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LEGISLATIVE ASSEMBLY.

Wednesday, 21st March, 1928.

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

QUESTIONS AND ANSWERS.

NAMES OF PERSONS ARRESTED UNDER REGULATION III OF 1818 DURING THE LAST THREE MONTHS.

494. ***Mr. Gaya Prasad Singh:** Will Government kindly state the names of persons, if any, who have been arrested, or otherwise dealt with, under Regulation III of 1818, during the last three months, together with the grounds of arrest, the place or places where they are confined, and the arrangements made for their residence and comforts?

Sir Denys Bray: The ex-Maharaja of Nabha only, with regard to whose case I would refer the Honourable Member to the communiqué of the 19th February.

Mr. Gaya Prasad Singh: May I know, Sir, what is the date of the warrant of arrest?

Sir Denys Bray: I could not say off hand, Sir; I imagine that it was a few days before the 19th February.

Mr. Gaya Prasad Singh: Is the warrant of arrest addressed to any one?

Sir Denys Bray: It is the usual warrant of arrest.

Mr. Gaya Prasad Singh: Will the Honourable Member be pleased to lay a copy of the warrant of arrest on the table?

Sir Denys Bray: I am not prepared to do that.

EXISTENCE OF SULPHUR SPRINGS AND OTHER MEDICINAL NATURAL WATERS IN INDIA OR BURMA.

495. ***Sir Darcy Lindsay:** (a) Will Government state whether there are in India or Burma sulphur springs and other medicinal natural waters having curative qualities likely to be beneficial to persons suffering from maladies amenable to such treatment?

(b) If the answer is in the affirmative, will Government please give information as to localities and accessibility thereto?

(c) Have Government considered the possibility of developing one or other of the springs for the benefit of the people of India who may not be in a position to proceed to Europe for treatment at the British or Continental Spas?

(d) What would be the estimated cost and maintenance charges and possible revenue?

Mr. G. S. Bajpai: (a) and (b). The Government of India have no information, but will make inquiries.

(c) and (d). Do not arise at this stage.

CONSTRUCTION OF A PLATFORM TO THE SOUTH-WEST OF THE PESHAWAR CITY RAILWAY STATION.

496. ***Nawab Sir Sahibzada Abdul Qaiyum:** With reference to my question No. 1167 of 12th March, 1925, will the Government be pleased to state, if any action was taken by the Agent, North Western Railway, about the construction of a platform to the south-west of the Peshawar City railway station, for the convenience of the public and have Government drawn the Agent's attention to a note published in the newspaper *Partab*, dated Lahore, the 19th January last, on the subject?

Mr. A. A. L. Parsons: Government have received no information as to the action which was taken by the North Western Railway Administration, but I have sent a copy of the Honourable Member's question to the Agent, and on hearing from him will communicate with the Honourable Member.

QUESTION NOT PUT AT THE MEETING, OWING TO THE ABSENCE OF THE QUESTIONER, WITH ANSWER THERETO.

TOTAL AMOUNT, IN TONS, OF GOVERNMENT STORES SHIPPED TO INDIA.

497. ***Mr. Sarabhai Nemchand Haji:** Will Government be pleased to state the following facts for the years 1923, 1924, 1925, 1926 and 1927:

- (a) The total amount, in tons, of Government stores shipped to India from:
 - (i) The United Kingdom,
 - (ii) The Continent of Europe,
 - (iii) The United States of America, and
 - (iv) Other countries?
- (b) The tonnage of shipments and freight paid thereon during the first and second half of each month?
- (c) The number of freight contracts made during the first and second half of each month?
- (d) The number of British steamers in which the shipments were made during the first and second half of each month?
- (e) The number of foreign steamers in which the shipments were made during the first and second half of each month?

The Honourable Sir Bhupendra Nath Mitra: The attention of the Honourable Member is invited to tables Nos. 10A and 16 of the "Annual Statement of the Seaborne Trade of British India with the British Empire and Foreign Countries" and to the Annual Reports on the work of the India

Store Department, London, for the years 1924-25 to 1926-27, copies of which are available in the Library. These give all the information readily available with the Government of India on the points mentioned by the Honourable Member.

UNSTARRED QUESTIONS AND ANSWERS.

INADEQUACY OF THE PAY AND PROSPECTS OF SUPERINTENDENTS OF POST OFFICES.

428. Kumar Ganganand Sinha: Are the Government aware that there is a deep-rooted discontent amongst the Superintendents of Post Offices regarding the inadequacy of their pay and prospects? If so, what remedial measures are proposed to be taken in the matter?

