

LEGISLATIVE ASSEMBLY DEBATES

WEDNESDAY, 24th FEBRUARY, 1932

Vol. II—No. 4

OFFICIAL REPORT



CONTENTS.

Questions and Answers.

Unstarred Questions and Answers.

The Bamboo Paper Industry (Protection) Bill—Passed.

• Resolution *re* Duties on Galvanized Iron and Steel Pipes and
Sheets—Adopted, as amended.

Resolution *re* Hours of Work in Coal Mines—Adopted.

Report of the Public Accounts Committee.

NEW DELHI: PRINTED BY THE MANAGER
GOVERNMENT OF INDIA PRESS: 1932

Price Five Annas.

LEGISLATIVE ASSEMBLY.

Wednesday, 24th February, 1932.

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

QUESTIONS AND ANSWERS.

~~THE~~ GOVERNMENT SCHOOL FOR DISABLED SOLDIERS AT LAHORE.

501. *Bhai Parma Nand: Will Government be pleased to state:

- (a) whether it is a fact that the Government school for the disabled soldiers at Lahore has been training wounded soldiers for suitable occupations;
- (b) whether it is a fact that this institution has been carried on at a cost of only rupees twenty thousand a year?
- (c) whether this school has not only taught useful occupations to the Punjabis who served in the Great War but has received such men from all provinces?
- (d) whether they are aware that the rumours of bringing this school under retrenchment have caused much discontent and disappointment among the class of soldiers concerned; and
- (e) whether they have received any representation on the subject and whether they have come to any decision in the matter, and if so, what the decision is?

The Honourable Sir Joseph Bhoré: (a), (b) and (c). The attention of the Honourable Member is invited to page 139 of Part II of the *interim* Report of the General Purposes Sub-Committee of the Retrenchment Advisory Committee containing information and the observations of the Committee regarding this Institute.

(d) Government are not aware of any discontent or disappointment among soldiers disabled in the War. The great majority of soldiers who were disabled in the War and desired to be trained at the Institute must have received their training long ago.

(e) Some representations have been received by the military authorities. Owing to financial stringency, there is little likelihood of funds being available for the Institute.

ALLEGATIONS REGARDING OFFICERS ON SPECIAL DUTY.

502. *Dr. Ziauddin Ahmad (on behalf of Mr. Muhammad Muazzam Sahib Bahadur): (a) Has the attention of Government been drawn to an article "Officers on special duty" published in the *Pilot*, Lahore, dated November 10th, 1931?

(b) If the reply to part (a) is in the affirmative, will Government be pleased to state whether the allegations contained therein are correct?

Sir Alan Parsons: (a) Government have seen the article referred to.

(b) Government are not aware that there is any foundation in fact for the allegations.

EMPLOYMENT WHILE ON LEAVE OF COLONEL HALLAND, SENIOR SUPERINTENDENT OF POLICE, DELHI.

503. ***Mr. Goswami M. R. Puri** (on behalf of Mr. T. N. Ramakrishna Reddi): (a) Is it a fact that Colonel G. H. R. Halland, lately Senior Superintendent of Police, Delhi, was granted leave for three months *ex-India* from the middle of May, 1931?

(b) Has this leave after expiry been extended by another two years?

(c) Is it a fact that he has secured an appointment in England as Constable in the British Police? If so, from what date?

(d) Will Government please also state:

(i) how much leave was due to him;

(ii) whether Mr. Halland was trying for an appointment in England with the knowledge of the Punjab Government;

(iii) what is the nature of the extended leave;

(iv) how much service has Colonel Halland got to his credit;

(v) whether there is any provision in the Civil Service Regulations to prevent or allow any Government official when on leave to accept another appointment in any other country;

(vi) whether this two years' leave has been granted to Colonel Halland to qualify him for his full pension; and

(vii) whether Government propose to cancel this leave in view of the present financial stringency?

The Honourable Sir James Crerar: (a) and (b). Yes.

(c) Colonel Halland has been appointed Chief Constable of Lincolnshire. The Government of India do not know when he joined this appointment.

(d) (i) Two years and four months.

(ii) Government of India have no information.

(iii) Leave on half average pay.

(iv) Colonel Halland was in his 23rd year of service when he went on leave.

(v) A reference is invited to Article 200 of the Civil Service Regulations.

(vi) No. The leave granted does not affect the amount of his pension.

(vii) No.

MAINTENANCE OF COMMUNAL PROPORTIONS IN DEPARTMENTS IN CONNECTION WITH RETRENCHMENT.

504. ***Lient.-Colonel Sir Henry Gidney:** (a) Will Government please state whether retrenchment in the various Departments of the Government

of India has been carried out in accordance with the Finance Department Office Memorandum No. F-78-XI-Ex. I/31 of 3rd August, 1931, with particular reference to the maintenance in each grade of appointments of the proportion between the various communities before and after retrenchment?

(b) Will Government please place on the table a statement showing the number of appointments held in each grade of the various Departments of the Government of India by members of the various communities before and after retrenchment?

The Honourable Sir James Crerar: (a) Government have no reason to suppose that the orders contained in the circular referred to are not being substantially observed by Departments.

(b) The information asked for is being collected and will be placed on the table when complete.

Lieut.-Colonel Sir Henry Gidney: Will the Government of India be prepared to inquire into any such cases that I may be prepared to place before them?

The Honourable Sir James Crerar: I think when the Honourable and gallant gentleman has the figures before him he will be able to examine for himself the precise effect of the retrenchment.

PAYMENT OF PENSIONS OF MEMBERS OF THE INDIAN MEDICAL DEPARTMENT IN RUPEES OR POUNDS.

505. ***Lieut.-Colonel Sir Henry Gidney:** (a) Will Government please state whether it is a fact that the pensions of the members of the Indian Medical Department who joined the Department before the 20th December, 1921, till they were revised in 1927, were available, if drawn in India, in rupees and if drawn outside India where the rupee was not legal tender in an equivalent number of pounds, *vide* A. I. I. 416 of 1924?

(b) Will Government please state the reasons for the discontinuance of this practice in A. I. I. No. B.-27 of 1928?

Mr. G. M. Young: (a) Yes.

(b) In 1927-28 the rates of pension were very considerably increased, as will be evident from the following figures. I take the maximum in each case:

	Rs.		Rs.
Major's pension from	360	per mensem to	500
Captain's " " " " " "	300	" " " " " "	420
Lieutenant's pension from	240	" " " " " "	380
Assistant Surgeon, 1st class, pension from	190	" " " " " "	300

In view of the extent of the increases, and of the fact that Assistant Surgeons of the Indian Medical Department are recruited in India from the domiciled community, and may therefore be expected, in the great majority of cases, to settle in India on retirement, it was not considered necessary to retain the concession of converting the pensions, if drawn outside India, into sterling at 1s. 8d. The new pensions are therefore convertible at the current rate of exchange, which has been 1s. 6d. since they were introduced.

Lieut.-Colonel Sir Henry Gidney: Will the Honourable Member kindly inform the House whether Army Instruction, India, No. 416 of 1924 with which the Honourable Member is familiar has a note at the end of it:

"Sterling rates are admissible to those Assistant Surgeons who joined the I. M. D. before the 20th December 1921?"

If this is a correct reading of that Army Instruction in India and considering the fact that all such services have had an increase in pensions, will the Honourable Member please inform the House how he reconciles this fact with the statement he has just made in his reply to my question?

Mr. G. M. Young: The Honourable Member has the Army Instruction before him and I have not, but I do not see any inconsistency between what I said and what he has just read out.

CONVERSION OF PENSIONS OF MEMBERS OF THE INDIAN MEDICAL DEPARTMENT DRAWN ABROAD.

506. ***Lieut.-Colonel Sir Henry Gidney:** (a) Is it a fact that when the pensions of the I. U. L. were increased in 1925 it was specifically stated that if such pensions were drawn in India they were convertible into rupees at the "uniform rate of 1s. 6d. in the rupee" (*vide* paragraph 123 of the Pension Regulations)?

(b) Is it a fact that option was given to the I. U. L. at the time of issuing the A. I. I. sanctioning the revised rates of pensions to remain under the old regulations or not?

(c) Is it a fact that when the new change was introduced in A. I. I. B.-27 of 1928 regarding the pensions of the Indian Medical Department the rate of exchange at which these pensions would be converted, if drawn outside India, was not stated in the Army Instructions on the matter or in the Pension Regulations?

Mr. G. M. Young: (a) When the pensions were increased in 1925, it was stated that India Unattached List pensions drawn in India would be convertible at the current rate of exchange. In 1929, at the instance of the Secretary of State, the words "uniform rate of exchange of 1s. 6d." were substituted for "current rate of exchange".

(b) Yes. The option was granted in the case of the India Unattached List presumably because the new rates of pension would not, in all cases, work out more favourably than the old rates. In the case of the Indian Medical Department, as my Honourable friend will have realised, the new rates, converted at 1s. 6d. are far more favourable than the old rates converted at 1s. 8d.

(c) Yes.

CONVERSION OF PENSIONS OF MEMBERS OF THE INDIAN MEDICAL DEPARTMENT DRAWN ABROAD.

507. ***Lieut.-Colonel Sir Henry Gidney:** (a) Is it a fact that the pensions of Indian sepoys and other Indian officers, despite the fact that they had also been increased and were expressed in rupees, are convertible, if drawn outside India, at the rate of 1s. 9d. in the rupee?

(b) Is it a fact that in the case of the Indian Medical Department alone pensions, if drawn outside India, are convertible at the current rate of exchange?

(c) Do Government propose to consider the advisability of removing this inequity in the case of the Indian Medical Department and allowing:

- (1) in the case of the officers of the Indian Medical Department who joined the Department before the 20th December, 1921, an equivalent number of pounds if drawn outside India; and
- (2) in the case of the officers of the Indian Medical Department, who joined the Department on or after the 20th December, 1921, the conversion of their pensions if drawn outside India, at the rate to which other Indian recruited services are entitled? If not, why not?

Mr. G. M. Young: (a) Under orders which have been in force since 1914, Indian sepoys and other personnel who draw their pensions in silver using countries, where the Indian rupee is not legal tender, have their pensions converted first into sterling at 1s. 9d., and thereafter into the local currency. I am aware of only two cases since the war.

(b) As far as military pensions are concerned, the only exception to conversion at the current rate of exchange is that referred to in my answer to part (a) of this question.

(c) The answer is in the negative. In view of the substantial increases in these pensions, Government do not consider that their conversion at the current rate of exchange causes any hardship.

Lieut.-Colonel Sir Henry Gidney: Will the Honourable Member kindly state whether or not it is a fact that the Indian Army Service Corps, the Military Works and other such Corps are entirely recruited in this country and are called Indian corps? If so, have they not recently received an increase of pension? And if so, are they or are they not still in receipt of a higher rate of pension received in England at a more liberal exchange, i.e., at sterling rates than the I. M. D. which is also an Indian recruited Service? If the answer be in the affirmative, why do Government refuse sterling rates to the I. M. D. only especially when A. I. I. 416 sanctions this to I. M. D. who joined before 20th December, 1921 and this order still holds good?

Mr. G. M. Young: I should like to have notice of that question.

Lieut.-Colonel Sir Henry Gidney: Why is further notice asked when my question arises out of the Honourable Member's reply?

Mr. G. M. Young: Certainly, but I should like to have notice of it.

Lieut.-Colonel Sir Henry Gidney: Is it or is it not a fact that it is only in the I. M. D., also an Indian recruited service, that the Honourable Member's Department has made this distinction and denies them the sterling rates of pensions although A. I. I. 416 has not been rescinded and still entitles them to it, and why are the other departments treated in a favoured way?

Mr. G. M. Young: I do not think that the facts are as suggested by the Honourable Member. I have said in answer to the main question that, as far as military pensions are concerned, the only exception to conversion at the current rate of exchange is that referred to in my answer to part (a) of the question.

Lieut.-Colonel Sir Henry Gidney: Does the Honourable Member repudiate the authenticity of Army Instructions, India, No. 416 of 1924, which specifically states that sterling rates of pension are admissible to I. M. D. officers who joined the department before 1921?

Mr. G. M. Young: I do not repudiate Army Instructions, principally for the reasons that I issue them myself.

Lieut.-Colonel Sir Henry Gidney: If the Honourable Member does not repudiate it, will he be good enough to see that that order is carried out for those who joined the I. M. D. before 20th December, 1921?

Mr. G. M. Young: It is being carried out.

Lieut.-Colonel Sir Henry Gidney: How is this possible? It is not being carried out. The Honourable Member has just now stated that he does not see any difference between my question and his answer. I have pointed out that there is a difference, and now the Honourable Member says the order is being carried out when he knows it is not being carried out. Will the Honourable Member please inquire into the matter and see that those men, who joined the department before 1921 who are entitled to the Army Order privilege, do get their pensions at sterling rates if they reside out of India instead of being dealt with in this unjust and arbitrary manner?

Mr. President: Is that a supplementary question?

Lieut.-Colonel Sir Henry Gidney: Yes, Sir, but let me put it in another way. Will the Honourable Member be pleased to carry out Army Instruction No. 416 of 1924 regarding sterling rates of pension to the I. M. D. who joined prior to 20th December, 1921.

Mr. President: Does the Honourable Member seriously think that that is a supplementary question?

Lieut.-Colonel Sir Henry Gidney: I will ask it in another form. Will the Honourable Member please see that the order is carried out and not seek protection from an increase in pension? The matter does not question the increase of pension but the sterling rates as sanctioned by A. I. I. No. 416.

Mr. President: Order, order.

Lieut.-Colonel Sir Henry Gidney: Why can't the Honourable Member reply to this simple question?

Dr. Ziauddin Ahmad: Sir, about this rate of exchange, when the rate has been fixed by the Government of India at 1s. 6d. why is the exchange of 1s. 9d. allowed?

Mr. G. M. Young: I do not know about that.

CONTRACTS FOR BOOKSTALLS ON THE SOUTH INDIAN AND MADRAS AND SOUTHERN MAHRATTA RAILWAYS.

508. ***Mr. Goswami M. B. Puri:** (a) Has the attention of Government been drawn to an article entitled "Bookstall Contract" at page 310 of the *Indian Railway Magazine* in its issue of December, 1931?

(b) What is the rent paid by Messrs. Higginbothams for their lease of the station platforms on the South Indian and Madras and Southern Mahratta Railways?

(c) When were these rates fixed and were any tenders called for before fixing these rates?

(d) When do the existing contracts expire and do Government propose to instruct the respective Administrations to call for tenders before renewing their contracts? If not, why not?

Sir Alan Parsons: (a) Yes.

(b), (c) and (d). Government have no information. The matter is one within the competence of the South Indian and Madras and Southern Mahratta Railway Administrations to deal with, and I propose sending to the Agents of these railways a copy of the Honourable Member's question and of my reply for such action as they consider necessary.

Mr. Lalchand Navalrai: Will the Honourable Member be pleased to say when this contract closes?

Sir Alan Parsons: I have not the slightest idea; the matter is entirely in the hands, in this particular case, of the South Indian and Madras and Southern Mahratta Railway Companies.

CONTRACT FOR CLOTHING ENTRUSTED TO MESSRS. HOE & Co.

509. ***Mr. Goswami M. B. Puri:** (a) Has the attention of Government been drawn to an article entitled "Clothing Contract" at page 310 of the *Indian Railway Magazine* in its issue of December, 1931?

(b) Is it a fact that a professional firm of dress-makers was deprived of its contract and that the contract was entrusted to Messrs. Hoe & Co. recently?

(c) Is it not a fact that Messrs. Hoe & Co. are only a firm of printers and stationers?

(d) Are Government aware that the quality and make of the clothing supplied by Messrs. Hoe & Co., has caused great dissatisfaction among the subordinate staff?

(e) Are Government prepared to direct that clothing contracts should be entrusted in future to people who deal in the line? If not, why not?

Sir Alan Parsons: With your permission, Sir, I propose to answer questions Nos. 509 and 511 together. The placing of the contracts mentioned in them is entirely a matter for the South Indian Railway Company with whose discretion in the matter the Government are not prepared to interfere.

Mr. Lalchand Navalrai: Will the Honourable Member be pleased to say if the Government cannot interfere? Is not the company under the jurisdiction of the Government?

Sir Alan Parsons: The Government have no right whatsoever to interfere in the placing of these contracts.

Dr. Ziauddin Ahmad: Do I understand that in case of bad management or mismanagement of these Company-managed Railways the Government have no authority to interfere?

Sir Alan Parsons: No, Sir. If the Honourable Member had himself read the article referred to in this question, he would have observed that it states that the particular contract mentioned had been placed with the lowest tenderer. There is no ground therefore for any interference by Government with the placing of this contract because the financial interests of Government have been sufficiently safeguarded.

Dr. Ziauddin Ahmad: My point was this: in the case of these State Railways managed by the Companies, are we or are we not authorised to ask questions in the Assembly about any matter concerning public interests? That was really my question.

Sir Alan Parsons: It was not the question as I understood it. Of course the Honourable Member is entitled, subject to your admitting the questions, Sir, to ask any questions he likes.

Dr. Ziauddin Ahmad: In this particular case some Members of the Assembly believe that this contract was given at a very high rate resulting in losses of public funds and therefore we think this inquiry ought to be made.

Sir Alan Parsons: If I may say so, the Honourable Member is entirely mistaken. I have got the article in the magazine with me here: he cannot have read it and I do not suppose he would wish me to read it here: but what it states is that in place of the contract for clothing having been given to a European firm at Ootacamund, this particular firm had got it because it had given the lowest tender. The Honourable Member who put the question had no reason to doubt that that was not the case: it is not a case of the lowest tender not having been accepted but actually of a choice between two rival firms.

Mr. Lalchand Navalrai: Will the Honourable Member tell us whether this company has a monopoly of the contracts and if so will he interfere or not?

Sir Alan Parsons: So far from the company having had a monopoly, I think this contract has only just been placed with them.

Diwan Bahadur T. Rangachariar: May I ask whether the Honourable Member knows that Messrs. Hoe & Co. are a purely Indian firm?

Sir Alan Parsons: I have not the slightest idea.

MONTHLY RAILWAY TIME TABLE ISSUED BY THE SOUTH INDIAN RAILWAY.

510. ***Mr. Goswami M. R. Puri:** (a) Are Government aware that the South Indian Railway issue a monthly time table?

(b) What is the amount paid to Messrs. Hoe & Co. for the printing of these monthly time tables?

(c) Are Government aware that altering timings every month causes great hardship to the travelling public?

(d) Are Government aware that until recently time tables were printed only every quarter and that minor monthly alterations were issued only in the form of correction slips?

(e) In view of the strict need for economy, do Government propose to direct that the printing of the monthly time tables be discontinued? If not, why not?

Sir Alan Parsons: (a) Yes.

(b) Government have no information.

(c) Not if due notice is given of the alterations made.

(d) The South Indian Railway's Time Table and Guide continues to be printed every quarter, but Government have not been receiving correction slips to this publication.

(e) I will bring the Honourable Member's question to the notice of the Agent of the South Indian Railway for such action as he may consider necessary.

Mr. Lalchand Navalrai: When the Government have got no information on a particular matter, will the Government inquire and give information or will they always give a reply like this?

Sir Alan Parsons: I do not think the Honourable Member who put the question was anxious to know what amount is actually paid to this company monthly.

