tariff does not, however, preclude Railways from making meantime such alterations in their rates for goods traffic as circumstances call for. As a result of the discussion at the Crop Planning Conference in June last year, I believe Railway Administrations are now more closely in touch with those officers of local Governments who are endeavouring to facilitate the efforts of the agriculturist in finding a market for his produce. We hope that this co-operation will prove beneficial to both the producer and the consumer and incidentally make its influence felt by an increase in the earnings of our railways.

9. Increased traffic earnings are doubtless the life blood of Railways, but we must also take into consideration the cost of obtaining them. I have already given details of how our working expenses have varied with our earnings and said that we estimate we shall be in a position to carry 9 crores of additional traffic during 1935-36 with a relative increase in working expenses of about two-thirds of a crore as compared with the year 1932-33. How has this result been achieved? Undoubtedly we have been helped by a fall in the price of coal and general stores, but I think we may claim that the main reason is more efficient operation owing largely to the policy of the Railway Board, in the more prosperous times, of increasing main line capacity by the provision of up-to-date marshalling yards, strengthening of track and bridges, more powerful locomotives, higher capacity goods stock and the vacuum-braking of goods vehicles, but we must not forget that this greater efficiency, despite all these improvements could not have been obtained but for the co-operation of Railway Administrations and Railway staff from the highest to the lowest. Another factor which has helped is the policy of standardising all items of railway equipment. Our standards organisation was started 5 years ago on a temporary basis, but I am glad to say that this organisation has now, with the concurrence of the Standing Finance Committee for Railways, been placed on a permanent basis, and I feel sure that it will continue to add to the efficiency of Indian Railways, and, as years go on, be of more and more benefit to Indian industries.

10. I must now turn to our Capital and Depreciation Fund programme for the coming year. This is again a modest one. Despite the more favourable prospects ahead we have not considered it desirable to launch on a large programme of capital expenditure. In saying this I do not wish it to be understood that we are resting on our oars. This is far from being the case. We have constantly under investigation projects which will open up areas of country which have no means of getting their produce to the outside world and schemes which will reduce our expenditure and increase the efficiency of our railways. We are actually at the moment re-examining all projects which had to be postponed owing to financial stringency and which at the time they were last examined showed signs of giving a fair return on the capital expended. I hope it may be possible to include some of these in our budget for 1936-37. For 1935-36 our programme allows for a total expenditure of 15½ crores against our estimate for the present year of 10½ crores, or after allowing for a further reduction of ½ crore in stores balances which will be reduced to 8½ crores, an actual cash outlay of 15 crores. Of this amount 9½ crores will be found from the Depreciation Fund and the balance of 5½ crores will be an addition to capital. The programme itself is, as I have indicated above, not spectacular. For new constructions we are only providing 26 lakhs of which 8 lakhs are for the Jhudo-Pithoro Railway started in the current year; 8 lakhs for the Megna Bridge to improve communications between Bengal and Assam, a very

long felt want—and 10 lakhs for the Madura-Karaikudi project in South India. This project has been given a high place by the Madras Government in their list of recommended lines, but before we start construction we propose again to consult the Madras Government. This was the procedure recommended for all new railway projects at the recent meeting of the Transport Advisory Committee. Another project, which we consider will prove to be remunerative, is the extension of the electrified service on the Bombay, Baroda and Central India Railway from Borivli to Virar. This will give a direct electric service from Virar into Bombay and should prove of very great benefit to the travelling public. 44 lakhs has been provided for the purchase of the Amritsar-Patti-Kasur Railway. This is expected to yield a return of 7½ per cent. on the purchase price.

11. Of the balance, we propose to spend 4½ crores on rolling stock. Of this, locomotives and boilers absorb about a crore, coaching stock about 1½ crores and wagons 2½ crores. The total number of wagons to be ordered amounts to slightly over 5,000. These are in replacement of wagons already scrapped or to be scrapped this year and are essential if we are to meet the needs of traffic. Track renewals are estimated to cost 5 crores, bridgework 1 crore, and other structural works 3½ crores.

12. Sir, I have now to perform what to me is my most pleasant duty on this occasion, that is to bring to the notice of the Council the valuable services rendered during the past year to India by the Agents, officers and staff of our great railway system. We at Headquarters can direct and advise, but when all is said and done the prosperity of the Railways is in the hands of those who have to deal with the thousand and one problems which arise from day to day. In detail these problems may be considered not of very great importance. In the aggregate, however, they make up the policy of a Railway, and its success and prosperity must depend on their proper settlement. How are they being dealt with by the Railways? I think the figures I have placed before the Council are a sufficient answer to this question. (Applause.)