The Honourable Sir Bhupendra Nath Mitra: The answer is in the negative.

DISSATISFACTION OF THE SUPERINTENDENTS OF POST OFFICES IN REGARD TO THEIR REVISION OF PAY.

429. Kumar Ganganand Sinha: Are the Government aware that the revision of pay of Superintendents of Post Offices sanctioned in the letter No. 11-P. T. E., dated the 15th March, 1926, from the Secretary to the Government of India, Department of Industries and Labour, to the Director General of Posts and Telegraphs, India, did not satisfy the demands made by them from time to time since 1921 and that the Postal Officers' Association expressed dissatisfaction and declared the revision disappointing by a telegram dated the 20th March, 1926, to the Honourable Member, Industries? If so, what action have the Government taken in the matter?

The Honourable Sir Bhupendra Nath Mitra: Yes. The telegram of the 20th however was addressed to the Director General, though a copy was sent to the Honourable Member, Industries and Labour. The Director General sent a reply to the Association on the 7th April, 1926, expressing his inability to take further action.

BENEFIT DERIVED BY SUPERINTENDENTS OF POST OFFICES FROM THE REVISION OF PAY SANCTIONED FOR THEM IN 1926.

430. Kumar Ganganand Sinha: Are the Government aware that the revision of pay of Superintendents of Post Offices sanctioned in 1926 has benefited a very small number of such officers and that the majority of them stand as they were before? If so, what do Government propose for the latter?

The Honourable Sir Bhupendra Nath Mitra: No. The second part of the question does not arise.

EFFECT OF THE REVISION OF THE PAY OF SUPERINTENDENTS OF POST OFFICES.

431. **Kumar Ganganand Sinha:** Will the Government place on the table a statement in the following form?—

Total number of Superintendents of Post Offices on the 1st April, 1926.	Effect of the revision of 1926.		
	No. of officers receiving Rs. 50 by the revision.	No. of officers receiving Rs. 20 by the revision.	No. of officers receiving Rs. 5 by the revision.

Mr. H. A. Sams: The information is being collected and will be furnished to the Honourable Member in due course.

ANNUAL INCREMENTS OF SUPERINTENDENTS OF POST OFFICES.

432. **Kumar Ganganand Sinha:** (a) Are the Government aware that in the case of the first class Postmasters the rate of annual increment is Rs. 30 whereas in the case of the Superintendents of Post Offices it is Rs. 20 up to a certain stage and then Rs. 25? If so, why this differential treatment?

(b) Do the Government propose to remove this grievance?

The Honourable Sir Bhupendra Nath Mitra: (a) Yes, because officials in the Postmasters' line do not get promotion as first class or gazetted postmasters until late in their service.

(b) Does not arise since the Government of India do not admit the existence of any reasonable grievance in this case.

DENIAL TO SUPERINTENDENTS OF POST OFFICES OF CERTAIN AMENITIES ENJOYED BY FIRST CLASS POSTMASTERS.

433. **Kumar Ganganand Sinha:** Are the Government aware that first class Postmasters have certain amenities of life, viz., free quarters, free conveyance, etc., which the Superintendents of Post Offices have not and that the former have a higher start (Rs. 350) than the latter (Rs. 300)? If so, why?

The Honourable Sir Bhupendra Nath Mitra: First-class Postmasters are provided with free quarters on the premises of the post office for the better performance of their duties. They do not get free conveyance for private use but in a few places, a conveyance is provided for them for the performance of journeys in connection with their official duties, for which no travelling allowance is granted. The minimum pay for first-class Postmasters is Rs. 350 because the maximum pay of the next lower grade of Postmasters is Rs. 350. They are moreover appointed by promotion and they are generally much older men with longer service than those appointed as Superintendents of Post Offices.

DAILY ALLOWANCES OF SUPERINTENDENTS OF POST OFFICES.

434. **Kumar Ganganand Sinha:** Are the Government aware that Superintendents of Post Offices in spite of being classed as first class officers

get Rs. 4 as daily allowance instead of Rs. 5 allowed in the other departments of the Government? If so, why?

The Honourable Sir Bhupendra Nath Mitra: The question of revising the travelling allowance rules in the Post and Telegraph Department is under consideration.

TRAVELLING ALLOWANCES OF SUPERINTENDENTS OF POST OFFICES.