Dr. Ziauddin Ahmad: Has the attention of the Government been drawn to the fact that certain Divisional Superintendents change the time table practically every month to the very great inconvenience of the passengers? And is this not really the result of the fact that these Superintendents have nothing to do and they simply while away their time by playing about with the time tables every now and then?

Sir Alan Parsons: I submit, Sir, that the action of Divisional Superintendents, presumably on the North Western, East Indian or Great Indian Peninsula Railways, has very little to do with the placing of contracts for time tables in Madras.

Dr. Ziauddin Ahmad: I submit, Sir, it arises in connection with part (c) of the question about the change of timings every month. I could give many instances in which this has been done.

Mr. President: The Honourable Member should only ask a supplementary question.

Dr. Ziauddin Ahmad: The Honourable Member said that my supplementary question does not arise out of the question before the House; and I replied that it arises out of part (c) of the question No. 510.

**SOUTH INDIAN RAILWAY PRINTING CONTRACT WITH MESSRS. HOE
AND CO.**

†511. ***Mr. Goswami M. B. Puri:** With reference to the printing contract of Messrs. Hoe and Co. with the South Indian Railway will Government be pleased to state:

- (a) the amount annually paid to Messrs. Hoe & Co. on account of printing charges;
- (b) whether any tenders were called for from printing firms before the rates were settled;
- (c) when the existing contract is due to expire; and
- (d) whether tenders will be called for from printing firms before a fresh contract is entered into? If not, why not?

ADMISSION TO HIGHER CLASSES OF SERVANTS OF SICK TRAVELLERS.

512. ***Mr. Goswami M. B. Puri:** (a) Has the attention of Government been drawn to an article entitled "Servants of Sick Persons" at page 311 of the *Indian Railway Magazine* in its issue of December, 1931?

(b) Is it a fact that servants of sick persons holding a lower class ticket are not now allowed to travel in the higher class for the purpose of attending on their sick masters?

(c) Are Government aware that the servants compartments are away from the upper class compartments and that this new rule is likely to cause great hardship?

(d) Do Government propose to direct that this new rule be withdrawn?

Sir Alan Parsons: (a) Yes.

(b) Yes, the concession was withdrawn over two years ago.

(c) Servants compartments are not always far from upper class compartments, but, in any case, I could not accept the suggestion that the distance between upper class compartments and servants compartments is any criterion for justifying a concession of the kind referred to.

ABOLITION OF RAILWAY DINING SALOONS.

513. ***Mr. Goswami M. B. Puri:** (a) Has the attention of Government been drawn to an article entitled "Saloons and Dining Cars" at page 5 of the *Indian Railway Magazine* in its issue for January, 1932?

(b) What is the approximate amount spent in the haulage of saloons and dining cars on State Railways?

(c) Are Government aware that all Government officials who have to do inspection work, use dak bungalows and rest-houses for the purpose of transacting their business?

(d) Are Government aware that most of the junction stations have got well-equipped retiring rooms and refreshment rooms?

(e) With a view to economy, do Government propose to direct the abolition of the use of saloons and dining cars? If not, why not?

† For answer to this question, see answer to question No. 509.

Sir Alan Parsons: (a) Yes.

(b) I regret the information is not available, and its compilation would necessitate very considerable work.

(c) Yes, where these are provided.

(d) No. There are very few junction stations which have retiring rooms and refreshment rooms. In any case junction stations are by no means the only stations at which Government officials halt.

(e) No, as the circumstances giving rise to the provision of saloons and dining cars have in no way altered.

PUBLICATION OF NOTIFICATIONS *re* SELECTION OF ENGINEERING APPRENTICES.

514. ***Mr. Goswami M. R. Puri:** (a) Has the attention of Government been drawn to an article entitled "Closed Doors" at page 7 of the *Indian Railway Magazine* in its issue of January, 1932?

(b) Is it a fact that the notification about the selection of engineering apprentices which took place in or about August 1931 at Madras was not published in any of the popular English dailies of Madras, e.g., the *Hindu*, the *Swarajya* or the *Justice*?

(c) How many candidates presented themselves for selection for the engineering apprenticeship?

(d) Is it a fact that in December, 1931, another all-India selection for apprenticeship in Transportation (Power) was held by the Public Service Commission?

(e) In what newspapers of Madras was this announced and for how many days?

(f) How many candidates appeared for selection?

(g) Are Government aware that the *Patna Times* also complained in one of its issues in December 1931 that nobody knew of the selection and that a very small number of candidates presented themselves owing to want of publicity?

(h) Do Government propose to direct the Public Service Commission to give wide publicity to their selections?

Sir Alan Parsons: (a) Government have seen the article mentioned.

(b) and (c). No such selection took place in or about August 1931, so far as the Government of India are aware.

(d) A selection was held at Madras in December, 1931.

(e) The notice was published in the Madras Gazette, and copies were sent to the Associated Press and the Free Press of India, for publicity.

(f) Forty-nine from the Madras Presidency.

(g) Government have not seen the article referred to.

(h) Government do not propose to issue directions to the Public Service Commission in the matter.

UNSTARRED QUESTIONS AND ANSWERS.

REPORTS OF RETRENCHMENT SUB-COMMITTEES.

93. Mr. S. C. Mitra: Will Government please state whether the following sub-committees of the Retrenchment Committee have submitted their final reports :

- (1) the Army Committee;
- (2) the Post and Telegraph Committee;
- (3) the Stores and Printing Committee; and
- (4) the Public Works Department and Accounts Committee?

The Honourable Sir George Schuster: I would refer the Honourable Member to the reply I gave to part (b) of Mr. Badri Lal Rastogi's starred question No. 269 on the 12th instant.

RAILWAY CONCESSIONS FOR THE TRANSPORT OF KHEWRA SALT TO CALCUTTA.

94. Mr. G. Morgan: Referring to the reply given by the Honourable the Finance Member to starred question No. 338, on 13th February, 1932, will Government be pleased to state the actual amount of concession given by the railways for the transport of Khewra salt to Calcutta and the date on which the concession came into force?

The Honourable Sir George Schuster: The North Western and East Indian Railway Administrations have fixed the combined rate for the carriage of crushed salt from Khewra to Howrah at annas 11 per maund, with effect from 1st November, 1931. The former combined rate was Rs. 1-3-9. The reduction therefore amounts to annas eight pies nine per maund.

KURKUTCH SALT EXPORTED FROM KARACHI TO CALCUTTA.

95. Mr. G. Morgan: Referring to the reply given by the Honourable the Finance Member to starred question No. 342, on 13th February, 1932, will Government please give the actual quantity of Kurkutch salt included in the total quantity of salt exported from Karachi to Calcutta for the years 1928-29, 1929-30, 1930-31 and April 1931 and January 1932, the figures for each period to be given separately?

The Honourable Sir George Schuster: The actual quantity of Kurkutch salt exported from Karachi to Calcutta was :

	Maunds.
1928-29	5,462
1929-30	75,442
1930-31	329,677
April, 1931 to January, 1932, that is to say for 10 months	269,310
(1136)	

THE BAMBOO PAPER INDUSTRY (PROTECTION) BILL—*contd.*

Mr. President: The House will now resume further consideration of the Bill further to amend the law relating to the fostering and development of the bamboo paper industry in British India—consideration clause by clause. The question is that clause 2 stand part of the Bill.

Mr. A. Das (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): Sir, I beg to move that in clause 2 for the figures "1939" the figures "1936" be substituted. Most of the reasons I have submitted yesterday, and I would add the following reasons very briefly for the amendment of this clause. My first reason is that having regard to the discussion by the non-official Members, and particularly the speeches of the Leader of the Nationalist Party, Sir Hari Singh Gour, and of the Independent Party, Sir Cowasji Jehangir, we are not satisfied that sufficient efforts are being made by the Government for Indianisation by the present companies. My second reason is that, with the five years' protection they have had already, they have not made sufficient progress towards fulfilling the conditions and putting the paper pulp industry on a sound basis. Thirdly, I submit that the cost to the public for general publications and also rise in the cost of paper, and also having regard to the cost to which the public has been put, it is not expedient that the Bill should be made to extend beyond 1936.

Lastly, I submit that this is sufficient time and if they want to put it on a sound basis they could easily do so, and it is not necessary to tie the hands of the future constitution which may come into existence in the near future. For these reasons I move that for the figure "1939" the figure "1936" be substituted.

Mr. G. Morgan (Bengal: European): Sir, with regard to the change suggested by this amendment, I would like Honourable Members to take a broad view of the position. We know that in the beginning of this protective duty the mills, as I said yesterday, were practically bankrupt, and the Tariff Board has reported that "Considerable progress has been made in the improvement and development of bamboo pulp",—that is during the first period. We also know that during the period of the first protective duty, which has come to an end, the first two or three years were practically years of struggle, of getting out of the financial difficulties in which the mills were placed. They could not possibly have carried on because their financial position was desperate, and they could not have carried on, even as paper-makers, without any question of bamboo pulp or anything else; very much longer if at all. Now, the point I want to make in this connection is that if this period is reduced, it will shake the confidence of the paper manufacturers as regards putting more money into the making of bamboo pulp, which has now practically passed the experimental stage. The Tariff Board say:

"We believe that firm and solid foundations have been laid for the industry, and the confidence of the industry, as far as the industry is concerned, is shown by the arrangements now being made for further development."

Now, the arrangements to be made for further development depend on protection being given. If protection is limited to a very short period, that confidence will be shaken, and I maintain that it is essential that protection should be granted for the full period stated in the Bill. It

[Mr. G. Morgan.]

will take at least 18 months to two years to make the necessary alterations and to get the machinery out which is necessary for this development, as stated on page 52, paragraph 54 of the Tariff Board's Report. I do not think anybody can expect an industry to put in large sums of money for new machinery which is absolutely necessary for this development if they have their confidence shaken as to the protective duty possibly coming to an end within three or four years. I do want Honourable Members to take a broad view of this, as an industry in the interests of this country. If you want to develop your bamboo pulp industry, you must give confidence to that industry. I therefore, Sir, oppose the amendment moved by my friend, Mr. A. Das, and I hope that this House will, as I repeat, take a broad view and come to the conclusion that the period asked for in the Bill is not excessive. I am perfectly certain that within the next 2 or 3 years my friends will be satisfied with the development they are asking for, and by the twisting of the tails of which some of my friends spoke yesterday they will see that the mills are fully alive to the situation, that the money will be put in and that the development will take place very rapidly.

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muhamadan Rural): Sir, I have also given notice of a similar amendment extending the period of protection not even to 4 years but only to 3 years. I do not accept that part of the argument of my friend Mr. A. Das in which he says that 4 years will be a sufficient period of protection for this industry. I agree with Mr. Morgan that even seven years may not be sufficient, but I should like to repeat what I stated yesterday, and it is this: there is no assurance even now forthcoming from the manufacturing interests that they are not going to behave in the manner they did last time. That was the reason why in the Select Committee's Report we made the point in the dissenting minute signed by seven Members headed by the signature of my friend Mr. Azhar Ali. We said that we want some assurance that the bamboo pulp industry may not suffer again and the main purpose of this Bill may not be frustrated. Mr. A. Das made it clear that the two points on which we want to assure ourselves are, firstly, that there will be gradually increasing Indianisation, and secondly that more bamboo pulp will be used by the manufacturers for the manufacture of paper. I should like to read that portion from our dissenting minute:

"The way in which the chief paper manufacturing concerns of this country misused the first protection period has strengthened our belief that the aim of the paper manufacturers has simply been to get protection against foreign paper at the expense of the consumer on a mere pretext of promoting bamboo pulp industry in this country. During the first period of protection 1925-31 their efforts towards the promotion of bamboo pulp industry have been spasmodic and they have hardly shown any tangible results in this direction. As a matter of fact, the India pulp and paper company used less bamboo at the end of the protective period than what they did at its beginning."

Then we gave certain examples to illustrate our standpoint, and the same thing has happened about Indianization as well. So if we fix a lesser period than seven years it is not that we do not like to extend this period of protection, but we should like to have some assurance so that these companies may not misbehave as they did on the last occasion. I know there are difficulties to secure that end, but if it merely is a question of confidence, why should my Honourable friend, Mr. Morgan, think

that the newly constituted House in 1936 or 1935 will look at this question from an altogether different standpoint? While during this period of 3 or 4 years this industry will be in a position to conclusively show that they are proceeding on right lines, and then their case will be far stronger than now. Sir, I think we should be doing injustice to future legislatures in assuming that they will be so unreasonable, but even assuming that, what guarantee is there that they will continue to give this protection? They have a right to repeal this Act at any time. If it is a question of confidence alone, then you should have confidence in the reasonableness of future legislators or the Indian people whose representatives they will be. You cannot by any Act go beyond the influence or control of the whole nation itself. So I say that it will be to the interest of the paper manufacturers as well to agree to a shorter period without raising any objection. We on our side can assure them that there will be no difficulty in extending this period not only to 7 years but if an expert body like the Tariff Board say that it should be extended for another 5 or 7 years, the House will certainly agree to it. But by this amendment we get an opportunity to judge for ourselves whether the manufacturers are going on the right lines, on the lines that this House desires them to go. That is our only object in moving for a shorter period, and not that we think that this shorter period will be sufficient for the protection of this industry as a whole.

Mr. Lalchand Navarai (Sind: Non-Muhammadan Rural): I rise to support this amendment. Since yesterday we have heard several speeches on the question of the Indianisation of the industry. We know that in India there were best industries which had been annihilated, and therefore it is now high time that we put them in their old places. For that purpose it is very necessary that the manufacturers should help the Indianisation of the industry. Yesterday I was not a little surprised when my Honourable friend Sir Edgar Wood made a broad statement that by this time the industries have been Indianised. I interjected and asked if he could tell me the percentage. He was unable to do so. Since then we have had the Leader of the House give us some figures of apprentices having been trained or taken under tuition. The figures show how meagre it has been. I believe it is only some subordinates in the menial services or jobs who have been taken up or are being given some training. What is required is a *bona fide* attempt on the part of the manufacturers to Indianise the industries. But we are disappointed, and it is therefore meet and proper that this Bill should not be extended to such a time as 1939, because there will always be assertions made such as those my Honourable friend made yesterday, and we shall have nothing to test with and find out if a real attempt has been made in that direction. I think there is a unanimity of opinion that the Indianisation should proceed fast in all industries. On that ground alone I would say that it is in the fitness of things that this amendment should be accepted. Within that space of time we shall have facts and figures which will show how far an attempt has really been made to Indianise. We want to test the thing by practical methods and if this Bill is extended only up to 1936, we will by then know how the thing has shaped, and then it will be easy to bring in another Bill to extend the time if it be justifiable. We should not extend the Bill at the present time to so far away as 1939? On the contrary it creates doubts and suspicions in my mind that the manufacturers may say, "Whether we Indianise the industry or not, we have

[Mr. Lalchand Navalrai.]

this protection up till 1939, and we shall go on merrily". That is not fair and just. I therefore submit that this is a very reasonable amendment, an amendment to which there cannot be any valid objection, and I therefore support it.

Mr. Bhuput Sing (Bihar and Orissa: Landholders): I also support the amendment moved by my Honourable friend, Mr. A. Das.

Sir, one of the several factors mentioned in paragraph 92 of the Tariff Board's Report for the extension of the protection granted in 1925 is the prevailing rate of interest calculated at the rate of $7\frac{1}{2}$ per cent. on working capital. I would like the House to consider whether this present high rate of interest should be taken as the standard rate for the next seven years for which the protection is proposed to be extended.

Owing to the abnormal financial stringency all over the world the rate of interest has gone as high as $7\frac{1}{2}$ per cent. whereas on an average we find that the bank rate of interest is always in the neighbourhood of $4\frac{1}{2}$ to $5\frac{1}{2}$ per cent. So, I cannot reconcile myself with the calculation of the Board regarding the rate of interest on capital. For the purposes of calculation, we should strike a mean between the highest rate and the lowest rate of interest prevailing during the last five years, and it will be in the neighbourhood of 6 per cent. Sir, on that basis the figure of Rs. 73 as calculated by the Board in their Report will correspondingly come down by about Rs. 2. Then, Sir, in coming to the question of the head office and the managing agency charges, we find the Board has come to the figure of Rs. 11 per ton of paper. But, Sir, this seems to be high and there is reason for this high charge. The companies taking advantage of the protection granted to the industry are in a better position to fritter away large sums of money by keeping highly paid Europeans whose work could well have been done by Indians on lower salaries, thereby bringing down the cost of the head office charges. Up till now, we have not received any conclusive proof as to whether the paper mills at Titaghur and Kankinarras and Naihati have Indianised their higher appointments either at the mills or at the head offices. This House therefore cannot agree to give the mills the overhead charges at Rs. 11 per ton calculated at the rate of 10 per cent. of the profit. Further on, we find the Board has calculated profit at the rate of 8 per cent. which seems to be too high for the purpose of calculating the selling price. I cannot agree with the Board's findings that further economies will require a longer period than seven years for which the protection is being proposed. Sir, unless we force the companies to find out ways and means to further economies, and if we treat the manufacturers as spoilt children, they will never take to economies and Indianisation. What we should do is to take the works cost of finished paper per ton to be Rs. 300, as calculated by the Board in paragraph 78, and not Rs. 327 as suggested by them in paragraph 90 of their Report. If we limit the period of protection to four years more, it will give the industry a total period of protection of 11 years from 1925.

Sir, normally ten to eleven years is a fair period within which an industry should try to be self-supporting when it gets protection for that period, but if this particular industry has not been able to stand on its own legs, the country at large cannot be requested to pay such a high

cost. If after all we find after three or four years, that it is not becoming possible for the industry to make economies suggested by me, and if we find that the rate of interest remains at such a high figure of $7\frac{1}{2}$ per cent. the House would then be prepared to consider in 1936 whether any further period of protection is required for the industry.

Mr. R. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadian Rural): I am afraid I must oppose the amendment moved by my Honourable friend. My Honourable friend, Mr. S. C. Mitra, in supporting the amendment made his position clear. He evidently supports the amendment with a view to ensure that the paper mills will take adequate steps to develop the bamboo pulp industry. I am certainly at one with him in sharing our disappointment that during the last $6\frac{1}{2}$ years the paper companies had not taken sufficient and adequate steps to develop the bamboo pulp industry. But to be fair to the paper companies, we must admit that they are not entirely to blame in this respect. Honourable Members who have studied the last Report of the Tariff Board on this question will observe that the Tariff Board at that time was of opinion that bamboo pulp as a raw material for the manufacture of paper was still in an experimental stage and they did not feel justified in recommending the imposition of a protective duty on foreign wood pulp. But the Tariff Board made a definite suggestion that financial assistance must be given to a certain paper mill in order to enable it to purchase the necessary machinery for the manufacture of bamboo pulp. The Government of India did not accept that recommendation of the Tariff Board and this House concurred in the decision of the Government. The reasons that underlay this decision of the Government of India were primarily the facts that the paper mill to which this financial assistance was recommended was a private company and also that the sulphite process, which was to be tested with the assistance of the subsidy, was covered by patent rights held by one of the members of this private company. For these two reasons the Government of India did not feel justified in accepting the recommendation of the Tariff Board for the grant of financial assistance to this paper mill. We therefore did not give to the paper mills sufficient encouragement to enable them to install the necessary machinery for the manufacture of bamboo pulp. I wish to draw the attention of the House to this aspect of the question, because while I share the regret of my Honourable friends that sufficient progress has not been made in the development of bamboo pulp, the entire blame cannot be laid at the door of the paper mills. Such being the case, we have now to look to the future. We have now definitely decided to grant adequate protection for the manufacture of the bamboo pulp industry in India, and it is with that object that this proposed duty of Rs. 45 per ton has been recommended by the Tariff Board for a period of seven years. If this House is anxious that definite steps must now be taken to develop the bamboo pulp industry, it must give sufficient encouragement and sufficient assurance to the paper mills to install the necessary machinery for the manufacture of bamboo pulp, and I would like to draw the attention of the House to paragraph 99 of the Tariff Board's Report where they say:

"While we are of the opinion that the period suggested by the companies is too long we think that in view of the difficulties of technique, organisation and machinery which have come to light in connection with the manufacture of paper from bamboo, a period of seven years will prove adequate."