MOTION FOR THE ELECTION OF SIX NON-OFFICIAL MEMBERS FOR THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

THE HONOURABLE SIR GUTHRIE RUSSELL (Chief Commissioner of Railways): Sir, I move:

“That this Council do proceed to elect, in such manner as may be approved by the Honourable the President, six non-official Members from the Council who shall be required to serve on the Central Advisory Council for Railways.”

The Motion was adopted.

MOTION FOR THE ELECTION OF FOUR NON-OFFICIAL MEMBERS FOR THE STANDING COMMITTEE ON EMIGRATION.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Education, Health and Lands Member): Sir, I move:

“That this Council do proceed to elect, in such manner as the Honourable the President may direct, four non-official Members to serve on the Standing Committee on Emigration.”

The Motion was adopted.

THE HONOURABLE THE PRESIDENT : With reference to the two Motions which have just been adopted by the Council, I have to announce that nominations for these two Committees will be received by the Secretary up to 11 A.M. on Thursday, the 21st February, 1935, and the dates for election, if necessary, will be communicated later.

INDIAN NATURALIZATION (AMENDMENT) BILL.

THE HONOURABLE MR. M. G. HALLETT (Home Secretary) : Sir, I beg to move :

“ That the Bill to amend the Indian Naturalization Act, 1926, for certain purposes, as passed by the Legislative Assembly, be taken into consideration. ”

This Bill, Sir, is of a somewhat technical nature and its provisions may perhaps be obscure to Honourable Members as they were to me when I first studied the file. I trust, however, I shall be able to make pretty clear to this Council what the provisions are and why this Bill has been introduced. The League of Nations undertook a codification of International Law. They went into the International Laws and examined various branches of them. One of the branches which they examined was the laws in force in various countries of the world governing nationality and naturalization. In the course of this examination they found that under certain circumstances, cases of hardship arise, and it is to remove one of these cases of hardship that it is necessary for us in India to amend the Indian Naturalization Act of 1926. The particular case of hardship with which this Bill deals is that which may arise in the case of a married woman. They are sometimes in the position of what is technically known as “ statelessness ”. That means that they have no legal nationality, either by reason of the woman’s marriage or during the continuance of that marriage by a change in the nationality of her husband. I might explain that expression “ statelessness ” in somewhat greater detail. The British Nationality Law lays down the general proposition that the wife of a British subject shall be deemed to be a British subject and the wife of an alien shall be deemed to be an alien. That is the law throughout the British Empire. But that is not the law in some other countries. It is not, for example, the law in the United States of America. If a woman who is a British subject marries an American, she ceases under the British Statute to be deemed a British subject and she does not under the American Law become an American subject. She is therefore stateless. Such a position of statelessness exposes a woman to certain difficulties and embarrassments. To take a fairly common example, she has difficulty in getting a passport. A passport is only given by a Government to its own nationals or people who have become naturalized in that country. That may cause some embarrassment in the course of her travels. Even her residence in the country is a matter of grace rather than of right. She is not a citizen of any country in the world. When this difficulty was discovered, the League of Nations took steps to get it removed by doing away with the conflict between the Nationality Laws in force in various countries of the world. A Convention was drawn up and an attempt was made to get the various countries to agree to its terms. A conference was then arranged under the auspices of the League of Nations which met at The Hague in the year 1930 and the various countries of the world, through their representatives, signed that Convention and agreed to undertake the necessary measures to give effect to it. At that Conference, India was represented by the late Sir Basanta Mallick, Sir Ewart Greaves and Mr. Latifi. Sir Basanta Mallick was a member of the Committee which