435. **Kumar Ganganand Sinha:** Are the Government aware that Superintendents of Post Offices get only one and three-fifths instead of double railway fares for journeys on tour? If so, is the scale applicable to all other departments of the Government?

Mr. H. A. Sams: The answer to the first part of the question is in the affirmative.

As regards the second part, $1\frac{3}{5}$ railway fares are granted to officers of all departments of the Government of India for journeys on tour

COUNTING TOWARDS INCREMENTS OF OFFICIATING SERVICES OF CERTAIN SUPERINTENDENTS OF POST OFFICES.

436. **Kumar Ganganand Sinha:** Are the Government aware that the officiating services of certain Superintendents of Post Offices before their confirmation as such were not counted towards increment of pay and that all such officers memorialised in October, 1926, to the Honourable Member in charge of the Department? If so, how does their case stand and what is delaying the final orders in the matter?

The Honourable Sir Bhupendra Nath Mitra: The reply to the first part of the question is in the affirmative. The disposal of the case had to be deferred pending the settlement of an associated question, and it is expected that the memorials under reference will be answered at an early date.

SUPPLY OF GOVERNMENT PUBLICATIONS TO THE *TARJUMAN-I-SARHAD* OF RAWALPINDI AND THE *SARHAD* OF PESHAWAR.

437. **Maulvi Mohammad Shafee:** Will the Government be pleased to state why the Government of the North-West Frontier Province do not supply Government publications to the *Tarjuman-i-Sarhad* of Rawalpindi and the *Sarhad* of Peshawar which are devoted to the Province in spite of their repeated requests?

Sir Denys Bray: No requests for the supply of Government publications have been received from either of the newspapers mentioned.

The supply is in any case a matter at the discretion of the Local Administrations.

CONDITIONS OF LABOUR CONTRACTS FOR THE HANDLING AND TRANSHIPMENT OF GOODS ENTERED INTO BY STATE-MANAGED AND COMPANY-MANAGED RAILWAYS.

438. Mr. Jamnadas M. Mehta: Will Government be pleased:

- (a) to state the terms and conditions of labour contracts for the handling and transhipment of goods entered into with contractors by State-managed and Company-managed Railways, and
- (b) to place a copy of such agreements of the East Indian, Bengal Nagpur, Great Indian Peninsula, and the Bombay, Baroda and Central India Railway Companies on the table, for knowledge and comparison?

Mr. A. A. L. Parsons: The terms of these handling contracts are settled by the Agents of the Railways. I am seeing if I can get for the Honourable Member copies of typical forms in which the contracts are made from the four Railways mentioned by him.

LOCATION IN SIMLA OF THE WIRELESS BRANCH OF THE OFFICE OF THE DIRECTOR GENERAL OF POSTS AND TELEGRAPHS.

439. Mr. Jamnadas M. Mehta: Will the Government be pleased to state:

- (a) why the Wireless Branch only which in all respects is considered as part of the Director General of Posts and Telegraphs' Office is *still* located in Simla whereas the whole Director General of Posts and Telegraphs Office is in Delhi;
- (b) what the total expenditure is by locating the Wireless Branch in Simla;
- (c) what the total savings would be by bringing the Wireless Branch to Delhi;
- (d) what benefit the clerks will get if they are brought down to Delhi with the Branch; and
- (e) when the Wireless Branch will be brought down to Delhi permanently?

Mr. H. A. Sams: (a) The headquarters of the Wireless Branch is located in Simla for reasons of administrative and executive convenience.

(b) Rs. 10,558 per annum in Simla allowances, house rent allowances and winter allowances.

(c) Rs. 10,558.

(d) I would refer the Honourable Member to my reply given to Mr. Anwar-ul-Azim's question (No. 481) on the same subject on the 19th instant.

(e) No decision has yet been reached on the question of the future location of the headquarters of the Wireless Branch.

THE INDIAN TARIFF (AMENDMENT) BILL—*contd.*

Mr. President: The Assembly will now resume further consideration of the Bill further to amend the Indian Tariff Act, 1894, for certain purposes, as reported by the Select Committee, clause by clause.

The question is:

"That the Schedule stand part of the Bill."