[Mr. R. K. Shanmukham Chetty.]

Now the Tariff Board is clearly convinced that on account of the difficulties of technique and other organisation connected with the manufacture of bamboo pulp, you must assure to the paper mills protection for a period of seven years, and in view of this very important circumstance, I hope that the House will accept the original proposal for the grant of protection for a period of seven years.

The Honourable Sir George Rainy (Member for Commerce and Railways): I have very little to add to the remarks which have fallen from my Honourable friend the Deputy President. I think he has stated the case against the amendment very clearly and very fairly. If you are going to give protection at all, it must be given to an extent and in the form which will achieve the results which protection is intended to achieve. The difficulty always is that if you make the period a very short one, you will not obtain the desired effect, because the investor will have no confidence that the duty will be in force for a sufficient period to enable him to install his machinery, go through the difficult period at the outset before he has trained his staff and got the best results out of the machinery, and then a further period during which he hopes to cover the losses of the earlier years. What it really comes to is this, that unless the country is prepared to give protection and guarantee that protection will continue for a reasonable period, it is probably better not to give it at all, because there is great danger that burdens will be imposed on the consumer with no result. For this reason, I must oppose the amendment.

Mr. President: The question is:

"That in clause 2 for the figures '1939' the figures '1936' be substituted."

The motion was negatived.

Mr. President: The question is:

"That clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Clause 3 was added to the Bill.

Mr. President: Clause 4.

Mr. Abdul Matin Chaudhury (Assam: Muhammadan): I move that clause 4 be omitted. This clause is a little bit technical. I shall try to explain to the House the meaning of this clause as simply as I can. Most of the newspapers in India are printed on a kind of paper which is technically called newsprint. The newsprint which is generally used in India contains 70 per cent. of mechanical wood pulp and 30 per cent. of chemical pulp. If you increase the percentage of mechanical pulp in a paper and reduce the percentage of chemical pulp, the paper produced is of somewhat inferior quality. This newsprint is a cheap variety of paper which does not come into competition with the products of the Indian mills. It was in 1925 that the Tariff Board, over which Sir George Rainy presided, fixed this percentage at 65, and it is an irony that to-day I from the non-official side am going to support the recommendation of Sir George Rainy and Sir George Rainy from his seat in the Official Benches is going to oppose his own recommendation. Now, Sir, the question is if the newspapers use newsprint with a percentage

of 70 per cent. mechanical pulp, why was the percentage fixed at 65? The reason is this. The Tariff Board in 1925 inquired from the Controller of Stationery and Printing whether it was possible to ascertain accurately the percentage of mechanical pulp in a paper. The Controller of Stationery said that it was very doubtful. Therefore, they fixed the percentage at 65 to leave a margin of error of 5 per cent. The wisdom of that step was wholly justified by later events. The customs authorities adopted a method of testing for this paper. They call it—it is very difficult to pronounce it—the phloroglucinol test. They found that it was very unsatisfactory. They discarded it and adopted another method called the Spence and Krauss method. We are not concerned with this method or that. What we are concerned with is this, that this clearly shows the need for a provision of a margin of error. This clause eliminates even that percentage of 5 per cent. which was fixed as a margin of error. I shall read out to you, Sir, a statement that was supplied to me by the Secretary of the Indian Journalists Association, Calcutt. Samples of seven different kinds of newspapers were sent to very high paper testing experts in London, Manchester and Norway, and the results of their analysis differ. In the first sample the actual fibre content of chemical pulp was 22 per cent. The Manchester College of Technology said it contained 22 per cent. Sindal and Bacon, London, said it contained 23·8 per cent. Dr. Halse, Norway, said it contained 21·85 per cent, and Dr. Heidenreich, Norway, said it contained 21 per cent. In the second sample the actual fibre content of chemical pulp was 22 per cent. According to the Manchester College of Technology it was 23 per cent., according to Sindal and Bacon, 18·4 per cent., according to Dr. Halse, Norway, 21·79 per cent., and according to Dr. Heidenreich, Norway, 20·9 per cent. In the third sample the actual fibre content was 14 per cent., according to the Manchester College of Technology it was 16 per cent., according to Sindal and Bacon, London, 8·1 per cent., according to Dr. Halse, Norway, 15·45 per cent., and according to Dr. Heidenreich 14·2 per cent. In the fourth sample the actual fibre content was 14 per cent. According to the Manchester College of Technology it was 21 per cent., according to Sindal and Bacon, 12·0 per cent., according to Dr. Halse, Norway, 15·70 per cent. and according to Dr. Heidenreich, Norway, it was 13·5 per cent. In the fifth sample the actual fibre content was 26 per cent. According to the Manchester College of Technology it was 30 per cent., according to Sindal and Bacon, London, it was 21·7 per cent., according to Dr. Halse, Norway, 25·25 per cent. and according to Dr. Heidenreich 23·6 per cent. In the sixth sample the actual fibre content was 26 per cent. According to the Manchester College of Technology it was 32 per cent., according to Sindal and Bacon, London, it was 23·6 per cent., according to Dr. Halse, Norway, 24·45 per cent., and according to Dr. Heidenreich, Norway, 24 per cent. In the seventh sample the actual fibre content was 22½ per cent. According to the Manchester College of Technology it was 22 per cent.; according to Sindal and Bacon, London, 19·3 per cent.; according to Dr. Halse, Norway, 21·82 per cent., and according to Dr. Heidenreich, Norway, 22·0 per cent. Now if among the highest authorities, among paper experts, there is this difference, there is a still greater chance of mistakes being committed by Customs officials here, and that shows the need for leaving a wide margin of error. I want the House to remember that this proposal of an increase was considered by the Tariff Board and rejected by them. I do not understand what particular interest the Government are going to

[Mr. Abdul Matin Chaudhury.]

protect by the insertion of this clause. Evidently it is not in the interest of the bamboo pulp. It is not in the interest of the paper mills, because it is impossible to manufacture from Indian material newsprint at competitive prices. It is not in the interests of the consumers evidently. The only person who will be benefited is the Honourable the Finance Member, who will get a little extra revenue. (*Voices of "Question, question."*) Now, Sir, on the other hand the newspaper industry will be very hard hit by this. Already, because of the trade depression, because of the fall in the advertisement revenue, and particularly because of this epidemic of Ordinances, the Indian newspapers are in a very desperate condition. The quality of paper used by the Indian newspapers is very inferior. It is a torture to the eye to read them, and they will be forced to use inferior kinds of paper if we accept this particular clause. Some of my friends on the Select Committee in their minute of dissent have made a very hesitating statement. They have said:

"During the course of our discussion we objected to the raising of percentage of mechanical wood pulp in printing paper from 65 to 75 per cent., of the fibre content, as we believed that it might handicap the newspaper industry. We were however assured by the Government spokesmen that it was being done only for administrative convenience and that the newspaper industry will not be affected and that there will be no extra tax on it. In view of this assurance we agreed. If, however, later it is found that the newspapers find this raising of percentage harmful we are of opinion that the Government by administrative means should relieve such hardship."

Now my friends are satisfied that there will be no extra tax on newspapers, but I am afraid the Customs officials will not be so satisfied. They will not be satisfied with the assurance expressed either in the privacy of the Select Committee or on the floor of the House. They will point to this Act and say, "here is my bond and I insist upon my pound of flesh", and the newspaper man will be compelled to pay. Sir, this will mean a severe blow to the newspaper industry. The Indian Journalists Association in Calcutta takes such a serious view of the situation that they passed a resolution asking the Honourable Members to protest against this increase, and they also have deputed one of the leading journalists of Calcutta to come over and press on Honourable Members not to accept this clause. Now the question that the House has to decide is this, whether they are going to support the recommendation of two successive Tariff Boards, backed up by the expert opinion of the Calcutta journalists, or whether they will support the Honourable the Commerce Member in his inconsistency.

Mr. S. C. Mitra: Sir, my Honourable friend, Mr. Abdul Matin Chaudhury, has made it clear that this clause involves some technical knowledge in order to properly understand it. From the figures quoted at least one thing is clear, that no two experts agree about anything in all the various tests. That is the only point of agreement; and as a matter of fact I understood, consulting some journalists here, that as a matter of practice what the customs people were attempting was not to look at the fixed percentage of 65, but 5 per cent. either below or above, to exempt newsprint from the import duty. As I understand the matter generally, newsprint generally contains a percentage of mechanical pulp varying from 63 and 70 per cent. What will now happen under the new change proposed is that what will come under 65 per cent. of

mechanical pulp will be liable to higher duty. It is also admitted that newsprint coming to India under the lower scale of duty will not affect the interest of the Indian paper manufacturers. They do not really deal with mechanical pulp at all; they deal with bone dry wood pulp which is a different thing. So this clause does not really militate against the interests of the Indian manufacturer of papers. I think therefore, strictly speaking, this clause hardly comes under the scope of this Bill at all. We must also take into consideration the fact that paper is not a finished product and that it is a raw material for some other industries as well, the chief of which is of course the printing industry and the newspaper industry. Our newspapers, as my friend, Mr. Matin, said, suffer under various disadvantages. As a matter of fact, even now I understand the Indian daily papers suffer from the peculiar rules that obtain in the Customs Department. They have a flat rate. The Indian papers generally use paper the present price of which is 1 anna 5½ pies per pound. But the duty is fixed at the tariff value of a flat rate by the customs authorities at one anna and 10 pies per pound and on this basis they pay nearly 33½ per cent. duty instead of 25 per cent., as has been fixed by the Act itself. So, in a ton of paper, instead of paying Rs. 250 with a duty of 64, they pay for each ton of paper Rs. 14 more.

12 NOON. That was the reason why the Indian Journalists Association of Calcutta have passed the following Resolution:

"It is further resolved that the assessment of duty on fictitious value on Newsprint called Tariff value be discontinued and that the duty be calculated on the invoice price of such papers and in accordance with the assurance given by Sir George Rainy, the Honourable Commerce Member during the Emergency Budget discussion, this surcharge of 25 per cent., on Newsprint imposed by the Emergency Budget be now discontinued."

It is expected also that they are not anxious to bring newsprint under the purview of this higher import duty. That being the case, where is the need to change this law which has now been in force for the last few years. Now, the Customs people have got some training and there is the margin of 5 per cent. both above and lower to bring the newsprint under the lower rate. As a matter of fact, if I am not disclosing any secret of the Select Committee, I think we were given the impression that, though there will be this change in the percentage from 65 to 70, Government are not really going to change the actual practice. That is to say, the same margin will be left and those who now may claim the lower scale of duty will get that advantage. If that is the case, I do not see any reason why the Honourable the Commerce Member should insist on this change being made in the law. I hope he will make it quite clear that the newsprint that comes under the lower rate will continue to do so and there will be no change. We would also like to have an assurance from him that in the day to day administration by the Customs officers, who are to enforce this law, there will be no further difficulties imposed on the newspaper men, or he will accept the amendment of my Honourable friend Mr. Abdul Matin Chaudhury and not press for this clause at all.

Mr. G. Morgan: Sir, I oppose this amendment. The reasons that I give for opposing it are these. There is a certain amount of misapprehension about this 65 and 70 per cent. mechanical pulp. When the Tariff Board suggested that it should be 65, the original proposal was

[Mr. G. Morgan.]

that it should be 70 and it was acknowledged that there was a margin of error owing to all the difficulties which my Honourable friend Mr. Abdul Matin Chaudhury has just explained. Nobody seems to know anything about it. Therefore, there is a margin of error one way or the other but nobody can guarantee it. Suppose you make a contract of 65 per cent., nobody can guarantee that that percentage will run right through and the paper will have that exact amount of 65 per cent. of mechanical pulp. Now, the Tariff Board in fixing it at 65 had got the wrong idea in their mind. They said 70 and with a margin of error of 5, but they quite forgot that if the contracts are made at 65 the margin of error still remains. If I make a contract at 65, I cannot guarantee that I am going to run right through at a definite proportion of 65 through every square inch of the paper. It is impossible. Therefore, in making it at 65 they had to give a margin of error. Now, the question that comes in is this. When you get down as low as 60 per cent. in the percentage of mechanical pulp, you compete with the class of paper made in India, and not the newsprint as we understand it because the Indian mills do not manufacture newsprint. Newsprint as is used by the newspapers has 70 to 75 mechanical pulp. I think every newspaper man will acknowledge that this is a fact.

Mr. Abdul Matin Chaudhury: May I point out to the Honourable Member that according to Lochen & Co., the biggest importer of papers in India, the percentage of mechanical pulp in newsprint varies from 65 to 72?

Mr. G. Morgan: The margin of error brings it down below 65 and the idea has all along been to make it 70. I may inform the House that the Poona and Lucknow Indian Mills have lost a great deal of their business owing to this lower mechanical pulp percentage paper coming into India which has been allowed to come in free of duty as newsprint. But as far as I understand, it has never been used as newsprint. It is being sold in competition to the Badami paper which is manufactured by the Indian mills. The Tariff Board put the percentage at 65 and entirely forgot that the margin of error still remained. The proposal is that we should come back to 70 and the margin of error will still remain somewhere roundabout 5 per cent., so that the newspapers will get their 65

Mr. Abdul Matin Chaudhury: Is the Honourable Member aware that according to Messrs. Cross and Bevan the margin of error ought to be 10 per cent. and not less than that?

Mr. G. Morgan: I am not aware of that. I do not think, Sir, I have anything more to say on that point. I think it has been sufficiently explained that the newspapers will not suffer in any way whatever and that the Indian mills would be protected in so far as their cheap variety of paper is concerned. I might also mention that the American definition of newsprint is 75 per cent. mechanical pulp. I think my Honourable friend probably knows that. So I oppose this amendment.

Mr. Arthur Moore (Bengal: European): Sir, I must apologise for addressing the House with a cold in my head. I doubt whether I can

make my voice reach the Leader of the House, but I have a great deal of sympathy with the motion moved by my friend Mr. Abdul Matin Chaudhury. I think he has conclusively shown that these chemical tests can give the most surprising results, that the margin of error is considerably more than 5 per cent., and that there is a real danger that the newspaper industry might be penalised when the Legislature has, in fact, no such intention. At the same time, I realise that we have no chance whatever of carrying Mr. Chaudhury's motion in this House. Therefore, I would particularly ask the Leader of the House that he should renew in this House the definite assurance which seven Members of the Select Committee tell us was given to the Committee,—that the newspaper industry will not be affected and that there will be no extra tax on it.

Maulvi Muhammad Shafee Daoodi (Tirhut Division: Muhammadan): Sir, a large number of representations have also been made to me by those who use this newsprint and I have been told that they are really in danger of being penalised, although as my Honourable friend, Mr. Arthur Moore, put it, the Legislature does not mean to penalise them. We have heard that the Tariff Board also did not recommend a measure like this.

Now, that body being a technical body, dealt with the subject most carefully and I should think that we, as laymen, should accept their verdict in this matter as correct, and I would appeal to the Leader of the House not to depart from the practice of giving more weight to their decision on matters like this, especially when he finds that representation is being made to him on behalf of newspapers who deal not in large quantities but in smaller quantities and have to purchase their paper from wholesale dealers in India. I hope he will see his way to stick to the old percentage of 65 per cent. and not to press his case for increasing it to 70 per cent.

Mr. R. K. Shanmukham Chetty: I am afraid a good deal of confusion has been caused in the minds of some Honourable Members by the amendment. I want from my Honourable friend, the Commerce Member, an assurance that the proposed change will not in any manner alter the original recommendations of the Tariff Board. I understand the original recommendation of the Tariff Board to be this, that the maximum percentage of mechanical wood pulp permitted for newsprint is 65 per cent. Let the House be clear on that point. Does the newspaper industry want to take advantage of the confusion that has been created and import paper containing less than 65 per cent. of mechanical wood pulp? If that is so, we must certainly oppose this amendment. If the effect of this amendment is going to be to permit newspapers to import paper containing less than 65 per cent. of mechanical wood pulp, then this amendment goes against the recommendations of the Tariff Board and the intention of the Legislature.

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Can they print on paper of such a quality even if it is imported? Can they use it?

Mr. R. K. Shanmukham Chetty: Oh! Yes. If the percentage of mechanical wood pulp is less, the quality of the paper is superior and it is an advantage to newspapers to get free of duty a paper superior to the one they ordinarily use. I do not think there is any doubt on that point. What the newspaper industry can legitimately claim is that newsprint

[Mr. R. K. Shanmukham Chetty.]

containing 65 per cent. mechanical wood pulp is not in any way handicapped by this new amendment. If I understood the Honourable the Commerce Member aright when he explained the position in the Select Committee, it comes to this. As a result of having the figure 65 in the Tariff Act, what happens is this. A newspaper company places an order or enters into a contract for the supply of newsprint containing 65 per cent. of mechanical wood pulp. Now the manufacturer purports to send in accordance with this order, newspaper of that quality, but when it is actually tested, the margin of error comes in and though it may actually contain 61 per cent. of mechanical wood pulp, the importer claims exemption from the duty on the ground that allowance must be given to this margin of error. The result is that the intention of the Legislature and the Tariff Board is not carried out. The newspaper industry in this particular case is permitted to import paper superior in quality to the one that they need and we have been told by the Honourable Member Mr. Morgan that it is competing with the Indian paper industry.

Maulvi Muhammad Shafee Daoodi: Was not this consideration before the Tariff Board?

Mr. R. K. Shanmukham Chetty: The Tariff Board recommended that the mechanical content must be 65 per cent. and in making their recommendation, they did not take into consideration the margin of error. Therefore to supply the *lacuna* and to prevent any particular company from importing paper with less than 65 per cent. of mechanical wood pulp, it is now proposed to make the figure "70" so that a newspaper concerned that wants to protect itself will have in future to order for paper containing 70 per cent. of mechanical wood pulp. If in the test it is found to be 65 per cent. it comes within the margin of error of 5 per cent. and it will go free of duty. I take it that that was the intention of Government in proposing this amendment. If as a result of the amendment the position of the newspaper industry would not be made worse than what it is, then I submit that we ought to support the proposal to have it at 70 per cent. and not at 65 per cent.

Sir Cowasji Jehangir: I do not wish to speak about the merits of this question, but I desire to draw the attention of Government to a question of procedure. I find that the Honourable Member in charge does not speak till the very end and keeps the House more or less in ignorance of the point of view of Government on any amendment that may be moved and thus deprives Members on this side of the House from replying to the criticisms that he may have to make on speeches already delivered here. The Member of Government, I believe, has a right to speak twice or if he has not, then some other Member of Government can explain the position before we listen to a Member of Government in his final reply. I would urge upon the Leader of the House to take this point into consideration, especially when we are discussing a technical question like this on which there appears to be so much ignorance in the House. If the Honourable the Commerce Member merely replies at the very end, he deprives us of our chance of asking him questions and getting further elucidation from him on the debate.