was in special charge of the particular matter with which this Bill deals, and signed the Convention on behalf of India, making a reservation only regarding the Indian States. Under the present Constitution, he was of course not in a position to commit them to any such Convention. That Convention having been signed, the Government of India intimated that they were ready to ratify the Convention provided the Indian Legislature passed the necessary legislation. The Bill which is now under discussion has been passed by the Lower House and I think it will be agreed that it is an entirely non-contentious measure. However, I will briefly explain its provisions and why in the statement of objects and reasons we have put down the four Articles of the Convention, to which I have already referred, in full. These four Articles—Articles 8, 9, 10 and 11—are designed to avoid the hardship which arises when a woman becomes stateless, either by reason of her marriage or by reason of a change in the nationality of her husband. The effect of marriage on the nationality of all British subjects throughout the Empire is regulated by the British Statute. Thus any changes in the law affecting that matter had to be made in the British Statute. This has been done by an amendment of the British Act in Parliament in 1933. The effect of a change of the nationality of the husband during the continuance of the marriage is regulated both by the British Statute and also by the Indian Naturalization Act. Empire-wide naturalization can only be given under the British Statute. But there is a more limited naturalization which is restricted to British India and can be given under the Indian Naturalization Act of 1926. As Honourable Members will have seen, there are three clauses which make slight amendments in the existing Act. The first amendment is to sub-section (1) of section 7. At present, under that sub-section, when an alien becomes a naturalized British subject, his wife is automatically also deemed to be a British subject. As Honourable Members will observe, that provision is contrary to Article 10 of the Convention which lays down that naturalization of the husband during marriage shall not involve a change in the nationality of the wife except with her consent. The important words are, "except with her consent". An amendment of section 7 is therefore required to bring it into line with Article 10 of the Convention, and that amendment is contained in clause 2 of the Bill. The next point is that section 9 of our present Act, which is amended by clause 3 of this Bill, provides that where a certificate of naturalization is revoked, and the holder thereby ceases to be a British subject, the Local Government may direct that his wife shall also cease to be deemed a British subject. Now, it might happen that the person whose certificate was revoked had a dual nationality and that his wife had not, and that if on the revocation of her husband's certificate the local Government directed that the wife should cease to be deemed a British subject the wife would thereby be deprived of any national status and reduced to the position, which I have already described, of statelessness. The proviso, therefore, to this section provides that the local Government shall not make such a direction unless by reason of the acquisition by her husband of a new nationality the wife also has acquired that nationality.

Finally, an amendment is made of section 10 of the Act. Section 10 provides for a declaration of alienage by certain persons who have acquired naturalization under the Act and sub-section (2) of that section provides that the wife of a person making such a declaration shall cease to be deemed a British subject. Here again, the wife might be reduced to a position of statelessness and to guard against that, we have added a proviso to that section saying that that shall not take place unless she had also acquired a new nationality. Those, Sir, are the three provisions of the Bill, and guards

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against this difficulty which has arisen in the past and which may arise in the future. It is, as I have said, a technical subject, but I trust this Council will accept it as being a necessary improvement of our naturalization laws. Sir, I move.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, I do not wish to speak on this measure. I simply wish to ask certain questions for our personal information, the answer to which we could not find in his speech. I want to know what happens to a woman who has already got British nationality if she marries an Indian ? Does she lose her British nationality or does she retain it ?

THE HONOURABLE MR. M. G. HALLETT : I am afraid I am not in a position to give a legal opinion on the point. If the Honourable Member really presses it I am willing to look into the matter outside the precincts of this House and give him an answer in a day or two. It would be rash for me to pose as an international lawyer at this stage.

THE HONOURABLE SIR DAVID DEVADOSS (Nominated Indian Christians) : May I put a question ? What is the nationality of the woman under this Act if she is divorced from the husband ?

THE HONOURABLE MR. M. G. HALLETT : That again is a question for which I must ask for notice.

THE HONOURABLE SIR DAVID DEVADOSS : My suggestion is that no provision is made in this Act for that contingency. A person becomes naturalized under the Act and then divorces the wife. What will be her nationality ?

THE HONOURABLE MR. HOSSAIN IMAM : Articles 8 and 11 of this Convention have not been brought into this Bill ?

THE HONOURABLE MR. M. G. HALLETT : That, I should have explained, is due to the fact that Articles 8 and 11 were made effective by an amendment of the British Nationality and Status of Aliens Act passed by Parliament in the year 1933. That Act covers those points. I can show the Honourable Member a copy of that Act if he desires.

THE HONOURABLE MR. HOSSAIN IMAM : Is that Act operative ?

THE HONOURABLE MR. M. G. HALLETT : Yes, Sir, it is operative throughout the whole of the British Empire.

THE HONOURABLE THE PRESIDENT : The Question is :

“ That the Bill to amend the Indian Naturalization Act, 1926, for certain purposes, as passed by the Legislative Assembly, be taken into consideration.”

The Motion was adopted.

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

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. M. G. HALLETT : Sir, I beg to move :

“That the Bill to amend the Indian Naturalization Act, 1926, for certain purposes, as passed by the Legislative Assembly, be passed.”

The Motion was adopted.

CINEMATOGRAPH (AMENDMENT) BILL.

THE HONOURABLE MR. M. G. HALLETT (Home Secretary) : Sir, I beg to move :

“That the Bill further to amend the Cinematograph Act, 1918, for a certain purpose, be taken into consideration.”

If in the last Bill which I dealt with, I dealt with a technical legal question, and if I was unable to answer the legal conundrums put to me by two Honourable Members, this Bill stands on an entirely different footing. It deals with an essentially practical question and I trust if the same Honourable Members or others ask me questions about it I shall be in a better position to reply to those questions.