Mr. Mukhtar Singh (Meerut Division: Non-Muhammadan Rural): Sir, I have already moved the first amendment standing in my name and I propose to-day to speak on the three alternative amendments at the same time. I was saying on the previous occasion that the amendment that has been sought to be made in the Indian Tariff Act is not to the advantage of this country. I find, Sir, from page 8 of the Review of the Trade of India that in England we are sending currants from this country; and though the full rate of duty is 2s. per cwt. in England, in the case of India they are admitted free. This shows that India does not only produce currants for its own use but also exports them outside India. If we reduce this duty, we shall be putting these growers of fruit in a worse condition. They will have to compete with the foreign currants which will be sold cheaper than they are selling now. It is a misfortune of this country that there are no statistics to show the area under fruit, nor do we know what fruits are grown in this country, nor are there any statistics to show what quantity of currants is exported outside this country. But I consider, Sir, that there is a certain amount of currants exported from this country. In that case we shall not only be allowing Greece to compete with the Indian product, but we shall also be allowing other countries to compete with our fruit growers. From the trade statistics we find that the total amount of currants imported into this country was 1,174 tons in the year 1926-27, and the value was Rs. 4,48,452. Out of this huge amount, Greece sent only 26 tons of currants into this country. This will practically mean that we shall be reducing the duty on currants simply because we have entered into an agreement with Greece and at the same time we shall be reducing the duty on the total value of currants imported into this country. Calculating, Sir, we find that the total amount of duty now levied on currants amounts to Rs. 67,260. By reducing this duty, we shall be reducing this amount to about Rs. 29,850; that will be a clear loss of more than Rs. 30,000 a year. That will be the total loss of revenue, and at the same time we shall be hitting hard the fruit grower in this country. The total amount imported from Greece amounts only to 4.6 per cent. In order to import currants from Greece which is only 4.6 per cent. of the total, we are reducing the duty over the balance of 95.4 per cent. also. I do not understand how it is sought to be justified that the total duty on currants should be reduced in this case. That is why there is another amendment in my name, that even if the Government consider that it is necessary to reduce the duty, then preferential treatment might be given to Greece, because in that case there will be a very small loss to the revenue and at the same time the competition with the fruit grower will not be so hard. We might be told that if we reduce the duty on currants we shall be meeting with very good treatment for our produce in Greece. I have prepared a list of all the articles that are sent to Greece and I find that the articles sent from this country to Greece are mainly

[Mr. Mukhtar Singh.]

raw produce. There seems to be no competition in Greece with raw articles imported from this country into Greece. In that case too I do not find that there is any necessity for reducing the duty. The Schedule attached to the *modus vivendi* contains manufactured articles also; but these manufactured articles are not manufactured in this country. If indigo had been to-day a manufactured article sent to Greece there might have been some justification; but we know as a fact that indigo cultivation has been stopped and there is no likelihood that the cultivation of indigo will revive.

Then, again, Sir, the lowest amount of duty that ought to be levied was 2s. Calculating at 2s. the duty ought to have been reduced to Re. 1-5-4, not to Re. 1-4-0. I do not understand, Sir, why the Government have agreed to this proposal especially when it was not incumbent on the Government of India to agree to it. The agreement was entered into between the United Kingdom and Greece and India was not a party to that. Therefore, Sir, I submit that my motion be carried and the amendment be not made.

The Honourable Sir George Rainy (Member for Commerce and Railways): I think, Sir, I can deal in very few words with the amendment voted by my Honourable friend, and I shall first deal with his contention that the terms of our *modus vivendi* with Greece are not in the interests of the country. The actual position is this. By means of this trade agreement India receives from Greece most-favoured-nation treatment for all its exports to Greece. The value of these exports amounts to quite a considerable sum and for the last 3 years, for which I have complete figures, the average value of our exports to Greece was Rs. 57 lakhs. My Honourable friend said he had ascertained that practically all the commodities we sent to Greece might be described as raw materials. But in fact that statement does not accurately represent the real facts of the case. Out of Rs. 57 lakhs of annual exports Rs. 32 lakhs are jute and cotton manufactures; that is to say, more than half the exports are not raw materials but are manufactured goods. Then he said that there was a danger that the reduction in the duty on currants might be prejudicial to the interests of those who grow currants in India. I think I ought to explain, Sir, that the term "currants" in trade usage has a quite technical meaning and applies only to a particular kind of grape, a small grape, which, so far as I know, grows only on the shores of the Aegean Sea. Our total imports of currants amount to something quite small, and in our trade returns I think they are combined with the imports of raisins, which is a different thing altogether and the reduction of duty does not apply to raisins.

(At this stage Mr. President vacated the Chair which was taken by Mr. Deputy President.)