The Honourable Sir George Rainy: I should like to say that I shall always be ready in a matter of this kind to adopt the course which will best suit the

convenience of the House. It depends a good deal on the nature of the amendment. Sometimes an amendment is moved on which the Government Member has the opportunity at an earlier stage of explaining the view of Government and then naturally in the ordinary course, he does not rise till near the end of the discussion. If any thing I can say on this particular amendment is likely to be serviceable to the House, I have not the least objection to making my speech at once.

Now, my Honourable friend, the Mover of the amendment, referred to the fact that what I was doing was turning down a recommendation of my own. I do not know that it is always a bad thing to make "a stepping stone of one's dead self to higher things" or at any rate, if it appears that in some previous incarnation one has made a mistake, one ought not to be above correcting that mistake. The matter was definitely dealt with by the Tariff Board in 1925 when I was President of the Board, and I do not think the question was reviewed in detail by the Tariff Board during the last enquiry. Therefore, it is the Tariff Board's Report of 1925 that is in question. Now, this is what the Tariff Board said, and I think it will simplify matters if I read out the relevant portion of paragraph 150 of the Tariff Board's Report in 1925:

"The information given by the newspapers shows that the 'newsprint' commonly imported contains about 70 per cent. of mechanical wood pulp, and if paper containing this percentage remains subject to the existing duty the newspapers will not be prejudiced."

That is the basic point from which we start. As long as paper containing 70 per cent. of mechanical wood pulp is admitted at the lower rate of duty, the newspapers will not be prejudiced.

"We enquired from Controller whether, by chemical or other tests, the proportion of mechanical pulp contained in a given sample of paper could be ascertained accurately, and he said he was doubtful whether it could be done. We think it should be possible, however, to determine the proportion with an error not exceeding 5 per cent. and if the tests at present used in the Controller's office are insufficient, more exact methods of estimating may be known in other countries. Our proposal is that all papers containing not less than 65 per cent. of mechanical wood pulp should remain subject to the present rates of duty on 'newsprint'."

Therefore what the 65 per cent. that is found in the existing Act means is that the paper ought to contain 70 per cent. of mechanical wood pulp, but owing to the difficulty of testing we accept 65 per cent. instead of 70 per cent. Now comes the difficulty which the Customs Department have actually experienced. As long as the figure of 65 per cent. is the figure in the Act, the newspapers tend to place contracts with manufacturers for the supply of paper containing 65 per cent. of mechanical wood pulp. The paper reaches India, the sample is examined in the Custom House, and that particular sample is found to contain (say) 61 per cent. or possibly even as low as 59 per cent. of mechanical wood pulp. And then the manufacturer says, "Nevertheless I ought to be allowed to import this paper at the lower rate of duty, first because of the difficulty of testing accurately and secondly the impossibility of ensuring that every sample of a large mass of paper will contain exactly the same percentage of mechanical pulp; so I ought to get in this paper containing 59, 60 or 61 per cent. at the lower rate of duty". But quite clearly it was not the intention of the Tariff Board, or the intention of the Legislature when the Act was passed, that people should start at 65 per cent. and then make an allowance for a big margin of error. What they meant was that importers should start at

[Sir George Rainy.]

70 per cent., and then from 70 per cent. a suitable allowance can be made. My Honourable friend Mr. Morgan has pointed out that this is not only a question of revenue, but that when you begin to get down to about 60 per cent. of mechanical pulp, you do get papers coming into India not for use by newspapers but for use by others, and these papers compete with lower grade papers made by some of the Indian mills, and particularly the mills at Lucknow and at Poona.

Mr. Abdul Matin Chaudhury: Sir, may I point out that the Tariff Board in their recent Report has said :

"On the facts as disclosed in this inquiry we are unable to find that the interests of Indian industry are seriously jeopardised by the existing arrangement."

The Honourable Sir George Rainy: Will my Honourable friend kindly give me the reference?

Mr. Abdul Matin Chaudhury: Page 97, paragraph 100.

The Honourable Sir George Rainy: Yes, Sir, I will read what the Tariff Board say :

"We do not consider that the exclusion from the protective duty of printing paper containing not less than 65 per cent. mechanical wood pulp calculated on the fibre content has caused any serious harm to the Indian industry."

I am indebted to my Honourable friend for calling my attention to it. It is only reasonable and right that he should. Still the fact remains that the original intention of the Tariff Board and the foundation of the whole thing is this that what the people mean when they talk of "newsprint" is paper which contains 70 per cent. of mechanical wood pulp. My Honourable friend Mr. Morgan has referred to the fact that that is the American definition, and there was placed in my hands yesterday a document which shows that it is also the British definition. In the new Import Duties Bill introduced in the House of Commons—in the first Schedule annexed to the Bill which is the schedule of goods exempted from the general *ad valorem* duty—the definition of newsprint is :

"Paper in rolls containing not less than 70 per cent. of mechanical wood pulp."

Well, Sir, I think in view of what the Tariff Board recommended and the reasons why they recommended it in 1925, in view of the definition adopted in the American tariff and in the new British tariff, it is not an unreasonable proposition that we should adopt the same standard. If the House passes the Bill containing this clause, the intention of Government is that standing instructions should issue to Customs officers at once that provided they are satisfied that the order was placed for a paper containing 70 per cent. of mechanical wood pulp, any differences down to 65 per cent. should be accepted as a matter of course. That I think is what in technical language is called tolerance. We shall not insist on 70 per cent. in the test because we recognise that there are difficulties of testing and difficulties of manufacture, and the standing instructions will be that down to 65 per cent. the paper will be admitted. It is quite possible also that in particular cases good grounds might be established for allowing even a larger margin, although it would not be safe to give standing instructions for a larger margin. But difficult cases of that kind do occur, and provided always that the order was given for a paper containing 70 per cent. of

mechanical wood pulp, I have no doubt that those hard cases could be met. That being so, the House will understand that it is not in the least the intention of Government to make any substantial change in the law, or rather in the practical enforcement of the law, but what we are anxious to avoid is the retention of a provision in the law which leads to the admission into India at the lower rate of duty of a paper which is definitely of a higher class than newsprint in the ordinary accepted sense. I hope I have satisfied the House that suitable instructions will in fact be issued which will prevent any danger of the duty being imposed on paper which is shown to contain, according to the tests made, over 65 per cent. of mechanical wood pulp. What we are anxious to prevent is being constantly called upon to admit paper at the lower rate of duty which contains, according to the tests, substantially less than 65 per cent. Indeed if the 65 per cent. were retained in the Act, I am afraid it might be necessary for Government to say, "As this is on the basis of an allowance of 5 per cent. having been made already it has got to be rigidly enforced, and if your sample turns out to be 63 or 62, we are very sorry but we can do nothing for you". Whereas, if we get 70 in the Act, we can make a reasonable allowance for errors in manufacture and errors in testing and in all cases as far down as 65 per cent., and in special cases possibly even lower.

Mr. A. Das: Sir, I invite the attention of the House to this fact that there was an error of 5 per cent. as mentioned in paragraph 101 of the Tariff Board's Report, and I wish the Honourable the Commerce Member would kindly look into it. I do not think the Deputy President was right in saying that the Tariff Board did not consider this question of 5 per cent. margin. With your permission, Sir, I will read the relevant portion of paragraph 101, page 97, of the Tariff Board's Report:

"The Customs Department admit that the phloroglucinol method of ascertaining fibre content originally adopted did not give satisfactory results as no allowance was made for the density or weight factor of the particular type of fibre under examination. That method has now been abandoned in favour of the Spence and Krauss method and it is stated by the Customs Department that the number of contested cases has been greatly reduced and that with the 5 per cent. margin of error allowed there is no reasonable cause for complaint."

So I say they had that point of 5 per cent. margin before them. They say further:

"The importers admit the improvement in method but state that they had no information when the change was introduced and that they cannot tell when further changes may not be made without any information being given to the trade. The importers also complain of the assessment of certain classes of paper such as machine glazed pressings to the protective rate of duty. Several classes of paper were specifically mentioned by the Calcutta Paper Import Association in their evidence before us as being subject to the protective duty which in their opinion were not writing or printing papers and should therefore pay only the revenue duty. On inquiry it appears to us that some misunderstandings have arisen as to the ordinary usage of trade descriptions and as to the interpretation of the Act."

After considering all these things, they say:

"We consider that if our proposals are accepted, steps should be taken at the earliest possible opportunity after the passing of the Act by conference between the various interests concerned to specify as definitely as may be the classes of paper which are by ordinary trade usage included in the term "Printing and Writing Paper" as used in Articles 155 and 156 of the Tariff Schedule."

[Mr. A. Das.]

I therefore submit that what my friend, Mr. Daoodi, has said is perfectly correct, that the Tariff Board had before them this question of the 5 per cent. margin, and in spite of that they recommended 65 per cent. of wood pulp.

Mr. President: The question is that clause 4 be omitted.

'The Assembly divided :

AYES—28.

Abdoola Haroon, Seth Haji.
Abdul Matin Chaudhury, Mr.
Anwar-ul-Azim, Mr. Muhammad.
Azhar Ali, Mr. Muhammad
Bhuput Sing, Mr.
Das, Mr. A.
Das, Mr. B.
Dutt, Mr. Amar Nath.
Harbans Singh Brar, Sirdar.
Isra, Chaudhri.
Jehangir, Sir Cowasji.
Lahiri Chaudhury, Mr. D. K.
Lalchand Navalrai, Mr.
Maswood Ahmad, Mr. M.
Misra, Mr. B. N.

Mitra, Mr. S. C.
Moore, Mr. Arthur.
Murtuza Saheb Bahadur, Maulvi
Sayyid.
Neogy, Mr. K. C.
Parma Nand, Bhai.
Patil, Rao Bahadur B. L.
Rastogi, Mr. Badri Lal.
Sant Singh, Sardar.
Shafee Daoodi, Maulvi Muhammad.
Sitaramaraju, Mr. B.
Thampan, Mr. K. P.
Uppi Saheb Bahadur, Mr.
Ziauddin Ahmad, Dr.

NOES—53.

Abdul Qaiyum, Nawab Sir Sahibzada.
Acott, Mr. A. S. V.
Allah Baksh Khan Tiwana, Khan
Bahadur Malik.
Allison, Mr. F. W.
Azizuddin Ahmad Bilgrami, Qazi.
Bajpai, Mr. R. S.
Banerji, Mr. Rajnarayan.
Bhargava, Rai Bahadur Pandit T. N.
Bhore, The Honourable Sir Joseph.
Brown, Mr. R. R.
Chetty, Mr. R. K. Shanmukham.
Clow, Mr. A. G.
Cocke, Sir Hugh.
Cosgrave, Mr. W. A.
Crerar, The Honourable Sir James.
Dalal, Dr. R. D.
DeSouza, Dr. F. X.
Fox, Mr. H. B.
French, Mr. J. C.
Gidney, Lieut.-Colonel Sir Henry.
Graham, Sir Lancelot.
Gwynne, Mr. C. W.
Heathcote, Mr. L. V.
Howell, Sir Evelyn.
Ismail Ali Khan, Kunwar Hajee.
Ismail Khan, Haji Chaudhury
Muhammad.

Jawahar Singh, Sardar Bahadur
Sardar.
Krishnamachariar, Raja Bahadur G.
Macqueen, Mr. P.
Morgan, Mr. G.
Mujumdar, Sardar G. N.
Mukherjee, Rai Bahadur S. C.
Noyce, Sir Frank.
Pandit, Rao Bahadur S. R.
Parsons, Sir Alan.
Rafuddin Ahmad, Khan Bahadur
Maulvi.
Rainy, The Honourable Sir George.
Rama Rao, Diwan Bahadur U.
Rangachariar, Diwan Bahadur T.
Ryan, Mr. T.
Sahi, Mr. Ram Prashad Narayan.
Santos, Mr. J.
Schuster, The Honourable Sir George.
Scott, Mr. J. Ramsay.
Seaman, Mr. C. K.
Singh, Kumar Gupteshwar Prasad.
Studd, Mr. E.
Sukhraj Rai, Rai Bahadur.
Sykes, Mr. E. F.
Tait, Mr. John.
Wood, Sir Edgar.
Yamin Khan, Mr. Muhammad.
Young, Mr. G. M.

The motion was negatived.

Clause 4 was added to the Bill.

Mr. President (The Honourable Sir Ibrahim Rahimtoola): Clause 5. The Honourable Member Mr. Bhuput Sing has given notice of an amendment* which requires the previous sanction of the Governor General. Has he obtained it?

Mr. Bhuput Sing: No, Sir.

Mr. President (The Honourable Sir Ibrahim Rahimtoola): Then he cannot move it.

The Honourable Member Mr. Bhuput Sing's next amendment† is merely consequential and cannot be moved.

The question is that clause 5 stand part of the Bill

The motion was adopted.

Clause 5 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

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

Diwan Bahadur T. Rangachariar (South Arcot *cum* Chingleput: Non-Muhammadan Rural): Sir, I wish to make a few observations in order to impress upon the industry the necessity of their moving in the direction in which this House has shown its indication very clearly. The House has behaved very generously towards the industry in granting the protection, because Members are impressed with the necessity of granting this protection; but at the same time the House recognises that the industry has not done all that it should in two matters, namely, in the use of bamboo pulp in the manufacture of paper and also in the matter of Indianisation, more especially in the matter of training Indians in the art of making paper and other allied technical industries. It is true, Sir, no sanction is taken under the Bill in order to see that these two conditions are enforced, but let the industry remember that when it is open to this House to pass this legislation, it is also open to this House to repeal this later on if really the conditions on which this side of the House lay so much insistence are not carried out. It is true we have not taken precautions here by way of providing any amendment enabling the executive Government to take steps to suspend the operation of this Bill in case these two conditions are not fulfilled, but at the same time, Sir, this side of the House, and I hope also the Government side, will watch this industry and see really that year after year they give progress reports showing what improvements they are making in both these directions. I hope the Government will call for such information year after year and give it to this House, and even if they do not do it, I am sure, the watchful eyes of my friends—whether I am here or not—will keep a strict vigil on these two points. Sir, I commend this Bill for the acceptance of this House and I do trust that

*In sub-clause (1) (b) of clause 5 for the words and figures "Rs. 45" the following be substituted:

"Rs. 45 in the first year, Rs. 60 in the second year and Rs. 75 in the third and the subsequent years."

†In sub-clause (2) of clause 5 for the figures "1939" the figures "1935" be substituted.

[Diwan Bahadur T. Rangachariar.]

Honourable Members representing the European Group will give an assurance that they are also as anxious as we are that Indianisation shall march ahead.

Mr. B. N. Misra (Orissa Division: Non-Muhammadan): Sir, I am aware that I am in a somewhat difficult position. That position is something like this:

"Satyam Bruyat" "Priyam Bruyat"

"Ma Bruyat" "Satyamapriyam"

which means "speak the truth", "speak what is pleasing", "do not speak truth if it is displeasing" but we must speak the truth, however unpleasant it may be, and I believe in speaking the truth. We have listened to all the discussion on this side, and though the wind is somewhat favourable from this side, the current is very strong against me from the side of the Government and European Group. However, I wish to make a few observations on this Bill. I fail to appreciate in what measure this country has benefited by protection to the paper industry as compared with the amount granted by this Assembly in 1925. I do not propose to criticise the fact that the original Act was passed, but where the criticism arises is that this Assembly should be asked to sanction an extension and for such a lengthy period as seven years.

To my mind, Sir, the facts that have been laid before the Tariff Board are damning. We find that instead of this industry using an ever-growing quantity of indigenous material, it has steadily reduced the same (from 25,500 tons in 1919 to 17,000 tons in 1930) and that this indigenous fibre has been replaced by foreign raw material

Mr. President (The Honourable Sir Ibrahim Rahimtoola): The Honourable Member has to speak to the motion that the Bill be passed. All these details have been fully thrashed out during the discussion which took place at earlier stages. The Honourable Member must now confine himself to supporting or opposing the Bill.

Mr. B. N. Misra: Sir, I am opposing the Bill. Sir, attention has been drawn in one of the minutes of dissent to the Report of the Select Committee to the endeavours made by the manufacturers to secure a reduction in the duty on foreign wood pulp. Sir, to my mind, this is not only significant of the intentions of the millowners but appears to me to point out a lack of faith in the future of bamboo pulp, which we have been told is so bright. Sir, may I ask: are the mills so anxious to avoid its use? Is the possibility of bamboo pulp only an excuse to grant a bounty to some favoured persons? For some favoured few they undoubtedly are. We find on an examination that out of the 40,000 tons of paper manufactured by Indian mills, no less than 34,000 tons are produced by three mills. This amounts to 85 per cent. of the total output and it is perhaps significant, in the light of matters to which I shall refer later. These three mills are in the majority owned and controlled by European firms.

An examination of the Report shows that two of these mills have been able, by means of protection, to declare very large dividends, such as 45 per cent. In this connection it is not out of place to note that in its original recommendations the Tariff Board considered that a profit of 10 per cent. on the ordinary share capital was not unreasonable and that

protection should be so devised as to bring this return to the industry. It is therefore with some astonishment that I find that, although this percentage has been greatly exceeded, the Tariff Board finds it possible to recommend the same degree of protection in the future as in the past. This is a position with which I cannot possibly agree. Protection as its name implies is for a specific purpose, and it must not be abused to the extent of enriching individuals at the expense of the country and poor taxpayers. The third mill being a private concern does not disclose any dividend—in fact, it has stressed the fact that it has not paid any. We find, however, that it has repaid Rs. 3 lakhs of a loan and has reduced its overdraft by Rs. 14 lakhs, which may be considered a very satisfactory result during six years' working.

Yet we find that in spite of these enormous profits we are asked to sanction the same amount of protection as has enabled the mills to secure these fat dividends. I am aware that I may be met with the argument that owing to the fall in cost of imported paper the need for protection is greater, but I meet that and say that costs of production in India have fallen to a great extent and that one anna a pound of paper to-day is very different from one anna a pound in 1925. As a matter of fact, it is equal to 40 per cent. on the landing cost of similar goods. No amount of argument can convince anybody that an industry, if it needs 40 per cent. protection can ever become self-supporting, and if that is the submission of the mills and the Tariff Board, I submit that it is the duty of this Assembly to reject this measure. I yield to no one in my desire for the prosperity of my country, but I do not wish that end to be accomplished by the sacrifice of the interests of many millions to a few capitalists. Moreover, I demand that, if, as the representative of the people I grant the peoples' bounty to any industry, that industry will be under an obligation to the people and must express its gratitude, that it will not only carry out honourably the intentions of this Assembly but employ part of its time to train up as many Indians as are available, so that the real object of protection may be attained. It is not the intention of the Assembly to see the continued existence of a few concerns, but the proper development of the industry to such an extent that we can easily realise the day when in certain respects India will be self-supporting. It is therefore with much pain that I have learnt that the Government of India have rejected the recommendations of the Tariff Board. The Government of India should use all the means at their command to encourage the Indian mills to educate Indians in the manufacture of paper and to afford them a greater opportunity of sharing the larger responsibilities of mill management. That is but a small return for the enormous sums that these mills are able to secure as a result of protection, and I submit that they have seriously failed in their duty. The findings of the Tariff Board leave no doubts on this point, and I am astonished to learn the interpretation which the Honourable Member for Commerce now places on the Government's intentions. It has always been my impression—and I am sure that of many other Members of this House—that in granting protection to an industry, there was an obligation placed on that industry to secure for Indians a share in the superior control. That was the opinion of the Tariff Board in 1925 and at that time it was not contradicted by Government. I submit that, unless that point is conceded, this Assembly has no interest in granting protection, particularly to the paper industry since, as I have pointed out earlier in my speech, that industry consists almost entirely—85 per cent.—of

[Mr. B. N. Misra.]