The Bill is designed to meet an evil which I think, literally speaking, we can say strikes one in the eye. Many of us when driving about the streets of Bombay or Calcutta or walking up the Mall at Simla must have noticed some of the posters put up to advertise cinematograph performances which, if not obscene, are certainly suggestive. To quote from an article which I have recently seen in a newspaper since I introduced this Bill in this House :

“Experience has shown that posters advertising films are even more objectionable than the films themselves. In fact it would not be difficult to cite instances in which films which have passed the Board of Censors are advertised by means of posters which lay undue emphasis on minor incidents designed to appeal to the baser instincts, while the main theme is ignored. It not only implies a perverted estimate of the public mind but must in the long run undermine it”.

Similar opinions have been expressed at various times. This House will remember that some five or six years ago a Committee was appointed by the Government of India to go into the whole question of the control of cinematograph performances and they recommended that action should be taken to control also the posters by which such performances were advertised. They observed :

“It is undoubtedly true that posters like any other catch-penny device are often much more lurid than the goods they advertise. These posters are distinctively suggestive and as they are posted in public places may and do at times offend the cultured and possibly do moral harm to the ignorant and adolescent”.

The question whether we should take action at that time was considered, but the practical proposal put forward by the Committee did not seem to the Government of India to be very sound. They did not recommend, as has been provided in this Bill, that the posters and advertisements should be subject to censorship. They only recommended that the police or a magistrate should have power to remove an offending poster. That did not seem to go very far. However at that time there were considerably fewer cinema houses in the large towns of India than there are at present. I see from today's newspaper from a speech in the Bengal Council that there are no less than 32 cinema houses in Calcutta and I take it there are an equally large number in the other

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large towns of India. With the increase of cinema houses there has been of course a corresponding increase in the number of posters displayed to advertise their performances, and we have had in recent years a good many protests from influential bodies drawing our attention to what I have described as the suggestive nature of some of these pictorial advertisements. From the Rotary Club of Lahore we got a protest three or four years ago in which they said that it was hardly dignified to have such posters glaringly displayed in that city. Other representations have been received from the Bengal Welfare Association, the National Christian Council of India, the Society for the Protection of Children in India, and from the National Council of Women. We have also received a representation last year to which I think considerable importance should be attached, and that is from the Bombay Municipal Corporation. They recommended that cinema posters should be censored so as to prevent the public display of objectionable posters.

I need say no more on this subject. I think every one will recognize that it is desirable to have some control over them. But it may possibly be suggested that the control which we are exercising by means of censorship may be somewhat troublesome to the trade. The procedure which we propose is that when the proprietor or licensee of a cinema hall wants to advertise a performance, or when the importer of a film or producer of a film in India which has been passed by the Board of Censors wants to advertise it, they shall produce before the Board of Censors the advertising material, or rather the pictorial advertising material which they propose to make use of. I understand that in the case of imported films when the film is sent out the producer of the film whether in America or England or wherever he may be sends with it a collection of advertisements which may be used to advertise it. These advertisements will be examined by the Board of Censors; some of them no doubt they will find are quite harmless; some they will cut out: those they will not be able to use. I do not think there is any need to anticipate that this will cause any undue hardship to the trade. In particular it will not hit in any way the industry which is now I understand rapidly growing up in India of the production of Indian films in India itself. That I understand is a promising industry. I have myself seen a film studio at Calcutta and I gather that is a very sound commercial proposition. So far as I have noticed myself from watching advertisements that appear as posters it is not the indigenous film that offends by using objectionable posters, but the imported films. If the producer or the licensee of a cinema hall uses an advertisement either in a newspaper or in a poster which has not been passed by the Censors he will be liable to a fine. The fine is not very excessive. It may extend to Rs. 500. That I do not think is unreasonable, but I think the mere fact that this Act has been passed will make the producers and advertisers of cinema performances both in this country and in other countries more careful of the pictorial representations which they use to advertise their wares and we shall not see on the walls of picture houses in the big towns pictures which are distinctly suggestive. When we were discussing this question, we consulted local Governments who agreed that action on these lines was desirable. We also consulted the Boards of Censors in the leading towns of Calcutta, Bombay, Madras and Lahore. They were all agreed that it would not affect the trade and it was desirable. Actually in Calcutta I understand that licensees of cinema halls and producers do show their advertisements informally to the Board of Censors to be examined before issuing them. There is however no statutory obligation on film producers to do so and there is no penalty if

they make use of a film the advertisement of which has not been passed by the Board of Censors. I do not think I need say any more, Sir. It is a perfectly simple matter designed to meet a very obvious evil and I trust the Bill will be regarded as uncontentious. Sir, I move.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, I regret very much our inability to give notice of an amendment asking that the Bill be committed to a Select Committee. It was a regrettable omission of ours, but may I request the Government to condone this mistake by waiving notice and allowing us to take this Bill to a Select Committee, so that its provisions may be looked into more thoroughly than we can do in this House.