I find, for instance, that in 1926-27 the value of the total imports under this head was a little over Rs. 4 lakhs and the imports from Persia accounted for about Rs. 3,80,000 out of this total. Now, currants are not grown in Persia and therefore it is evident that our imports of currants are very small indeed and I think it is certain that the admission of these imports at a lower duty cannot injure any Indian interest. Now, by virtue of the trade agreement we obtained very substantial advantages for our own exports to Greece because, had we not got most-favoured-nation treatment, the duties on our exports would have been substantially higher and the

volume of the trade affected is nearly Rs. 60 lakhs a year. On the other hand, what we gave up in the reduction of the duty is a very small sum indeed. The total imports of fruit and vegetables from Greece which includes currants is something less than Rs. 2 lakhs a year. It seems to me, Sir, that we made a very good bargain in this agreement. We gave up very little and we got something substantial.

The other point raised by my Honourable friend was that the matter ought to have been brought before the Assembly at an earlier date. The reason why this was not done arises purely out of the particular circumstances of the case. The agreement had to be negotiated as rapidly as possible,—I think it was in the month of September, 1926—and at that time we received two or three communications from the Millowners' Association of Bombay urging the Government of India to take immediate action, because the Millowners' Association was apprehensive that, if they did not get most favoured nation treatment, the exports of cotton manufactures to Greece would be prejudiced. In the ordinary course the change in the law would have been brought before the Legislature in the cold weather of 1927. But on that occasion no Tariff Bill was brought forward owing to the fact that we had the Steel Protection Bill on our hands and it was not found possible to put forward a separate Tariff Bill, the pressure on the time of the Assembly being too great. Again, in September last we had a Tariff Bill, but on that occasion it was necessary to confine our proposals strictly to those which arose directly out of the report of the Cotton Tariff Board. This Session therefore is really the first opportunity we have had of bringing forward this particular proposal. I do not think, Sir, I need dwell on the subject longer. I have already explained that the agreement is an extremely favourable one to India, because we gave up very little and we gained something substantial, and that there has been no desire or intention whatever to withhold the matter from the knowledge of or from interference by the Legislature. I may add that at the time the agreement was made full publicity was given to it and we received—I think it was from South Indian Chamber of Commerce—a letter in which they thanked the Government of India for the action taken.

Mr. Mukhtar Singh: Do I understand, Sir, from this that currants are not imported from any other country than Greece?

The Honourable Sir George Rainy: I think, Sir, that possibly some currants are imported from Turkey and would be so shown in the Trade Returns. But my information is that this particular kind of grape is grown practically only on the shores of the Aegean Sea, that is in Greece, or possibly on the Islands now in the possession of Italy or possibly from Turkey.

Sir Victor Sassoon (Bombay Millowners' Association: Indian Commerce): Sir, I should like to congratulate the Government on the action they have taken in this respect. I may say that at one time we were finding that our Indian piecegoods were suffering from a penal import duty when shipped into Greece and therefore our difficulties in competing with Japanese piecegoods in Greece were very seriously increased. We thought that the mere fact that Great Britain had a reciprocal treaty with Greece would enable us to enjoy the advantages that Lancashire goods had, but apparently there was some doubt in the matter, and I am glad that the Government have, by their present agreement, enabled us to compete with Japanese and even Lancashire piecegoods on even terms.

Mr. Mukhtar Singh: With your permission, Sir, I beg to withdraw the amendment.

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

†**Sir Walter Willson** (Associated Chambers of Commerce: Nominated Non-Official): Sir, there is an amendment in my name. I rise to move.

"That in the Schedule to the Bill amendment No. 25 be omitted."

and I do so, Sir, for reasons of principle entirely. The effect of this clause 25, if it remains in the Bill, is to place a higher import duty upon white Portland cement which, if this clause be not inserted, would come in at the same rate of duty as all other forms of Portland cement. I have said that I object to it, first of all, on principle, partly because, of course, as is very well known, commerce prefers specific duties to *ad valorem* duties. In the second place, I object to this discrimination, and I should like to remind the House that a year or two ago, when we were fixing a specific duty on the imports of Portland cement from abroad, we were guided to a considerable extent by the state of the cement trade in India. Therefore, when we actually fixed the rate, we threw a few annas or whatever it was, just the balance, into the scale, fixing the duty at a little higher scale than the true percentage would have worked out at. I admit that that is a small point, but I only mention it to show that we gave the benefit on the high side to the import duty. Now, we are asked under this Bill to take this Portland cement out of the specific duty rate and let it come in under an *ad valorem* duty rate on which it would have to pay a higher rate of duty per cwt. The ingredients in these two kinds of cement are, I might put it to you, practically the same. There is a difference in the percentage of each of the ingredients used, but in my view that difference in manufacture is a totally insufficient reason for changing the duty from a specific to an *ad valorem* rate. I understand further that the effect on the revenue, if this clause be persisted in, is very small; but I do ask the House to subscribe to the principle that having decided to impose a specific duty upon cement we do adhere to that and we do not try to take one of the list one particular class of cement merely because it happens to be of a higher value. I expect, Sir, to receive the support of all the commercial men in the House on this principle.