European owned and controlled firms, which, as the Tariff Board records, have made no attempt even to train up Indians.

In conclusion, Sir, I wish to summarise my remarks as follows :

Firstly, one anna per pound protection seems to be unnecessarily high, and, if needed, proves that this industry cannot become self-supporting but will always be a drain on the public for the benefit of a few individuals.

Secondly, the proposed duty on wood pulp is too low to achieve its object, as it is not sufficient to offer inducement to the mills to manufacture indigenous pulp.

Thirdly, there is no valid reason for the increase in the percentage of mechanical wood pulp in non-protected papers, and this will only lead to difficulties without advantage to the local industry.

Fourthly, I am wholly in accord with the Tariff Board's recommendations regarding Indianisation. There must be some penalty for non-observance. If the Government decline this opportunity, I consider that no further assistance whatever should be given to the mills whose operations will, in the future, as in the past be purely to their own material gain at the expense of the Indian public.

Mr. B. Das (Orissa Division: Non-Muhammadian): Sir, I wish to utter a serious warning to the Government and their collaborators, the capitalists, especially the European capitalists. It seems that they are playing all the time, but the time will come very soon when their play will be over, especially when a great protectionist like my Honourable friend Diwan Bahadur Rangachariar a few minutes ago warned them that this Assembly would exercise its power of repealing all protective measures if its intentions were not given effect to. I want my friends to remember the speeches which my Honourable friend delivered yesterday and the day before and the warning which he has just now given. This morning, when I was taking my morning cup of tea and reading the morning paper that comes from the Barakhamba Road on this side of the city, the special correspondent of that paper observed that this House yesterday danced to the tune of the protection jazz but the discordant note came from myself and one or two others in shape of free trade. But, Sir, the real discordant note came from that side where the editor of that paper sits. The real discordant note came when there was this wrong interpretation of fundamental rights. I know that my leader, Sir Hari Singh Gour, smashed that wrong interpretation of fundamental rights which the Honourable Sir Edgar Wood wanted to bring in in a measure where there was no discussion of questions like expropriation or fundamental rights. My friend Sir Edgar Wood said, "Do you want Indianisation by force?" I interjected, "Do you want protection by force?" No reply came. Situated as we are, irresponsible and in a minority, Government will not give effect to the very moderate suggestions made that proper facilities should be given to Indians for training in these undertakings. I need not say whether the protection is adequate or inadequate. Let them stew in their own juice and let them not come here seven years hence and say, "You gave us protection in 1925; you repeated it in 1927; you repeated it in 1932; we are not yet sufficiently fat; we want to get fatter still, so give us more protection". At that time the House will be so constituted that it will be a democratic House. I note

1 P.M.

that my friend Mr. Neogy is pessimistic, I am at times pessimistic too owing to the present political situation in the country, but for the present let me be optimistic. In that democratic House, Sir, unless its intentions are given effect to, no capitalist, be he an Indian or be he a European, can expect any protection. It has been suggested that Government could exercise control over the European investors and the Indian investors by withholding orders from them. Unfortunately the Honourable the Commerce Member did not allude to that in his reply. He would have pleaded that he was not in charge of that portfolio. My Honourable friend Sir Joseph Blore is in charge of that department, the Stationery Department. He does out the orders to the stationery manufacturers. My Leader, Sir Hari Singh Gour, pointed out what was the intention when the Stores Purchase Rules were drafted in 1922, to which the predecessors of the present Treasury Benches were a party. If Government were honest they would give effect to those noble principles and those rules which were almost statutory rules but they never did it. As I said yesterday, through the very fact that they are the inheritors of the East India Company, their trading instincts outweigh their political instincts.

I would like to make one further observation. I know the newsprint trade will be seriously affected. Of course it may not be the intention of the Government Benches to see that the Indian newspapers are handicapped in any way. My friend the Commerce Member said that he will not only apply the test of 75 per cent. of mechanical pulp provided in the Act, but he may go down in certain cases by 2 or 3 per cent. less. The Customs Department if they are so pleased will allow newsprint with mechanical pulp of 62 or 63 per cent. to be passed. I would suggest now that he has a majority of votes and he is going to have his Bill through, he will so frame the rules that for the first year 10 per cent. variation will be allowed, for the second year $7\frac{1}{2}$ per cent. variation will be allowed and for the third year the Customs Department may insist on the 65 per cent., so that the manufacturers would adjust their manufacture and the Indian newsprint trade will not be called upon to pay heavily on one side of the business where very little money comes. Through the dispensation of my friend the Honourable the Home Member, those who edit newspapers and those who print them would always find themselves in jail, as His Majesty's guests. I hope the Government will bear these observations in mind.

Mr. G. Morgan: Mr. President, in commending this Bill to the House, I only rise to make a few remarks regarding what fell from my Honourable friend Diwan Bahadur Rangachariar. I am not taking too much on myself when I say that, so far as the opportunities for the training of Indians in the paper industry are concerned, I can give the Honourable Member an assurance that it will be proceeded with as rapidly as it is possible to do so. I am perfectly certain of another thing, and that is that the Indian paper makers and the mills will not shirk at all any inquiry that the Honourable Members might wish to make as regards the rapidity or the way in which they are carrying out the views expressed by this Honourable House. There is no necessity for me to say anything about the bamboo pulp use because that is the whole object of the Bill. Now that they are getting the protection which is needed, I can assure this House once again, as I did yesterday, that there will be rapid progress in the utilisation and manufacture of bamboo pulp.

The Honourable Sir George Rainy: I would only like to say two words. One is that I have been suitably terrorised by the prospect which my Honourable friend Mr. B. Das held out to the capitalists—*le capitaliste à la lanterne*—though I am not quite sure that the new Assembly will in fact be quite so democratic as my Honourable friend thinks. For the rest I would merely say this that I welcome, as I am sure other Members of the House welcome, the statement made by my Honourable friend Mr. Morgan, and while it will not fall to me to make the inquiries which might be suitably made in a year or two, I have not the least doubt that the Government of India will be ready to make the necessary inquiries on the point, let us say in a year or 18 months' time.

Mr. President: The question is :

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

The motion was adopted.

The Assembly then adjourned for Lunch till Twenty Minutes Past Two of the Clock.

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

RESOLUTION RE DUTIES ON GALVANISED IRON AND STEEL PIPES AND SHEETS—*contd.*

Mr. President: Further consideration of the Resolution moved by the Honourable the Leader of the House and the amendment moved by Mr. Morgan.

Mr. B. Das (Orissa Division: Non-Muhammadan): Sir, I beg to move the amendment standing in my name :

"That for the words 'be continued for the remainder of the period of protection covered by the Steel Industry (Protection) Act, 1927, that is, up to the 31st March, 1934', the following be substituted :

'be continued up to 31st March, 1933'."

The Honourable Sir George Rainy (Member for Commerce and Railways): May I ask, Sir, if it is the intention of the Chair that all the amendments be moved at once or disposed of one after the other? I ask merely for information.

Mr. President (The Honourable Sir Ibrahim Rahimtoola): The points raised in the different amendments are so varied that I think the best procedure would be to confine the discussion to one amendment at a time. The discussion will now proceed on the original motion and Mr. Morgan's amendment.

Mr. B. Das: Then I do not move my amendment now, Sir.

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Mr. President, I am not against the general principle of this Resolution; and as a matter of fact had I not received a telegram from the Secretary of the Bengal Industries Association, I would have given my silent vote for it. Now I would like to place that telegram before the House:

"Understand that Bill for import duties on galvanized sheets coming tomorrow. Tatas produce 40,000 tons out of 300,000 tons. Bengal's interest jeopardised unless Tatas are compelled to produce the whole demand. Bengal, largest consumer, does not agree till Tatas give undertaking for enlargement of production within reasonable time either by themselves or by subsidiary companies financed by Indian money and managed by Indians."

It is now too late in the day for any one to say anything against giving protection to Tatas to establish the iron industry here. As a matter of fact I fully agree that a key industry like that of steel and iron deserves all encouragement to be firmly established here, and by the results already achieved we find that Tatas produce pig iron at the cheapest rates almost in the whole world; so that is a matter on which we have to congratulate the company. But the main point that we are considering to-day is, if it is a fact that as regards galvanized iron, only a moiety of the whole consumption is manufactured by Tatas. Then the main issue that emerges is apart from giving adequate protection to the Tata Iron Industry, why the consuming public should be unnecessarily taxed. The point was very ably argued last time by my Honourable friend, the Deputy President, that the question for a bounty should be properly gone through. As regards a bounty, whenever the question is raised here, the Honourable the Leader of the House says that we are passing through very stringent financial times and he cannot think of considering questions about a bounty. Now Sir, I was reading His Excellency the Viceroy's speech delivered to us only the other day when addressing us on the opening day of the session His Excellency made the point clear that the financial position was not so bad, and I would like to recapitulate some portions of His Excellency's speech. It shows that in reality the financial condition is not so bad as it is depicted here by Sir George Rainy. As a matter of fact the Finance Bill was conceived, placed before the House and certified by Government and the country was burdened by additional taxes to the tune of another Rs. 40 crores,—so why there should be a dearth of a few lakhs to be given as bounty, if that be necessary, for such an essential industry as the corrugated iron industry, I cannot understand. As regards the financial position, I shall now quote His Excellency:

"We consider in fact that we are still justified in anticipating a surplus for the next financial year."

Later on His Excellency said:

"I can say with confidence that our economic situation in India is sound and healthy and compares most favourably with that of any other country in the world."

Still further on His Excellency said:

"I venture to assert that in no other country would you find such hopeful conditions or such grounds for encouragement. . . . These are grounds for hope and optimism which exist in India at a time when the rest of the world is suffering under the deepest distress and depression."

[Mr. S. C. Mitra.]

Still later he says:

"When I turn from the budgetary position to what I have described as the general financial position, I find even greater signs for encouragement."

Then His Excellency says further:

"Now, gentlemen, I am very surprised to find that in the midst of all these encouraging signs, when in fact the vast masses of India whose livelihood depends on the economic position can feel a new hope and raise their heads from depression to the first signs of light on the horizon, it has been thought fit by a certain group and particularly a certain section of the Press to propagate accounts of the financial condition of India designed to cause alarm and despondency."

But unfortunately I find that it is not the Press agitators but on the contrary the Honourable the Leader of this House himself who speaks of despondency with regard to the financial situation. Sir, my main point in reading extensively from His Excellency's speech was to prove that Government themselves do not admit that they are in a very bad financial position. If that be so, then I think the best course would be for Government to follow the advice of the Honourable the Deputy President, as he expressed it very clearly in his last speech in this House during the preceding Delhi session, namely that there should be some sort of a bounty—it will cost, as he said, about 12 lakhs. Why should Government always put forward the financial stringency as a plea when a real case for bounty is established and Government have conceded that the grant of a bounty is the equitable remedy in such a case. Even in this House during the last few days we voted some additional protective duties that will bring in large sums which were not taken into account when the whole financial question was considered by this House—I mean the additional money from the wire and wire-nail protective duty that will bring in another four lakhs, and there will be more money by other Bills, the Sugar Protection Bill, the Paper Protection Bill and there may be other Protection Bills in store for the future and there will be other sources of income also. So I hope the Honourable the Leader of the House will kindly explain why the question of bounty should be ruled out altogether when that is found to be the best solution in the present case. What I mean to say is that we on this side of the House are not against giving adequate protection to the steel industry or for extending the period of protection but we urge that the question of the consumer's standpoint should not be lost sight of; that is, the question of a bounty should be seriously considered.

There was one other point raised in the last discussion by Mr. Das, namely, whether the cost of production in the Tatas can be further reduced to an appreciable extent. He asked that this point should be inquired into. I think Mr. Heathcote in his speech raised a point that it was possible to make a differentiation between various kinds of corrugated iron sheets and those that come in competition with the Tatas corrugated sheets may be differentiated and thus subjected to a lesser amount of duty. Therefore there is no reason why all avenues should not be searched to make some provision for those kinds of corrugated iron sheets which the consumers may get at a lower price. That is all I have to say on this motion.

Mr. R. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Mr. President, the discussion that we had about this time last year on a similar motion moved by the Honourable gentleman is, I daresay, fresh in the minds of Honourable Members. I observed then that the Government were really placing us in a rather awkward dilemma by means of this Resolution. This House is convinced that the protection proposed to be given for galvanised iron sheets is necessary for the development of the iron and steel industry of the country, but the method recommended by the Government places an unnecessary burden upon the consumer, a burden which is not quite commensurate with the measure of protection that is needed. This point of view was very strongly urged from this side of the House, and in response to the views expressed by us, my Honourable friend modified the Resolution that he proposed on that occasion and agreed to restrict the operation of the duty for one year only, and in the meantime he undertook to conduct investigations on the question of the possibility of helping the industry by means of a bounty. In the speech that he delivered the other day, my Honourable friend told us that Government were convinced that there was no insuperable difficulty in adopting the plan of the bounty that was recommended by us. And yet in spite of this conclusion arrived at after very careful inquiry by his officers

The Honourable Sir George Rainy: I said there was no insuperable administrative difficulty.

Mr. R. K. Shanmukham Chetty: Yes, I had in mind the administrative difficulty. In spite of the Government having come to the conclusion that there is no insuperable administrative difficulty in adopting a scheme of bounty, we are again told that the financial position of the country does not enable the Government to adopt this method. The result is that we again find ourselves in a dilemma. I do not think that we are now called upon to consider the question whether the iron and steel industry requires this protection to the extent proposed in the Resolution of the Government. I think that there is no difference of opinion on that point. But we are faced again with the same problem with which we were faced last year whether the plan proposed by Government is really in the best interests of the country.

Sir, I would have very much liked that Government had made up their mind to levy only that amount of duty as would enable them to give a bounty to the iron and steel industry in this connection. When the financial argument is given, I suppose, we on this side of the House must take it as conclusive. I am really, I must confess, at a loss to know what attitude I should take upon this Resolution of my Honourable friend. I cannot oppose it because I do not want that the iron and steel industry should be now left in the lurch—because I am convinced, after reading the Tariff Board's Report once again, that it will be a very serious handicap for the industry if this measure of protection is not given in the case of galvanized iron sheets. At the same time, if I am to support the Resolution, I must do so fully conscious of the fact that we are placing upon the consumer a burden which is not commensurate with the needs of the industry. I am absolutely clear in my mind on that point. But there are one or two factors which have come to my notice which I think I must mention in the course of the discussion today. My Honourable

[Mr. R. K. Shanmukham Chetty.]

friend Mr. Mitra read out a telegram in which it is mentioned that the import of galvanised sheets is about 300,000 tons per annum.

The Honourable Sir George Rainy: That was about three years ago.

Mr. R. K. Shanmukham Chetty: I was coming to that point. The production of Tatas in galvanized sheets is in the neighbourhood of 30 to 40 thousand tons per annum. Last year when we discussed this question, we proceeded on these figures. But, Sir, looking into the figures of imports, I find that in the year 1929, the total amount of imports was about 294,000 tons. In 1930 it dwindled down to 181,000 tons and in 1931 it was only 89,000 tons. Therefore, the problem today is to a certain extent different from what it was some years ago. We then had to consider whether we ought to impose this duty on 300,000 tons just for the sake of protecting an output of 40,000 tons per annum. But today the problem is not so difficult. As I have pointed out, the total import in 1931 comes to only 89,000 tons per annum, but in studying these figures I got some serious misgivings in my mind. I would like to know whether this phenomenal fall in the import of galvanised sheets is really due to the prohibitive duty that was imposed on it. We find that the production of Tatas has not really gone up considerably during this period, for I find that all through the years 1930 and 1931 it has stood on an average of 25,000 tons per annum. Do I take it, then, that the effect of this import duty has been to reduce very considerably the use of galvanized sheets here? If that is so, I think, Sir, it is a matter that the Government ought really to inquire into, because we do not want that the consumers of this article must be so seriously handicapped. The effect of this duty this year, in the light of these figures, will be something like this. We are called upon to impose an additional duty of Rs. 37 per ton on about 90,000 tons of imports. The total amount of the duty comes to about 33 lakhs of rupees per annum. The actual protection needed by Tatas will be Rs. 37 per ton on 30,000 tons of production, which means 11 lakhs of rupees. Therefore, for giving a protection to the extent of 11 lakhs of rupees, we are imposing a duty which will yield 33 lakhs of rupees. The discrepancy between these two figures was very much greater when we discussed this question last year when we went on the assumption that the import was in the neighbourhood of 300,000 tons. Then the total proceeds of the duty were over a crore of rupees, whereas the actual amount protection needed was 11 lakhs of rupees per annum. The import figure for 1931, as I said, makes this discrepancy a little less this year. But with all that the fact remains that we are called upon to impose upon the consumer of the article a burden which is not commensurate with the needs of the industry. I do not think I will say any thing more on the general aspect of the question.

I would now like to say a word about the amendment moved by my Honourable friend Mr. Morgan. He wants the duty to be reduced to Rs. 54. I take it that his object in doing that is this. According to the Tariff Board the amount of protection required by the Steel Industry is Rs. 67 per ton, whereas to this Rs. 67 is now added a surcharge of Rs. 16-12-0, making the effective duty Rs. 83-12-0. I take it that the object of my Honourable friend is to reduce the import duty, so that with the surcharge it will give the figure recommended by the Tariff Board. But,

looking at the figures of the selling price of galvanized sheets, I think that the amendment of my Honourable friend cannot be supported. Honourable Members may remember that the Tariff Board, in recommending a duty of Rs. 67 per ton, had in mind that Tatas must get a fair selling price of Rs. 236 per ton. But what do we find actually? Looking at the landed price of foreign galvanised sheets, I find for the last five months of 1931 the figures are as follows:—The landed price, including the duty, comes to in August 1931, Rs. 211·33, in September Rs. 205, in October Rs. 228·41, in November Rs. 226·75, and in December Rs. 221·50. Therefore, in spite of this additional surcharge of Rs. 16-12-0 per ton Tatas have not yet got the amount of Rs. 236 which the Tariff Board considered as a fair selling price. Therefore, the result of accepting the amendment of my Honourable friend Mr. Morgan would be still further to reduce the price realised by Tatas. As a matter of fact from the published price of Tatas with regard to the galvanised sheets, I find that they are realising on an average of Rs. 226 per ton. In the face of these figures I think my Honourable friend Mr. Morgan cannot really make out a case for reducing the duty from Rs. 67 to Rs. 54. I must therefore oppose his amendment.