THE HONOURABLE THE PRESIDENT : Order, order. The Government has nothing to do with such a request. It is for the President to decide whether an amendment is permissible at this stage or not. As I have already informed you the Bill has been for nearly a week with Honourable Members and if they have not put in amendments in time I am not inclined to give them any further time.

THE HONOURABLE MR. HOSSAIN IMAM : May I say one word ? The Bill was published in the Gazette of India only day before yesterday. It has not been before the public for a sufficiently long time to give them an opportunity to give an opinion either in the press or on the platform. This affects an industry which is becoming a national industry, whose interests we cannot say have been fully safeguarded by the Government.

THE HONOURABLE THE PRESIDENT : You can bring in a Bill for amendment of this Bill at a later stage.

THE HONOURABLE MR. HOSSAIN IMAM : If we are not able to do this, they can postpone the consideration of this Motion to the next official day, so that we may be able to bring in a Motion after consulting the industry at least. If Government are not hard-pressed for time, they might postpone this Bill to the next official day.

THE HONOURABLE THE PRESIDENT : Your request is for the appointment of a Select Committee ?

THE HONOURABLE MR. HOSSAIN IMAM : No, Sir. If the consideration Motion is deferred, we might be able to get some opinion from the industry.

THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Leader of the House) : Where does the industry come into this business ? I fail to see how the industry comes into it at all. Does the Honourable Member want to treat the morals of the people as an industry ?

THE HONOURABLE MR. HOSSAIN IMAM : Government consider themselves always infallible, but we know how far they have made mistakes in the past. After all they are human beings and they are liable to make mistakes. In the wording of the Bill there might be some loophole and there might be some mistakes which would increase the evil to a greater extent. There might be things which the Government want to bring into the Bill but which are not

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sufficiently covered. Therefore, Sir, I request that it may be postponed for 15 days at least so that the industry and the public may have a chance of expressing an opinion.

THE HONOURABLE THE PRESIDENT : Even up to now you have no definite suggestions to make and I am not going to allow a Select Committee to be appointed on merely hypothetical grounds.

THE HONOURABLE MR. HOSSAIN IMAM : I wanted the Government to postpone the consideration of this Bill.

THE HONOURABLE MR. M. G. HALLETT : May I explain, Sir? The Honourable Member appears very apprehensive about the trade. The trade has been consulted and the Boards of Censors have taken the views of the trade. Apart from that, the Cinematograph Committee of 1928, from whom the suggestion originated, took note of the views of the trade. The Punjab Board of Film Censors were consulted and they considered that cinema posters have generally deteriorated since 1930. In February, 1932 after discussion with proprietors and managers of cinema houses in Lahore the Board took the line of action which is to some extent effective, but they agreed that it would be better to take action on the lines of this Bill. Then again the Calcutta Board have made a similar observation. The Board see no administrative difficulty nor do they think the proposal to censor pictorial matter will prove vexatious to the trade. In practice such advertisements are already shown to the Board before publication and there has been no difficulty. These authorities have thus consulted the trade and I cannot see myself for a moment how it will affect the profits of cinema halls, which are very large, or the cinema producers.

***THE HONOURABLE MR. P. N. SAPRU (United Provinces Southern : Non-Muhammadan) :** Sir, I should like just to make one or two observations. I should like to say that I am not quite clear in my mind whether it is desirable for us to take the responsibility for a measure which we have not considered carefully ourselves yet. Apart from that, Sir, I am not quite clear in my mind as to whether there ought to be legislation in regard to what are called obscene films. Some of the greatest literature in the world has been described by courts of law as obscene ; some of the greatest books in the world have been described by courts of law as obscene and there have been criticisms of film censorship even in England. I am not quite clear whether the principle of censorship is right and therefore I am not prepared to share the responsibility for this measure and I must strike a critical note.

***THE HONOURABLE MR. MOHAMMAD YAMIN KHAN (United Provinces : Nominated Non-Official) :** Sir, it is very unfortunate that some of the Honourable Members did not feel inclined to look into the Bill which was presented several days ago ; but to commit the Council as a whole to saying that all the Members of the Council had no opportunity to go through the Bill will not be right. Therefore I thought it my duty to get up and say that as the Bill has been before us, we have carefully considered the provisions of the Bill.

* Speech not corrected by the Honourable Member.

It is an admitted fact and all Honourable Members who go to cinemas must have realized that on every occasion when the cinema starts there is a show for the sake of advertisement showing that such and such pictures are coming in the future. They state that this picture will be shown after 15 or 20 days or is coming two weeks hence. These trailers are shown before the films come up before the Board of Censors and may not be fully censored because they are shown in advance of the films and before the films have been imported. Then there are posters in which only a certain portion of the film may be shown and being put down as posters do not come under the category of films and so cannot be censored under the existing law. Therefore, it is essential that in order to safeguard the interests of the people who go to see these and to keep up the morals of the community strict censorship should be applied to the posters as well as to the little advertisements which are shown during the intervals. I think, Sir, this is very essential. If the Council agree with the suggestion which has been made by my Honourable friend Mr. Sapru, that there is no necessity of any censorship, then certainly this matter may be dropped, but when we have agreed in the past that there should be a censorship on films, then there is no reason why there should not be a censorship on posters and a censorship on the little advertisements which are being shown during the interval. I think, Sir, nobody will agree with my Honourable friend that there is no necessity because India is still a country where the people have different ideas and a different set of rules. The films may not be considered to be bad films in the United States of America from where they are imported, but it must be remembered that conditions are very different here and things at which people in the United States of America look with great indifference may not be held to be good in this country. Therefore I do not think that there is any Honourable Member who will agree with my Honourable friend Mr. Sapru, that there is no necessity of any censorship. I think that there should be a censorship and I support this Bill.

THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTY (Madras : Non-Muhammadan) : Sir, I welcome this measure most heartily, having once been connected with the Board of Censors in the City of Madras for a long number of years, where we felt that the Board could not let these objectionable advertisements and posters pass. We had very often received protests from the Young Men's Christian Association and various organizations in Madras, but as the Act did not give power to the Board of Censors to deal with it, we were not able to do anything in the matter. I remember the year before last when we had a number of questions in which the matter was brought very prominently to the notice of the Board of Censors and as the Government have now come up with a measure to deal with advertisements as well as posters, I heartily welcome this measure and hope that it will be passed.

THE HONOURABLE SIR DAVID DEVADOSS (Nominated Indian Christians) : Sir, this measure has been overdue for some time. In the view of some of the Madras people, the posters do greater mischief than the films themselves for they are exposed in places which are open to the public and of the passers-by and some of them are very suggestive and improper things. In the cinema house itself, Sir, the pictures move so fast that people may not really see what is intended. If there is anything objectionable, unless people are very curious and on the alert, they may not see all that is passing. In the case of posters which are well exhibited and are kept on for a number of

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days, the impression created on the minds especially of young people is very injurious to morals, and therefore some of the Madras associations have strongly urged upon the Government to have legislation on this matter, and I therefore think that this matter should not be delayed even for a day because it affects the morals of the younger generation and the effect will be very detrimental to the interests of the country.

THE HONOURABLE KHAN BAHADUR DR. SIR NASARVANJI CHOKSY (Bombay : Nominated Non-Official) : Sir, I support the Bill and in doing so I entirely agree with my Honourable friend, Sir David Devadoss, with regard to the evil influence which these posters exert. Last year some of the posters on one of the main thoroughfares of Bombay were so shocking that there was public clamour and they had to be blackwashed. Others which are not so bad are in fact very suggestive ; the result is that their moral influence, not upon adults but upon the growing generation, is very bad indeed. Schoolboys and schoolgirls are simply devoted to cinema literature, a matter which does not seem to be sufficiently dealt with in the Bill. Does the Bill include leaflets, booklets and periodicals, some of which are also for sale ? They describe not only films that are being exhibited but portray those to follow. The books of schoolgirls are full with cuttings of pictures of cinema stars and their conversation is confined solely to those.

Then, Sir, another point in regard to these posters is this, that the lower classes who do not know or understand the habits of life of the people of the West absorb a very poor idea of the morals of the white races ; in fact, everybody according to them is tarred with the same brush. Under these circumstances I believe it is imperative that there should be a strict censorship of the advertising material in every shape.

* THE HONOURABLE MR. P. C. D. CHARI (Burma : General) : Sir, I had no idea of intervening in this debate till my Honourable friend Dr. Sir Nasarvanji Choksy had spoken. I thought this was only a proper measure for censoring the advertisements. Some of the advertisements and posters are really very objectionable. But when I find there is a possibility of the censorship extending to various other things which were not originally contemplated by the framers of this Bill, I am very strongly opposed to the passing of this Bill which is likely to affect the various kinds of literature which are really enjoyed by a large section of the people. At the same time, it does not affect the morals of the people in any detrimental way. There may be some justification for censoring some of these posters because they are seen by a large section of people who do not know the habits and customs of the western peoples and there is a danger of the morals of these people being adversely affected. Sir, I am constrained to oppose the provisions of this Bill.