I think we will hear from Mr. Das about the other complaints that we have heard in this House regarding the management of the Tata Iron and Steel Company. As I have always said, though what my Honourable friend Mr. Das says is sometimes very bitter and very unpleasant, there is a great deal of truth in what he says. I hope that the industry that comes for protection before this House will take a warning from the criticisms given expression to by my Honourable friend Mr. Das. With regard to the management of this concern, I find that the criticisms levelled against them by friends like Mr. Das have really had the desired effect. One of our complaints used to be that in the Tata Company the overhead charges were very high as a result of employment of a great many Europeans on very high scales of pay. I find that they have made very considerable progress in reducing their overhead charges in this direction. In 1929-30, they had 125 European employees, in 1930-31 it was reduced to 110 and in 1931-32 it has still further been reduced to 84 European employees. Therefore the criticism of my Honourable friend Mr. Das has really had some effect. When you consider that this company is working in three continuous shifts of 8 hours each, it is not too much that they are employing 84 Europeans on these three shifts altogether. They have therefore made some progress in this direction. I do not think that there is anything more I wish to add. I must however say this, that if I am supporting this Resolution of my Honourable friend the Commerce Member, I am doing so with very great reluctance.

The Honourable Sir George Rainy: I find myself again in the position of not having a great deal to add to the remark which has fallen from my Honourable friend, the Deputy President, so far as this particular amendment is concerned. I pointed out in my opening speech that in effect the surcharge did no more—in fact it hardly does so much—than to make good the fall in prices which has taken place since the Tariff Board made its Report. The ground on which I asked the House to accept the amended duty, that is Rs. 67 per ton, plus the surcharge, was that a lower duty would not give the amount of protection which the Tariff Board thought that the industry ought to get. I still adhere to that ground and I cannot accept the amendment put forward by my Honourable friend. As regards

[Sir George Rainy.]

what has fallen from my Honourable friend, Mr. Chetty, I quite recognise—I have always recognized—that when we are dealing with an article like galvanised sheet, which is widely used by a number of people throughout the country who are not very rich people, there is the question whether it is not better to proceed by bounty and I made that quite plain last year. I shall be interested to hear when my Honourable friend Mr. B. Das moves his amendment what the general opinion of the House is as regards the limitation of the period. I do not want to prejudge that question at all. But for the reasons already explained to the House, we found this year that we had no alternative, if we were to give additional protection at all, no alternative but to give it by the continuance of the additional duty. That, Sir, concludes all I need say at this stage.

Mr. President: The question is:

“That at the end of the Resolution the following be added:

‘Provided that the figure of Rs. 67 in the fourth column of the table appended to notification 260-T. (127), dated the 30th December, 1930, against the item 148 (b) Iron or Steel sheets, not fabricated, galvanized, shall be reduced to Rs. 54.’”

The motion was negatived.

Mr. B. Das: With your permission, Sir, I want to move both the amendments together, for the latter is consequential to the former.

Mr. President (The Honourable Sir Ibrahim Rahimtoola): The Honourable Member should move the first amendment which raises a clear and definite issue.

Mr. B. Das: Sir, I move:

“That for the words ‘be continued for the remainder of the period of protection covered by the Steel Industry (Protection) Act, 1927, that is, up to the 31st March, 1934’ the following be substituted:

‘be continued up to 31st March 1933.’”

I did not mean by this amendment that I should confine the period of protection to one year. I want the matter to be subsequently investigated and then protection could be given for another year with the consent and sanction of this House. Sir, when I read the Resolution that has been drafted by my Honourable friend the Commerce Member, I felt that it was a clear case of breach of trust on his part and a breach of the assurance that he gave to this House last year. Sir, I do not wish to cover the ground which has already been covered by my friend the Deputy President and also Mr. Mitra. They have covered the grounds which I wanted to cover, but I will refer to certain salient features. Last year my Honourable friend the Commerce Member pleaded that Government were in financial difficulties and so they were not in a position to give Rs. 9 lakhs in bounties to the Tatas. And the Commerce Member also pleaded that the one crore and a few lakhs that would come thereby would go a great way to relieve the stress on his colleague the Finance Member. Then, Sir, when I read the Resolution, I felt he was going to commit us to something further; he is going to lead us to anticipate the budgetary difficulties of the Finance Member and of the Government of India for the year 1933-34. If the Government are in difficulty, they should come forward with fresh taxation, but why should they ask us

to present them under the original terms of last year's Resolution with one crore or more, or as my Honourable friend the Deputy President proved, Rs. 33 lakhs for the year 1933-34? That I cannot understand. I am not going to agree to a scheme of protection because a particular capitalist will thrive thereon and thereby assure Government of a revenue of 33 lakhs for the year 1933-34. And that is why I said it was a clear case of breach of trust on the part of the Honourable the Leader of the House.

Sir, I am indeed very grateful to my friend Mr. Chetty for recognising the honesty of conviction of some of us who want that industries should thrive and at the same time should be subjected to the criticisms of this House. And I am glad he recognised the weight of the arguments that were advanced by me and my friends in this section of the House. I am glad he brought to the notice of the Government that one of the strongest criticisms of this side of the House was for reduction in the cost of production, and Indianisation of the staff. I listened very attentively to the figures that were given by my Honourable friend and I think, I and my friends who took up that attitude and in fact we all are entitled to the greater portion of the credit for this Indianisation at the Jamshedpur Steel Works. We are entitled to say that had we not postponed the period of protection and granted this protection for one year subject to revision, the management of Tatas would never have cared to Indianise their concern. We are told that about 41 European officers have been reduced and my friend Mr. Chetty said that we shall have to take into account the triple shifts that men work so that a certain number of European staff must necessarily remain.

Mr. R. K. Shanmukham Chetty: Sir, what I said was that considering the fact that they are working in three shifts of 8 hours each, the progress made by them in the matter of reducing the European staff is satisfactory.

Mr. B. Das: What is satisfactory to my friend Mr. Chetty may not be satisfactory to me and some of my friends in this section of the House. This concern, which was started in the year 1904, could not try Indianisation till 1931 and it was only when pressure was applied publicly, that they reduced a few European posts. What were they doing these 27 years? I think there is still much scope for Indianisation. I have met some of these Indians trained in foreign countries who were offered high posts by the Directors and Managers of Tatas, but when they returned to India they were asked to accept a very small scale of salaries, and to save their own dignity they refused and they were not taken by Tatas. I have heard of instances when Indians have been taken but they were not given posts suitable to their training; and as I pointed out last year, the three schools of experts that are employed by Tatas, Germans, Americans and Englishmen, are fighting among themselves like Kilkenny cats, and the poor Indian expert is nowhere in Tatas. So while I appreciate the steps taken, I do not express my satisfaction that something has been seriously attempted. I want that in the next inquiry which will take place before December 1932, Government will also inquire into that aspect of the question. Of course, the Honourable the Commerce Member will say that he never gave any such undertaking last year when I moved my amendment to the Resolution of my Honourable friend. I

[Mr. B. Das.]

based my argument on two grounds, namely, that the cost of production is high and there is no Indianisation; and my friend the Commerce Member implied that, whatever criticism is offered on the floor of this House is taken note of in the gallery and outside, and the Tata directorate try to come up to the mark. Sir, we have heard it said on the floor of this House that when it is a matter of pounds, shillings and pence the capitalist never loosens his hold. When so much national wealth is wasted and is given to one individual concern, unless pressure is applied by Government by means of rules or certain other methods of inquiry and investigation, a true scale of Indianisation will never come about in Tatas.

Sir, last session when the Honourable the Finance Member moved his surtax on the Customs duties I gave in an amendment that there should be no surtax on protective tariff. Unfortunately I was called away on business to my own province and I had to leave. I met at the railway station one of those representatives of Tatas who usually lobby a good deal when any protective measure comes before this House. There were days when Mr. R. D. Tata of blessed memory and Mr. Peterson used to lobby a great deal, and they were great men. But this particular representative said, "Mr. Das where are you going?". I said, "I am going home". He said, "Are you going to be present on Wednesday to move your amendment?". I said "No". Then he said, "Oh, I am so glad you are going away". That is the standard of lobbying to which the present

3 P.M.

Tata Steel Co.'s management have descended when they dare not face honest criticism on the floor of this House and want that one or other of us should be absent either on personal or national work, so that we cannot offer honest criticism. But I find this time some improvement. I met a very pleasant faced representative of Tatas of whom I asked various questions, and who supplied me with some information; and like my friend, Mr. Chetty, I also inquired about the cost of production and Indianisation. I also enquired about the conditions of living of the working classes; and I got a little bit more satisfaction than I got at the railway station in the month of November. In the month of November I understood that the Government deputed an officer of the Finance Department to inquire into certain aspects of questions raised last year; and when my Honourable friend the Leader of the House made his speech, I thought I would hear something about the reduction of the cost of production. But he never alluded to that; he was on his own old ground, discussing the merits of bounty or no bounty. Why could he not give this House some idea of what the special officer did in the way of reporting on the reduction in the cost of production.

We have talked about Indianisation. Indianisation does not mean one Indian replacing another Indian. As my esteemed friend, Diwan Bahadur Rangachariar, told us only the other day, Indianisation means reduction in cost of production because of less salary which an Indian always accepts. I would like to know from the Leader of the House whether the Tatas have reduced their staff because the Honourable the Commerce Member—who himself happens to be the Railway Member—is not placing large orders for rails with the Tatas. He knows that. Therefore have the Tatas reduced their staff? Have they also brought about reduction in salary? Of course, my friend, Mr. Joshi, whom I do not see here now, may think of sympathetic strikes somewhere if anybody

talks of reduction in salary. But if prices have gone down and if the cost of living is cheap, every industry and even the Government ought to think of reducing salaries and not have high costs of production or deficit budgets, as is happening in the case of industries or of every Government in India. As I was saying, Government are not placing orders for steel. And in this connection I have got in my hand a very interesting letter. Government agents, especially the Military Department, do not want to buy Indian steel; in fact I asked the question of Mr. Mody—he characterised my speech the other day as being full of crude economies—I asked what Mr. Mody and his friends are doing to compel Government to buy Indian articles. He had no reply to give. Here is the C. R. E. of Quetta who insists on having nothing but British steel. They want the steel frame in the Government; I do not understand why they want British steel always for military purposes and not Indian steel. Will my friend the Leader of the House go into that aspect of the thing as to why the military do not buy Indian steel in the Quetta area—and it might be, in other areas also. I do hope the Tata directorate will bring these complaints to the notice of the Government and see that something is done. It is no use giving protection to an industry and mulcting the tax-payer because the Finance Member wants a balanced budget. It is no use to ruin the masses when their buying power is almost nil when Government themselves do not want to buy Indian articles, Indian steel and Indian iron. Talking of buying power, my friend the Deputy President said that the fact that 89,000 tons of galvanised sheets were imported in the year 1931 showed that the duty is exceedingly high. I think he misread the whole situation. He does not know that in Bengal, where the largest amount of galvanised sheets is used, in view of its peculiar position, where in flooded tracts the houses cannot stand and so walls and roofs are made of galvanised sheets, where the people cannot even pay their land revenue to the Government, they cannot buy even a piece of dhoti to wear on their bodies. How then can they buy galvanised sheets in excess, so that my friends, Mr. Morgan and others may get more money by trade or the Tata Company can pay more dividends to their shareholders or their European engineers?

Mr. B. V. Jadhav: (Bombay Central Division: Non-Muhammadan Rural): Purchase some shares in the Tata Co.

Mr. B. Das: My friend, Mr. Jadhav, asks me to purchase shares. On principle, being a consulting engineer, I never buy shares lest I be led into that gambling spirit for which his town, Bombay, is so very famous, where in the share bazaar millions are made and millions are lost and millions of lives are ruined.

I want to draw the attention of the Leader of the House to one aspect of the question; whether most of the galvanised sheets do not come from Germany and Belgium. If that be so, is not the exchange giving still higher protection to the Indian producer? I wanted to draw the attention of the Government to this very fact if I could have moved my amendment in November 1931 when the Supplementary Finance Bill was being discussed. Last session I could not do it; but I think my friend, Mr. Chetty, said that galvanised sheets are selling at a low price in India today. That shows efficiency in organisation of those European manufacturers. They have reduced their cost of production; they do not pay

[Mr. B. Das.]

their labour so highly as in India; they do not have redundant staff, they do not have three sets of experts—English experts, German experts and American experts; and they do not build huge palaces for their engineers and officers as anybody who goes to Jamshedpur may see. There is something radically wrong with the organisation of the Tata steel industry. If they have not been able to produce things cheaply after all these years of protection, I do not foresee any day when they will be able to do so. Even ten years ahead they will ask us to give protection on the plea that it is a key industry. Key industry for what? Because the steel and iron will supply implements for cannons, armaments and cannon balls? Is the world tending towards manufacturing cannons and armaments always? Are we going to support and protect the Tata steel industry only because in case there is a war the Government of India or the British Government will take advantage of the Tata steel industry's output? Sir, I think Government should take note of the warnings which we are giving on this side of the House and that they should insist that the Tatas should take every step to bring down their cost of production by Indianisation and other means.

Mr. M. Maswood Ahmad (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Sir, at the very outset I want to make it clear that in my opinion there is no necessity for extending this increased duty. At the same time, if Government want to favour the Tata Company and also fill its purse at the same time, then one year is quite sufficient as proposed by my friend on my right. Sir, the trouble is this that the Resolution moved by the Honourable Sir George Rainy does not recommend only the continuance of this increased duty, but it also recommends that the duties should not be reduced unless, at any time before that date, the Governor General in Council is satisfied that circumstances have changed so radically as to render the maintenance of the duties at the increased rates clearly unnecessary and undesirable, which means that my Honourable friend wants that this question should not be re-opened till the 31st March, 1934, unless we can satisfy the Governor General in Council that this increased duty is clearly unnecessary. Sir, it will not be sufficient to prove that there is no need for such protection, rather it will require that we prove that it is clearly unnecessary too. Sir, the words "clearly" and "undesirable" are clearly undesirable for Members on this side of the House. That is my first objection, Sir.

My second objection is that in 1926-27 a protection of Rs. 30 per ton was given, and at that time the landed cost was Rs. 240 per ton. Now the same landed cost had come down, as reported by the Tariff Board, to Rs. 169 per ton, *vide* page 3 paragraph 4, and they have calculated in this way, Sir:

"The resultant figure is £12-4-6 or Rs. 163 per ton. To this has to be added landing and other charges (paragraph 86 of the Tariff Board Report of 1926) estimated at Rs. 6 giving a total landed price of Rs. 169 per ton."

Now, Sir, according to my information most of the galvanised sheets are imported from Belgium and that country, Sir, is still on a gold basis, which means that the rupee price will be Rs. 169 *plus* one-third of that amount, because the price of gold has gone too high now, and this is the average if not the least amount which I suggest to add. According to this calculation, Sir, the landed cost will be Rs. 225 without any duty. Sir,

by adding Rs. 30 to the ordinary duty this figure comes to Rs. 255. According to this calculation, Rs. 255 is the landed cost of the galvanised sheets. A fair selling price, according to the Report of the Tariff Board, *vide* page 3, paragraph 5, is Rs. 236. This is what they say :

"We have shown in the previous paragraph that the fair selling price of the Indian manufacturer as now adjusted is Rs. 236. The difference between this figure and the figure for the landed price of imported sheet, *viz.*, Rs. 67 represents the measure of protection now required."

So there is a chance of Rs. 19 profit, which comes to 8 per cent., and so there is no need for protection. My Honourable friend may say that the price of the imported material has gone down lower than what it was before, but, Sir, I will say that this question deserves to be referred to the Tariff Board again, and until that expert body again calculates and submits another Report there is no justification for this increased duty. Sir, this argument of a lower price does not stand for a moment. If the prices have gone down the surcharge has increased on the ordinary duties.

My third point is that the price of the pound has gone down, so all the foreign money converted into the English pound will become more than in previous years, and then by converting that pound into Indian rupees, it will become much more than in previous years. So the landed cost of all the imported goods from foreign countries other than England has risen very high on account of the exchange problem. But, Sir, the question of England is quite different because the exchange problem does not come in as my Honourable friend Sir George Schuster does not release our Indian money and leave it free, and so, Sir, if my Honourable friend Sir George Rainy would have wanted to protect Indian industry by means of increasing the import duty on English materials only, we would have congratulated him, but in this case his Resolution gives more protection to English goods than to Indian industries.

Sir, my fourth point is that the Government want more money from people and are in need of money. My Honourable friends on the Treasury Benches sometimes try to get it by means of surcharges; sometimes by means of supplementary Finance Bills, and sometimes in the form of protective duties, and it is for the House now to decide whether they are ready to overfill the Government's pocket or they actually want to protect the public interests.

My fifth point, Sir, is that if I admit for a moment that this Resolution will give sufficient money to millowners, then I will say that it is no justice to force the poor, half-naked and starving public to supply money at the sweet will of one or two millowners. I cannot understand why the public are forced in such hard days to fill the pockets of one or two millowners. Is it not just like out-Heroding Herod? With these words, Sir, I support the amendment and oppose the Resolution.

Mr. S. G. Jog (Berar Representative): Sir, the House will find that both Mr. Das and myself are the joint authors of the amendment before the House. The matter was discussed last year and it was thoroughly thrashed out, and so far as the principle is concerned about giving protection to the industry, that also has been decided. The only question for consideration now is whether that protection should be extended to two years or it should be restricted to only one year. Sir, when speaking on

[Mr. S. G. Jog.]

this subject last year, I remember to have said that there seems to be a particular sort of affinity between the members of the steel frame and the steel industry. I think there is something common in these elements on account of the stuff of which both are made. However, whatever that may be, I find that in the name of protection Government are trying to coerce the consumers unnecessarily, but I will pass over what has been done already. The amendment as it runs, only seeks that protection should not be given for such a long period as two years, but that it should be restricted to only one year. In fact, I see no reason why the Honourable the Commerce Member should not accept this amendment all at once, as I think that our amendment is more in order than the Resolution moved by the Honourable the Commerce Member. The Resolution moved by the Honourable the Commerce Member, to my mind, appears to be a wrong way of doing a right thing. All that we propose is that the protection should be restricted to only one year, because when next year the matter will come up before the House it will be discussed again, and we will be in a position to know what the situation is, what arrangements the Tata Company have made, whether there are any complaints against the firm, what their management is like, whether they are running the concern on economical lines, whether sufficient scope is afforded for Indianisation; all these things will be discussed, and if there any complaints, they will be brought before the House, and that will have a moral effect on the administration of the Tata Company. Sir, even as it is, we find often there is a number of complaints appearing in newspapers that labour is not treated properly, that very fat salaries are given to officials,—I am told that there are officers on the staff of the Tata Company who draw as much as Rs. 12,000 per month, the total probably of two Executive Councillors of the Government of India. If the management is run on these expensive lines, I think the Company does not deserve any protection from this House, and it is the duty of this House, before extending the period of protection, to see whether the management is carried on efficiently and economically. I do not want that a sword should be hanging over the heads of Tatas. What I mean to say is, if you give protection for only one year, it will act as a check on the administrators of the firm. That itself will have a beneficent effect on the management. Whatever other hardships there may be, I think they will be alive to redress the wrongs if there be any. That is the only object of moving this amendment. I therefore suggest that nothing will be lost by accepting this amendment. We are also alive, Sir, to the fact that the Company needs protection and everything reasonable will be done if the measure is brought before the House next year, and nothing will be lost by doing so. If the proposal is reasonable, it will be granted next year also. So, I submit that the matter should come before the House next year, and if the House is satisfied, there will be no difficulty in extending the same protection for another year. With these remarks, I support the amendment of my Honourable friend, Mr. Das, and I think it is my own amendment also.