THE HONOURABLE MR. M. G. HALLETT : Sir, I do not think I need say much more on this Bill. I have had support from certain quarters, but the last speaker was afraid that certain forms of suggestive literature may not be available to everybody in future. I do not think that is a proposition which many of us would support but the Bill as it stands and its provisions should be clear to many of the Members of this House who are lawyers—refers

* Speech not corrected by the Honourable Member.

to any advertisement matter consisting of or containing any pictorial representation. It would not cover, I do not think, the magazines which do describe some of the films, but which are not publicly displayed.

THE HONOURABLE MR. BIJAY KUMAR BASU (Bengal: Nominated Non-Official): But if they contain objectionable matter, I think they would come under the provisions of the ordinary law.

THE HONOURABLE MR. M. G. HALLETT: I quite agree they could be dealt with under the Penal Code, if they were not merely suggestive but actually obscene. If it becomes necessary to enlarge the definition in the Indian Penal Code in regard to obscene publications, that is a different matter. But this refers to things publicly displayed which everybody can see without payment which are in the opinion of the Board of Censors objectionable and suggestive. I trust, therefore, that the House will accept the Bill which has been before them for at least four or five days. In fact, I notice that a newspaper had a long comment on it on the 14th. If such a comment can appear on the 14th, I think the Honourable Members opposite should have had time to study the Bill by the 18th.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN (West Punjab: Muhammadan): May I ask one question?

THE HONOURABLE THE PRESIDENT: It is rather a little late. You ought to have got up before the Honourable Member spoke. He will not have an opportunity of replying.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN: I only want to ask a question, Sir.

THE HONOURABLE THE PRESIDENT: I allow you to do so.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN: Has the Honourable Member received any complaints so far about the objectionable advertisements concerning the films prepared in India, or does it relate only to films which are imported?

THE HONOURABLE MR. M. G. HALLETT: The advertisements of imported films are, as far as I am aware, worse than that of films prepared in India.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN: Has he received any complaint about the advertisements concerning the films which are prepared in India?

THE HONOURABLE MR. M. G. HALLETT: No, Sir, I do not think we have.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN: If he has not, will he confine this Bill to imported films alone?

THE HONOURABLE MR. M. G. HALLETT: No, Sir.

THE HONOURABLE THE PRESIDENT: The Question is :

"That the Bill further to amend the Cinematograph Act, 1918, for a certain purpose, be taken into consideration."

The Motion was adopted.

Clauses 2, 3, 4 and 5 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

THE HONOURABLE MR. M. G. HALLETT: Sir, I move :

"That the Bill be passed."

***THE HONOURABLE MR. P. N. SAPRU:** Sir, I hold what the House might think rather eccentric views on this question, but I am, generally speaking, opposed to the principle of censorship itself and I therefore remain unconvinced. I disagree from what my esteemed friend, the Honourable Sir Nasarvanji Choksy has said about foreign films and about the habits of the white races. So far as the habits of the white races are concerned, I have great admiration for the white races. I have great admiration for them for their modern civilization. While politically we have a very different outlook, in social and economic matters we have to think in terms of modern civilization and I should like my colleagues also to imbibe something of the modern spirit. Sir, some of the finest literature has been what my friend would call obscene and what has been described as obscene by courts of law—books like D. H. Lawrence's *Lady Chatterly's Lover*, or James Joyce's *Ulysses*, or Miss Radcliffe Hall's *Wall of Loneliness*. I do not know whether pictorial representations of these works would not come under this censorship. I do not wish to labour the point, but as I hold, Sir, eccentric views on this subject, I must indicate my dissent from this measure and oppose it.

THE HONOURABLE RAJA GHAZANFAR ALI KHAN: Sir, I welcome this measure, because anything which is done to prevent the morals of the people of this country being spoilt should be welcome to every Member of the House. When I asked that question from the Honourable Member in charge of this Bill, I did so with the only intention that when as he himself has definitely said that he has not received even a single complaint that any industry preparing films in this country has exhibited any posters which would adversely affect the morals of the people, it would not be desirable to confine the operation of this Bill for the present to the imported films. It was not with a view to draw any distinction between films coming from other countries and films prepared in India. As a matter of fact, the cinema industry is of very recent development in this country, and I think quite a large number of industries have grown up during the last four or five years, which are not all run by the people who have great experience or knowledge of the industry. These little restrictions of having to go to the Board of Censors even for ordinary advertisements will probably prove a source of inconvenience to them. As a matter of fact, Sir, no films which contain such material, which is not considered suitable for the people will be advertised in an obscene way, and as the Indian films prepared so far concern mainly religion or social customs, and have a definite lesson to teach, there is no chance of any poster being exhibited by the companies which would adversely affect morals. Sir, this Bill is long

* Speech not corrected by the Honourable Member.

ever due. As the Honourable Member in charge said, it was four years ago that he received complaints from Lahore that some of these advertisements were most objectionable. Moreover, anybody who wants to go to a cinema runs the risk of his morals being affected and pays for it. But as for the posters in public, anybody who has even no intention of going to a cinema or who cannot afford to go to a cinema, is also affected by these posters. Therefore, while I strongly support that this Bill is most essential, I would request the Honourable Member to see whether he can at least give an assurance to us, if he cannot alter the Bill, that the Board of Censors will take good care that no unnecessary hardship is caused to the people who are preparing films in this country.

THE HONOURABLE MR. HOSSAIN IMAM : Mr. President, I hope the House did not misinterpret me and think that I got up here to oppose this measure on its merits or that we had any intention of playing delaying tactics. What we meant to say was that because this Bill affects an industry, and because the notice to the public has been very short—this Bill was published in the Gazette of India only on Saturday the 16th February—and Government are not hard pressed for time they could afford to wait. I think the House would be setting a good example and would be justified if it does not hurry measures in the way in which it is doing now. When Bills are introduced in a legislative Chamber, the intention is that the combined wisdom and experience of officials and non-officials should be available, and if we in this House are not careful to improve the Bills, the result will be what has been our fate during the last four or five years. No Bill ever comes up to this House. What is the reason? Because we do not care to suggest—and I plead guilty to the charge that I did not bring in an amendment. But, Sir, the mere fact that the Government are in a hurry to pass this measure and a majority of its Members are supporting it in a hurry shows that this House does not deserve to be treated better than it has been treated by the Government in the past. And, Sir, the reason why we on this side of the House wanted this Bill to be postponed was to give an opportunity for the expression of public opinion. The fact that the Government has already told us that it is based on the report of the Cinematograph Committee is no defence. Well, there were a number of recommendations in that report and quite possibly the public have not looked into it fully. But when Government bring in a Bill and propose to make it the law of the land, it is quite a different matter from having a report from a Committee. In the case of the latter people do not care to examine the position and find out how the industry is likely to be affected. It is when a Bill is brought forward that they do so. Therefore, Sir, while saying nothing about the merits of the Bill, I must dissociate myself from this indecent hurry.

THE HONOURABLE KHAN BAHADUR DR. SIR NASARVANJI CHOKSY (Bombay : Nominated Non-Official) : Sir, only this morning I saw the last issue of the Bombay Government Gazette. It contained a list of 80 films examined by the Board of Censors during January, 1935. Only one American film was banned as unfit for exhibition in India. I am sorry to say that out of three films made by Indian companies considerable lengths were ordered to be cut out. One was a ghastly scene; others contained references to the Muslim prophet. If posters depicting scenes connected therewith had been exhibited previous to the films being censored there would have been great exacerbation of feeling on the part of our Muhammadan friends, and it might easily have led to a riot. I think the Censors in Bombay have exercised great judgment. That indicates that films made in India are not free from objectionable features.

THE HONOURABLE MR. M. G. HALLETT : Sir, I would like to say something in reply to the Honourable Mr. Hossain Imam who contended that there has been "indecent hurry" over this Bill. I say there has been no indecent hurry. I introduced this Bill last Monday the 14th. It was on Wednesday or Thursday that it was commented on in the public press. If the Honourable Member thought that the Bill was of such importance that there ought to be some delay in passing it, he surely in the course of the last week, even though for three days he was occupied in discussing the constitutional reforms, could have found time to put in a dilatory Motion for circulation of the Bill for eliciting public opinion or for reference to a Select Committee. But he failed to do so. If he is correct that a Bill of this importance ought to go before the public, he has failed in his duty to the public.

Apart from this there is not anything left for me to answer. The Boards of Censors may be trusted to exercise their functions in a reasonable manner, for they are representative of all classes and communities in the big towns and no one need be apprehensive that the industry will suffer from the provisions of this Act.

THE HONOURABLE THE PRESIDENT : The Question is :

"That the Bill be passed."

The Motion was adopted.

The Council then adjourned till Eleven of the Clock on Thursday, the 21st February, 1935.