Mr. B. K. Shanmukham Chetty: My Honourable friend the Commerce Member has in effect conceded the contention of my Honourable friend Mr. B. Das and those who think with him—he has in fact agreed with this side of the House that if financial considerations would permit, Government would probably be inclined to relieve the consumer to some extent

and help the industry partly at least by means of a bounty. It is with a view to keep alive this question of the need for relieving the consumer of the unnecessary burden that is imposed upon him that we asked the Government to amend the Resolution last year, and the discussion that we have had to-day has amply demonstrated the utility of the amendment that was carried last year. The argument that applied to last year would apply to this year also. We quite realise that in the face of the financial situation with which we are faced it is probably difficult to persuade the Government to help the industry by means of a bounty. But, Sir, it is quite possible that next year by this time we might be in a better position. I ask, why shut out this question altogether and take a decision on it once for all now? If the amendment of my Honourable friend Mr. B. Das is accepted, then the House would only express its desire that, while it is committed to giving adequate protection to Tatas, it would like to review the whole position from the point of view of the financial situation of the country. In the light of this, I would suggest that my Honourable friend the Commerce Member should accept this amendment.

The Honourable Sir George Rainy: Perhaps it might shorten the discussion if I intervened at this point. I have considered what has been said by the various speakers who have spoken, and especially what has fallen from my Honourable friend the Deputy President. In view of that, I am prepared to accept this amendment on behalf of the Government. I quite see the point made by my Honourable friend the Deputy President that the financial situation next year might be such that, even though it might not be possible to provide the whole of the protection by means of a duty, it might be possible to adjust it as between duty and bounty, and it is for that reason that I am prepared to accept this amendment.

Mr. President: The question, which I have now to put, is:

"That for the words 'be continued for the remainder of the period of protection covered by the Steel Industry (Protection) Act, 1927, that is, up to the 31st March, 1934' the following be substituted:

'be continued up to 31st March 1933'."

The motion was adopted.

Mr. President: Does Mr. B. Das wish to move the next amendment†? It is not necessary.

Mr. B. Das: If so, I do not move it, Sir.

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadan Rural): In view of the reasonable attitude of the Honourable the Commerce Member, I have great hope that this humble and modest amendment of mine will be accepted. My amendment runs as follows:

"That at the end of the Resolution the following be added:

'Provided that the whole of the requirements of India is produced either by the Tatas or by subsidiary companies financed by Indian money and managed by Indians and an undertaking to that effect is obtained by the end of March 1932 and immediate steps are taken for the same.

Provided also that no foreign firm is allowed to subscribe capital for working any sheet mill in India'."

†"That at the end of the Resolution the following be added:

'and that before that date the Government should make further inquiries in order to ascertain whether a system of bounties might not be substituted wholly or in part for the increased duty'."

[Mr. Amar Nath Dutt.]

Sir, the matter has been so thoroughly discussed with respect to the sheet mill of the Tatas, that I do not think that it requires any more argument to commend the amendment for the acceptance of the House. I accept the amended Resolution of the Honourable the Commerce Member for which we are grateful

Sir Cowasji Jehangir (Bombay City: Non-Muhammadan Urban): Is this quite in order now? Since the Leader of the House has accepted the last amendment—this says, provided such a thing happens by the end of 1932

Mr. Amar Nath Dutt: Provided the Tatas give an undertaking before the expiry of March 1932 that they will Indianise and that they will try to produce as much as possible in order to meet all the requirements of India

Sir Cowasji Jehangir: That is within a few days now?

Mr. Amar Nath Dutt: I want an undertaking from you within these few days.

Sir Cowasji Jehangir: Not from me, I am not a Director.

Mr. Amar Nath Dutt: I mean, of course, through the President to you. I think the Honourable the Commerce Member will agree with me when I say that no one will be more happy if a state of things can be produced when the whole of the requirements of India are met by Tatas at Jamshedpur in their sheet mill,—no one will be more happy than the Honourable the Commerce Member. I would even wish that the Honourable the Commerce Member should stay here for some years. He may not be willing to do so, but for the benefit of this country, which he has so much at heart, I wish that he may stay a few years more either as Commerce Member or in some higher office. I shall be grateful if he will see his way to accept my amendment. (Laughter.) I trust and hope that the House will agree with me in desiring that the whole of the requirements of India should as far as possible be produced here. The Tatas might say that they cannot produce more than 48,000 tons of these galvanised iron sheets and pipes. If that be so, I have the authority to say that there are more than half a dozen Indian concerns who would take up the work as subsidiary concerns if only the Tatas would give them reasonable concessions in selling their iron bars. I know that they proposed to give that to a foreign firm whom they wanted to bring in in order to extend the work of the sheet mill, but it has fortunately fizzled out,—at least I am so informed, I hope it is right. I may give here the whole story if the House is not impatient. It was proposed to subscribe and realise Rs. 75 lakhs outside India, and also to get another Rs. 75 lakhs worth of abundant tools and plants from a certain country 6,000 miles away. I was further told that for this Rs. 150 lakhs somebody was to get a benefit of about Rs. 10 lakhs. That is no doubt a very big sum for an individual. (Mr. B. Das: "That is commission.") My friend is a business man. He knows about commission. We know about fees. Be that as it may, I think the proposal was so outrageous in its very nature that it had to be dropped. I quite sympathise with the gentleman who has been deprived of a few

lakhs, but I beg to submit that it cannot be said that this capital to increase the work of the sheet mill in India cannot be had in India. Either the Tatas may take up this work or they may ask subsidiary concerns to take it up, and I can assure the Honourable the Commerce Member that there are no less than half a dozen subsidiary concerns who are willing to take up this work. If that be so, I do not see why this Resolution in the interest of India and India's prosperity should not be accepted. In order to be sure that they will act up to their terms, I would expect that the Honourable the Commerce Member will get a promise from them by the end of March 1932. If they are really desirous of doing so, they can do it within one month.

Mr. B. V. Jadhav: Will the House be sitting then?

Mr. Amar Nath Dutt: It may be sitting even longer than that. The second part of the amendment is merely consequential. I do not think any arguments are required from me to commend this for the acceptance of the House. What I want to press upon the House is the development of Indian industries and an outlet for Indian capital. Much has been said by my friend the Deputy President about the Tatas economising. I recently paid a visit to Tatanagar, just to apprise myself of the happenings there. I found that huge salaries were being drawn not by Englishmen or Indians. I would have been glad if that had been so. They were drawn by people belonging to the other hemisphere. They are more than the salaries of provincial satraps in this country, not to speak of Honourable Members who sit on the Treasury Benches. It seemed that some of them were not satisfied with their salaries. One of them tried to impress on me that in America the President draws more than the Governor General, and that five Deputy Presidents draw more salary than the provincial satraps here, and he said that we are managing it very cheaply here. That may be their idea of cheapness, but he forgets that India is a poor country where the standard is not very high. I hope, Sir, that I shall have the support of Mr. Jadhav and Sir Cowasji when I say that, in order to benefit the shareholders, it is our earnest desire that they should economise still more. I have found that very few officers there draw less than Rs. 2,000. I was told by a particular friend of mine there that nobody travels second class there. That is the standard. Money is so cheap. They think that no human being can travel less than first class.

Mr. N. M. Joshi (Nominated Non-Official): What about the workers?

Mr. Amar Nath Dutt: I do not want to displease my friend Mr. Joshi, but I may say that it were better that India had not this concern. If he has still left in him any idea of our ancient culture, I will quote to him a few lines from a Sonnet of Rabindra Nath the poet Laureate of Asia which gives in a nut shell the ancient idea of Hindu life, which the Tatas have taken away:

*"Laha taba louha lostra o prastar, he naba Savyata
Dao sai glanihin din guli, sai sandhyasnan, sai santa Samgan
Nibara dhanyer musti, bakkal basan, magna hoyay atmamajhey
Nitya aluchan, asimer mahatatwa guli."*

[Mr. Amar Nath Dutt.]

It means: "Take away the paraphernalia of material civilisation and give us back those peaceful days which are the heritage of our ancient civilisation and race". The Tatas have brought about all the evils of slum life amongst the labourers. That is hardly to the credit of the civilisation which has introduced this slum life in this country.

Mr. N. M. Joshi: Why should they be contented then?

Mr. Amar Nath Dutt: So long as material prosperity is their goal, they are content.

Mr. S. C. Mitra: Is it not a fact that Tatas treat their men better than many European firms?

Mr. Amar Nath Dutt: They do, but these people spend their hard-earned money mostly in liquor and attendant vices, as my friend, Mr. Joshi, will be able to testify. After what I have said about the sheet-mill industry, I hope the Honourable the Commerce Member will see his way to accept my amendment, which is a very modest and innocent one.

Mr. B. V. Jadhav: Sir, first of all I rise to offer a personal explanation to my Honourable friend, the Mover of this amendment. Let me assure him that I have never purchased a single share in any Tata concern nor do I possess any now; so I am not at all interested in this Tata iron and steel business or in any other Tata business. (*An Honourable Member:* "As an Indian, you are.") But as an Indian, I am always interested in Indian industries, and I am really proud of the great concern that has been raised at Jamshedpur and its branches (Hear, hear), and I have great pleasure in supporting any claim for protection or bounties that might be raised on their behalf, and so I shall always give my vote to that cause whether the industry belongs to the Tatas or anybody else. If it is an Indian industry and if it meets with the aspirations of Indians, then I am always ready to support it. I am rather sorry that I cannot see eye to eye with my Honourable friend, Mr. Amar Nath Dutt. He asks the Government to secure terms from the Tata firm on certain points. The time, I am afraid, is too short—one month. The Tatas will have to make sure whether they are in a position to collect capital in India; and although I have not got a very intimate connection with the Bombay money market, still I am really doubtful whether a big amount of money could be secured at such short notice. Then, it is not a joke to produce the whole quantity of iron that will be required. So I think the demand of my friend is rather extraordinary, and such that no firm will be in a position to comply with. I need not take the time of the House any further and therefore I have to say that I oppose the amendment.

Mr. S. C. Mitra: Sir, I am very much in sympathy with the ideal conceived in the amendment of my Honourable friend, Mr. Amar Nath Dutt, though I cannot agree with him in his motion. As my friend, Mr. Jadhav, pointed out just now, it would be very difficult to find out the means to realize the object that is contemplated in this amendment. But I find there is apprehension in the mind of my friend, the Mover of the amendment, and that is also clear from some of the questions he has given notice of, which I would like with your permission to read out, and

which show that he is really apprehensive that this great national concern of the Tatas might go out of the hands of Indians. Sir, with your permission I shall read some of his questions:

"Is it a fact that Tata Iron and Steel Co. are not taking any steps to extend their own Sheet Mills to meet the country's requirements but negotiating with a foreign firm to come to India to take up the work?"

Whether it is a fact that Tatas propose to subscribe half of the capital required for the working of the Sheet Mill by the foreign firm while the other half of the capital, viz., 75 lakhs, to be subscribed by the foreign firm will be their abandoned and out of date Sheet Mill plant by bringing the same to India."

Then further on:

"Whether it is a fact that Tatas have Rs. 68,00,000 in reserve under Depreciation Fund heading and which they contemplated to utilize for the sheet mill extension but are now negotiating to borrow 75 lakhs required at a high rate of interest by pledging their assets from the Swedish Match Manufacturing Concern? Is it a fact that some of the Directors of the Steel Co. are connected with the Swedish Match Manufacturing concern?"

Then:

"Did the Tatas properly approach anybody for any financial assistance in India in furtherance of their object for developing the production of sheet mill, before negotiating with a foreign firm? If so, with what result?"

Then:

"Whether it is a fact that the foreign company is being invited to manage the sheet mill business as the managing agents of the Tisco, and that Messrs. Tata Sons, Ltd., have found it beyond their ability to work this business? If so, are the Agents prepared to hand over this business to an Indian concern on the same terms on which they are negotiating with a foreign firm?"

As a matter of fact in his speech the Honourable the Mover of the amendment made it clear that he had positive information in the matter. If that be so, then really it is a matter for great concern. But even then it might be very difficult to accept the amendment as it has been proposed, in the form; still I would urge that the Government should keep in mind that this great national concern should not go out of the hands of the Indian people. I personally do not think that there can be any such possibility. However, I hope the Government will ever remain vigilant that this great national industry may not go out of the control of Indians.

The Honourable Sir George Rainy: Sir, I am afraid that notwithstanding the splendid and magnificent offer which my Honourable friend the Mover has made in the event of my agreeing to his amendment. I fear that I cannot do so, although I must say I feel it is a rather ungracious attitude after the princely offer which he made. It will be pretty clear, I think, to all Members of this House that there might be certain difficulties in giving practical effect to this amendment. It may be pointed out, for instance, that a month is a somewhat short time in which to get the Tata Company to bind itself to produce the whole of the requirements of India in the shape of galvanized sheets, and I presume the undertaking would extend not only to the present restricted requirements of about 100,000 tons a year, but might go up to the 300,000 tons which India sometimes consumes. If there are any capitalists in India who are ready at a moment's

[Sir George Rainy.]

notice to undertake to raise that sum at very short notice, I trust my Honourable friend will let me have their addresses, I think I could find that useful. (Laughter.) (Mr. B. V. Jadhav: "For purposes of additional income-tax!") I am afraid the amendment is not likely to receive much support from this House, for indeed it embodies perhaps what is rather an aspiration than a concrete scheme. Before I sit down, Mr. President, I might perhaps refer to what has fallen from one of the two last speakers about schemes that the Tata Company may be supposed to entertain. The only information I can give is contained in the Press note published by the Tata Iron and Steel Company themselves, on the 20th February. I think it was. Probably most Honourable Members have seen it, but in case any Honourable Members have not seen it, perhaps I might read it:

"In view of the statements which have recently been made in the Press and elsewhere about the position of the Tata Iron and Steel Co., in connection with the manufacture of galvanized sheets in India, we wish to state that the company has recently made extensions of its galvanizing plant at Jamshedpur which will come into operation in about two months' time. The company will then be in a position to supply over 40 per cent. of India's requirements on the present level of consumption. (Hear, hear.) The question of the future development of the manufacture of galvanized sheets in India is under the active consideration of the Board. The company will not consider any proposal which will in any way restrict its freedom to extend its own manufacture of galvanized sheets at any time. Certain negotiations have been carried on for the sale of sheet bar to another company proposed to be established in India for the manufacture of galvanized sheets. Such negotiations, which have not fructified, did not involve any restriction on the company's own activities with regard to the manufacture of galvanized sheets or in any other respect."

I thought, Sir, that in case some Honourable Members might not have seen that Press note, it would be useful to read it to the House. That, Sir, concludes what I have to say.

Mr. President: The question is:

"That at the end of the Resolution the following be added:

'Provided that the whole of the requirements of India is produced either by the Tatas or by subsidiary companies financed by Indian money and managed by Indians and an undertaking to that effect is obtained by the end of March, 1932, and immediate steps are taken for the same.

Provided also that no foreign firm is allowed to subscribe capital for working any sheet mill in India'."

The motion was negatived.

Mr. President: I will now put the original Resolution as amended. The question is:

"This Assembly recommends to the Governor General in Council that the increased import duties imposed by Notification No. 260-T. (127) Tariffs, dated the 30th December 1930, as amended by Notification No. 260-T. (127) Tariffs, dated the 21st March 1931, in exercise of the powers conferred by section 3 (4) of the Indian Tariff Act, 1894, on galvanized iron and steel pipes and sheets for the period from the 30th December 1930, to the 31st March 1932, be continued up to the 31st March, 1933, and that the duties should not be reduced unless, at any time before that date, the Governor General in Council is satisfied that circumstances have changed so radically as to render the maintenance of the duties at the increased rates clearly unnecessary and undesirable."

The motion was adopted.

RESOLUTION RE HOURS OF WORK IN COAL MINES.

The Honourable Sir Joseph Bhore (Member for Industries and Labour):
Sir, I beg to move:

"This Assembly, having considered the Draft Convention limiting hours of work in coal mines adopted at the 15th Session of the International Labour Conference, recommends to the Governor General in Council that he should examine the possibility of reducing the statutory limits for hours of work in mines and that the results of this examination should be placed before this Assembly."

In moving this Resolution it is necessary for me to refer briefly to the history of this Convention and to the circumstances in which it is being placed before this House for its consideration. When the International Labour Office first raised the question of the regulation of hours of work in coal mines, it was restricted definitely to European countries and it was in this restricted form that the Convention was first placed for discussion at the 14th Conference in 1930. That restricted scope was still further emphasised by the preliminary examination of this question which was undertaken in January 1930 by representatives of the Governments, the coal-owners and the miners of only the chief European coal producing countries. When the Draft Convention came before the Conference, the attitude of our delegates acting under our instructions was one of benevolent neutrality, and this, I think, can best be described in the words of our spokesman Dr. Paranjpye who represented us on that occasion. This is what he said:

"We have taken no part in the discussions as our Government had no opportunity of considering the proposals or consulting the interests affected in India. As, however, a draft Convention has been drawn up with reference to European conditions only and is generally acceptable to the countries chiefly interested, India wishes to help those countries in securing an International understanding on a difficult and important question. It is for this reason only that the Indian Government are voting in favour of the draft Convention. This vote must not be taken to imply that the Government of India are in any way committed to ratify the draft Convention. Before they could define their attitude to the question of ratification, they would have to consider the Convention carefully in consultation with the Local Governments and the public bodies concerned."

That Convention, Sir, failed to obtain the necessary two-thirds majority and it was thereupon again placed for consideration on the agenda of the 15th Conference. But, in the meanwhile, the International Labour office had become afflicted with certain doubts as to whether it was right constitutionally to limit a Convention to a definitely circumscribed geographical area. When, therefore, the questionnaire was issued before that Convention, it, for the first time, made it clear that the Convention was intended to apply generally and was not to be limited to European countries. The Government of India were unable, in view of the very short time given them, to make the necessary inquiries in respect of that questionnaire, and like almost all non-European overseas countries, they were unable to give detailed replies. When the Draft Convention in its wider form was placed before the Conference for discussion, our attitude, as will be evident from the following quotation from Mr. Clow's speech at Geneva, was made perfectly clear. This is what Mr. Clow said:

"We refrained from taking part in the discussion in the Committee not out of any lack of sympathy with the efforts of European countries to reach a solution of this most important problem but because we felt that, having regard to the time

[Sir Joseph Bhore.]

available we were not in a position to make a contribution of any value. For an examination of the question it would be necessary to take far more time than the Director was able to allow us. We recognise in the Convention an important achievement for Europe and we are therefore prepared to support it with our votes; but this must not be taken to mean that the Convention will be ratified by India. Personally, I regard it as unlikely that India will be able to ratify; but the Government of India will be prepared, in consultation with those best fitted to advise, to examine the Convention with a view to seeing how far its provisions can be adapted to Indian conditions. I may remind the Conference that the Indian Legislature has already reduced the hours for underground workers substantially below the limit allowed them at Washington, and the question of hours in coal mines will be re-examined in the light of the Report of the Royal Commission on Labour which will shortly be published."

I may remind the House that this question of hours of employment in coal mines has been considered by two authorities in this country, namely, a Select Committee of this House and the Royal Commission on Labour.

4 P. M. The Select Committee of this Assembly by a majority recommended, when the amending Act of 1928 was under consideration, that after that Act had been in force for three years and some experience of its working had been gained, enquiries should be made to see whether the eight-hour shift could then be introduced. That period of three years will expire in April 1933. The Royal Commission on Labour by a majority endorsed this recommendation, and the majority also made a recommendation that the weekly limit for surface workers should be reduced from 60 hours to 54 hours, which is the underground limit. The Convention goes far beyond this and adopts a 7½ hour day. The Royal Commission on Labour gave expression to the opinion that conditions at present were inopportune for the adoption straightaway of so drastic a change as the eight hours shift. The Resolution, as now framed, will permit of a re-examination of the whole question in accordance with the recommendation of the majority of the Select Committee of this House, as endorsed by the Royal Commission on Labour, and it will also enable us to consider the connected recommendations made by the Royal Commission on Labour. Sir, I move:

Mr. President: The Resolution proposed runs:

"This Assembly, having considered the Draft Convention limiting hours of work in coal mines adopted at the 15th Session of the International Labour Conference, recommends to the Governor General in Council that he should examine the possibility of reducing the statutory limits for hours of work in mines and that the results of this examination should be placed before this Assembly."

Mr. N. M. Joshi (Nominated Non-Official): Sir, I move that at the end of the Resolution the following be added:

"at its next session."

Sir, the meaning of my amendment is that the Government of India should place the results of the examination of this question before the Simla session of the Assembly. Sir, as the Honourable Member has already explained, this Convention was passed at the last session of the International Labour Conference. The Convention provides that the hours of work should be 7½ hours per day. In India, as the Honourable Member has explained, the hours of work for underground workers are 54 hours a week, and 12 hours a day, and for surface workers 60 hours a

week. I feel that these hours of work are too long. There is no difficulty, in my humble judgment in reducing them. Three members of the Royal Commission, including a distinguished representative of British Labour, I mean my friend Mr. John Cliffe, who rendered a great service and a very distinguished service to the workers of India by his self-sacrificing and noble work on this Commission as its member. Mr. John Cliffe, Mr. Chaman Lall and myself expressed the view in the Report of the Royal Commission that it is necessary that the hours of work in Indian mines should be reduced to 48 hours a week and 8 hours a day. In the first place under the present circumstances when a man according to the law could work for 24 hours a day and for six days a week, the only limitation placed upon them is that no worker should work for more than 12 hours a day and 54 hours a week, and it becomes difficult, as the Chief Inspector of Mines has admitted, to check the number of hours worked by each miner within a week. He admits that when a man could work 24 hours a day and 6 days a week, it is very difficult to check the hours worked by each miner. It is for this reason necessary that when you have got 54 hours a week, the number of hours for each shift should also be reduced; at least the hours of work for each shift should not be more than nine hours. It was argued in the Select Committee, which considered the hours of work in mines, that if you reduce the hours of work of the miners, the wages will also be considerably reduced. We felt that there was not much force in this argument. In India, even at the present moment, there are several mines which have been working for a much less number of hours than are allowed by legislation. There are mines which work ten hours a day; there are mines which work on a shift of nine hours, there are mines which work with a shift of 8 hours a day, and it has not been shown that wages in those mines where longer hours are worked are higher than the wages in those mines where shorter hours are worked.

(At this stage, the Honourable Member Sir Frank Noyce, crossed between the speaker and the Chair.)

Mr. President: Order, order.

Mr. N. M. Joshi : Therefore there is not much fear of the wages going down if the hours of work are reduced. We therefore felt the hours of work should be reduced to 48 hours a week and 8 hours a day. Now, the Convention is asking that the hours should be 7½. The difference between the proposal which we made in the Report of the Royal Commission and the proposal of the Convention is very small. I therefore feel that there should be no difficulty in our accepting the Convention and ratifying it. But, as the Government are willing to examine this question, I do not press that they should bind themselves today to ratify the Convention. I shall be quite satisfied if they will examine the question without loss of time. I feel that, although the Select Committee which considered this question recommended that the question should be examined after three years, the Honourable Member will admit that it is now nearly two years out of those three years, and as a matter of fact it is more than three years, I may say it is nearly four years since the Bill was passed, and I feel that sufficient time has now elapsed to take up the question of examination and arrive at a decision, without much loss of time. It may be true that when the Select Committee met four years ago, they might

[Mr. N. M. Joshi.]

have thought that the period necessary for experience should be three years, but in India as we all know things move much quicker than we sometimes anticipate and expect. I therefore feel that the experience of two years is quite sufficient for Government to come to a conclusion about this question. I therefore hope that Government will not delay the examination and will place the result of their examination before the next session of the Assembly, namely, the Simla session of the Assembly. I hope my amendment will be accepted.

Mr. President: Amendment proposed:

“That at the end of the Resolution, the following be added:
‘at its next session’.”

Mr. Abdul Matin Chaudhury. (Assam: Muhammadan): Sir, it is a little gratifying to note that Government have given up their usual custom of moving that the Convention be not ratified and have now taken to examining the Convention. It is some improvement, and we are thankful for this little mercy; I only hope that this change from non-ratification to examination will not mean that, instead of putting it into the waste-paper basket they will be putting it on the shelf. This Convention provides that in no mine should the hours spent underground exceed $7\frac{1}{2}$ hours. In most of the European countries the statutory maximum for underground work is 8 hours. In China and Japan it is 10 hours, in India it is 12. The British Government recommended to the Conference that the hours should be reduced to $7\frac{1}{2}$. The Netherlands Government also supported them. The Governments of Germany, France and Italy recommended that the hours of work should be $7\frac{1}{2}$; France recommended that it should be 8 and the workers all demanded that the hours of work should be 7. The Conference adopted $7\frac{1}{2}$ hours. Now, Sir, the position with regard to India is this. Honourable Members are aware that the statutory maximum here is 12 hours. Mr. Lang, the officiating Chief Inspector of Mines, in the memorandum that he submitted to the Royal Commission on Labour, said that the number of hours worked in underground mines varies from 8 to 12 daily, and 54 hours weekly. The Royal Commission went very carefully into the matter. Government had the benefit of the deliberations of the Royal Commission on Labour; they have got the benefit of the discussions of the question in two successive sessions of the International Labour Conference. They had plenty of time to think over the matter because though, as Sir Joseph Bhore pointed out, in the agenda of the 14th session the question was confined only to European countries, the agenda of the 15th session reached the Government of India in November, 1930. Plenty of time has elapsed to think over the matter, and I think it is quite reasonable that they should accept Mr. Joshi's proposal to bring forward an amendment of the Act in the Simla session.

The Honourable Sir Joseph Bhore: Sir, I do not propose to follow the Honourable Members who have preceded me into a discussion of the merits of the question involved. That question must come up for consideration in connection with the later stages of the discussion which must follow from this Resolution. We are now only concerned with the question of time, the time before which the results of the inquiry should be placed before the House. In regard to that, Sir, I should have thought that even from the point of view of my Honourable friend, Mr. Joshi, he would have realised that nothing is to be gained by hurrying a consideration of this question.

I personally am of opinion that a consideration of the somewhat drastic changes involved in the Convention could not be undertaken at a time more inopportune than the present when trade, commerce and industry are in so depressed a condition. Further, I think my Honourable friend Mr. Joshi in referring to the view of the three members, who were in a minority, paid very little attention to the very specific recommendations on this point made by the majority of the Royal Commission. I need not take up the time of the House with reading in full what the majority said. The House will find this on page 125 of the Royal Commission's Report. I need only perhaps give one or two short quotations. What the majority said was this :

"For reasons given in their report the Committee" (i.e., *the Select Committee of the Legislative Assembly*) "decided to adhere to the 12-hour shift, recommending to Government that after the Act had been in force for three years the situation should again be examined to see whether an 8 hour shift could then be introduced. As the three years do not commence to run till April, 1939, we have had no opportunity of seeing the Act in operation and it is not possible therefore to say that the considerations which led the Committee to suggest an experimental period have lost their force."

They go on finally in this paragraph to say :

"While we are not prepared to say that compelling the industry to depend on this class of miners who will live near their collieries and work regularly will ultimately prove a disadvantage, we do not think that the present is the best time for a definite step in this direction. On all grounds, therefore, we endorse the recommendation of the Select Committee."

Now, Sir, I do not commit myself definitely to the position that there will be no inquiry until after April 1939. I only wish not to tie myself to any particular date, especially a date which will involve an immediate inquiry; but I will give the House this assurance, that we will allow no unnecessary or avoidable delay to occur in this matter, and I hope my Honourable friend Mr. Joshi will accept it. If he is not prepared to accept this assurance, I am afraid I must oppose his amendment.

Mr. President: The question is :

"That at the end of the Resolution, the following be added :

'at its next session'."

The motion was negatived.

Mr. President: The question is :

"That this Assembly, having considered the Draft Convention limiting hours of work in coal mines adopted at the 15th Session of the International Labour Conference, recommends to the Governor General in Council that he should examine the possibility of reducing the statutory limits for hours of work in mines and that the results of this examination should be placed before this Assembly."

The motion was adopted.

REPORT OF THE PUBLIC ACCOUNTS COMMITTEE.

The Honourable Sir George Schuster (Finance Member): Sir, I beg to move that the Report of the Public Accounts Committee on the accounts of 1929-30 be taken into consideration.

[Sir George Schuster.]

It is not necessary for me—indeed it would hardly be appropriate for me—to make a speech on moving this motion, as I desire to hear what will be said by Honourable Members in the House in the course of discussion. I would only like to say this, that I think I can commend this Report to the House, and although I myself had a share in its preparation, I may permit myself to say that any one who reads it will find it on this occasion to be an extremely valuable Report. For it deals, I think clearly, with one or two most important points. Before I sit down I would like to take this opportunity of acknowledging the extremely valuable assistance which I, as the official Chairman, have always received from the Public Accounts Committee. Work on the Public Accounts Committee is one of those fortunate and perhaps rare occasions on which the ordinary differences that divide us do not apply. We are always able to find that on the Public Accounts Committee we can work harmoniously together in the public interest.

Sir, I move.

Mr. Nabakumar Sing Dudhoria (Calcutta Suburbs: Non-Muhammadan Urban): Sir, one cannot but feel some amount of despair and disappointment in going through the Report of the Public Accounts Committee on the accounts of 1929-30, volume I. At the same time, Sir, I must thank those Honourable Members who at considerable trouble and sacrifice to themselves have regularly worked in that Committee for the public good and have endeavoured their best to grapple with the various problems and technicalities that came up before them. It is no doubt a privilege that we enjoy in being able to have an insight into the internal working of the various Governmental departments through working on the Public Accounts Committee, but one cannot escape the impression left in one's mind that we, the representatives of the people, are not often taken quite seriously, by some of the departments of the Government. I shall now make some observations on some specific instances that came before the Committee by way of criticism.

The Public Accounts Committee in their last year's Report recommended that the Railway Department should prepare "a simple form of report on the working of the Railways, summarising the reports of Agents, taking out the salient points therein, and bringing out the sort of features, to which the Chairman of a Public Railway Company would call attention in his speech at the annual meeting of the shareholders." The Committee also thought that "such a report might well be supplemented by simplified statistics on the one side and on the other by a note giving simple instructions as to how to interpret, and what point to look for in railway statistics."

We have not got to go far but to cast just a glance at the "Report by the Railway Board on the working of Indian Railways, Volume I, 1930-31" in order to convince us that the "presentation of a general picture for all the Railways bringing out the points of real importance in their working" has not been met.

Next, Sir, a preparation and publication of trading accounts for the Army, Ordnance and Clothing Factories and for other manufacturing or producing concerns of the Army has been systematically insisted upon by the Committee, but from the Report it appears that matters are kept in

abeyance, although from the point of view of the Government and the taxpayer, it is of vital importance to ensure that the actual cost of production of articles manufactured by Government concerns is reasonable and stands public scrutiny.

Again, Sir, it was laid down distinctly by the Committee that the Finance Department should evolve an entirely satisfactory machinery to expedite and co-ordinate departmental action on the specific recommendations by the Committee. Yet the truth is that some departments have preferred to adopt a dilatory and half-hearted attitude and do not feel inclined to comply with the recommendations easily.

Also, Sir, notwithstanding the fact that the Committee has declared that the large surplus stocks of quinine held by the Central Government should be disposed of somehow, in order to fetch some money as well as to prevent their deterioration, or if that be not possible, it be distributed free in malaria-stricken areas, there is evidently no response on the part of the Government to this piece of recommendation.

Sir, I beg also to point out that as regards the Appropriation Accounts of Railways prepared by the Financial Commissioner of Railways, "there is no general picture of the financial results, no general survey of the state of the financial administration. Nor is there an analysis of the audit scrutiny conducted by the Railway Accounts Department as part of the internal check of Railway Accounts".

The Committee has also recommended that the allocation of expenditure between the electrification scheme and the other branches of the railways should be shown separately. But the recommendation has been met with opposition from the railway authorities for reasons best known to them, although they have been asked that the question should be studied scientifically by enlightening themselves with information on the subject from British railways as to how they calculate the financial results of their electrification schemes.

Again, Sir, in their loans to Provincial Governments and Indian States, the Government of India have hitherto shown an utter lack of circumspection, as it is found that the projects, for which the loan or advance was made, have either not been taken up, or have fallen far short of original estimates, and the Government now know not how to recover these loans. The case of the Bahawalpur Durbar is an instance in point. As the responsibility in such matters rests entirely with the Finance Department, that department should keep strict and proper control over them in justice and fairness.

Railway Publicity, Sir, is another of the several matters where things have not been carried on to the satisfaction of the Committee. The declaration by the Financial Commissioner that he would pursue the suggestions as to how publicity work is done abroad, in countries like Switzerland or America, does not satisfy us. It means delaying of matters and who knows not—expenditure of some good money on a wild goose chase.

Also, Sir, the subject of keeping an account of returned stores in the railways furnishes a key to how carelessly and unsystematically some departments of the railways are worked.

[Mr. Nabakumar Sing Dudhoria.]

Then, Sir, it is a matter of regret and surprise, that the subject of the refusal by His Majesty's Government to pay a moiety of the cost of certain diplomatic and consular establishments in Persia was let go without an investigation of the whole situation from the international law point of view. When India is a dependancy of England, the parent and principal Government should have borne the full, if not half the expenditure, in all justice and fairness.

Sir, I can go on multiplying similar instances of irregularities of accounts brought to light before the Committee, but I do not want to weary the House any longer with them.

Dr. Ziauddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural): Sir, the Public Accounts Committee is really one of the most important committees of the Assembly because this is the only committee which can co-ordinate the expenditure in different branches of the administration of the Government of India and can suggest ways and means for securing economy. By reading the Report we find that most of the business was concentrated on reviewing the Report of the Auditor General and discussing his recommendations. I would have very much liked that this Committee should have gone still further and gone exhaustively into the expenditure and causes of deficit in our mercantile business. I thought it would be a legitimate business of this Committee to give us a vivid picture of why this Posts and Telegraphs Department is run at a very great loss; we had a loss of about a crore, last year, and of about $1\frac{1}{2}$ crores this year and I have not seen the budget of the coming year but I am sure that it will be a deficit budget. I would have very much liked a small note from this Committee about the causes of these losses and suggestions as to how these losses could be avoided.

Then, we find there is a good deal of over-expenditure and deficit in the administration of railways. My friend, Mr. Dudhoria, referred to one aspect of railway expenditure, but there are several important items on which no light was ever thrown in the previous budgets of the railways. For example, the collieries. The railways have got their own collieries; but they have never given any balance sheet of this business. Nobody can say whether the coal mines run by the railways are run at a profit or at a loss. The expenditure is mixed up with so many different items that it is very difficult for the Members of the Assembly to have any true picture of the loss or income connected with these coal mines.

Then they put before us a lump sum of expenditure connected with the administration and operation of the running lines. We would have very much liked the Public Accounts Committee to go into the details of the expenditure on various lines and to give us the reasons why the expenditure ratio is different on different railways; and they ought to have suggested a kind of uniform working ratio which ought to have been applied to all.

The next question is about forests. I gave last year figures of income from forests, and I said that the Government are practically getting something like an anna per acre as profit. Then the Committee should have drawn the attention of the Government to this and discussed whether it would not be more profitable to abolish the department and give the contract to some of the good landlords and get several times more income than the Government are deriving now by direct administration.

Then, Sir, the question of loans is one of the questions which has been raised, and in this connection the most important point which, I think, this Committee ought to have discussed was the reasons for the excess of expenditure over its estimate in cases of the Sutlej Valley Canal and the Indus Canal. Sir, reference has just been made to the Bahawalpur State; and if any one will go through the proceedings, he will find that Bahawalpur was really dragged in because, without the participation of this State, the whole scheme of the Sutlej Canal could not have been completed at all; Bahawalpur State did not come in out of free will, but it was on account of the strong pressure of Government, the State took a loan to complete the whole of the Sutlej Valley scheme. Therefore, the point on which we wanted a Report was whether the expenditure incurred on these canal undertakings and also whether the excess of expenditure was justifiable or not, and whether the operation could have been undertaken, had correct estimate been made at the outset. However, we expect, Sir, that in the next Report the Committee will go into greater details of the various items of expenditure and also give some useful advice about co-ordination and economy in it.

Mr. N. M. Joshi (Nominated Non-Official): Sir, in the Public Accounts Committee's Report on page 88 there is a recommendation printed which has come down from the year 1928-29, "that Government should make sure that all cases held up pending the constitutional revision are brought under review at the first opportunity". The remark made upon this recommendation is, "This has been brought to the notice of all concerned". I remember, Sir, when I was a member of the Public Accounts Committee having discussed some important cases affecting the constitutional position of the Auditor General. One of these cases was whether the Auditor General should have direct access to the Secretary of State for India. It is quite possible that under our new constitution there may not be a Secretary of State for India; but perhaps there may be a Secretary of State for India. I am, therefore, anxious to know what proposals the Government of India have made either to the Round Table Conference or to any other authority which may be considering the constitutional question on this point—whether the Auditor General will be independent of the Government of India or will have free access to the highest authority on India,—that is one question.

There was another question which I remember to have been raised, and that was that our Auditor General in India has no control over the Auditor General who audits the accounts of the India Office and the High Commissioner's office. We have a separate Auditor General for our English organization, and that organization is not under the control of the Auditor General in India. This is really a very unsatisfactory arrangement. We want one Auditor General who will be responsible to this Legislature. At present this is not the case. The Auditor General who audits the accounts of the India Office and the High Commissioner's office presents his accounts not to the Indian Legislative Assembly but to the British Parliament. I therefore want to know, Sir, from the Government of India when they say that, "This has been brought to the notice of all concerned",—to whose notice they have brought their proposal on this point. So far as I know, they have not placed their proposals before the Legislative Assembly, but as this Legislature is one of the necessary elements in our constitution, I felt that the Government of India should have placed their proposals on this question before the Legislative Assembly.

[Mr. N. M. Joshi.]

There is, Sir, one more point on which I would like to seek more information or make some suggestion. In Great Britain the Public Accounts Committee is a wholly elected body; while in our constitution it is not a wholly elected body. I want to know what proposal the Government of India have made on this point. Secondly, our Finance Minister is the Chairman of our Public Accounts Committee, while in Great Britain the general practice is that the Chairman of the Public Accounts Committee is appointed from the Opposition. I think this is a very wholesome practice. I want to know, Sir, what the proposals of the Government of India are on this question also. I hope when we have a new constitution and real self-government, as we hope we are going to have shortly, we will have a wholly elected Public Accounts Committee and a Chairman drawn from the ranks of the Opposition. I hope, Sir, the Honourable the Finance Member will enlighten me on these questions.

The Assembly then adjourned till Eleven of the Clock on Thursday the 25th February, 1932.