The Honourable Sir George Rainy: Sir, the first comment I wish to make on the amendment that has been moved by my Honourable friend, Sir Walter Willson, is that, as it stands, it will not be effective in securing the object which he has in view. He has overlooked, I think, item No. 17 in the Schedule which is to the following effect:

"In Item No. 46, the words 'excluding white Portland cement' shall be added."

If item No. 17 on the Schedule remains, then even though item No. 25 is removed, as my Honourable friend proposes, I am afraid the result would be that the white Portland cement will have to pay the higher duty.

Sir Walter Willson: Of course, I did not note it. As my Honourable friend has pointed that out to me, I propose the deletion of item No. 17

*"In the Schedule to the Bill amendment No. 14 be omitted."

† Speech not corrected by the Honourable Member.

as well. (*An Honourable Member*: "It is a consequential amendment.") It is a consequential amendment.

The Honourable Sir George Rainy: I do not wish to raise any objection to that course, but I thought it proper that I should point it out to my Honourable friend. Obviously, if the House were to decide on the omission of item No. 25, then clearly all necessary consequential amendments ought to be made.

I agree with my Honourable friend, Sir (Walter Willson, that the financial effect of this proposal on the revenue is not a matter of any great importance. It will mean a small additional revenue if it is carried, but if my Honourable friend succeeds in getting this item omitted, the revenue we shall lose is something very small. But I am afraid I cannot go with him on the question of principle. In the first place, I should like to point out that the specific duty of Rs. 9 a ton originates with the report of the Tariff Board on the cement industry, and the reason why it was proposed was this. Owing to the fall in values which was taking place at that time it seemed likely that the 15 per cent. duty which had been about Rs. 9 a ton on ordinary Portland cement was likely to fall to perhaps Rs. 8 or Rs. 7-8-0 a ton. I believe I am right in saying that, when it was decided in this House that the duty should be made specific and fixed at Rs. 9 a ton, part of the underlying intention was that the cement industry should not be prejudiced at that stage by a reduction in the rate of duty. Now, my Honourable friend has said that the commercial world generally always prefers specific duties. I can well understand that in many cases that must be so, for there are obvious conveniences about a specific duty. But I am afraid I cannot go with him in any assertion that once you have fixed a specific duty for a commodity which bears a particular name, then that specific duty ought to be applied indiscriminately to everything that bears that name regardless of the value of the particular class of the commodity which happens to be concerned. If that principle were once accepted, the effect on our revenue might be very serious indeed. I can mention many commodities, all of them bearing the same name, but varying very greatly in value. If, then, it were proposed to have a single specific duty for a certain commodity of that kind, either it would have to be fixed so high as to be a very serious burden on the low valued class, or it would have to be fixed so low that the loss of revenue on the high valued class would be very serious. In this particular case white Portland cement is used for special purposes and it is much too expensive to be used for the ordinary purposes for which ordinary Portland cement is used. It is, I think, almost an accident that it bears the name of Portland cement, and that was a point which was closely examined by the Central Board of Revenue before it was decided to legislate, because for some time it was not clear whether or not it was properly classed as Portland cement. It was finally decided that that was the trade name and that, unless the law was altered, it must be subject to the Rs. 9 duty. The average value of this white Portland cement is more than double the value of the ordinary Portland cement. When this is so, I cannot for one moment accept the view that an article which is twice as valuable and is used for a different purpose must bear the same rate of duty as the ordinary article which bears that name. It would be a very serious precedent and might make the administration of the tariff very difficult indeed. For these reasons, I am afraid I must oppose the amendment proposed by my Honourable friend, Sir Walter Willson.

***Mr. Fazal Ibrahim Rahimtulla** (Bombay Central Division: Muhammadan Rural): I have listened to the speech of the Honourable the Commerce Member and I am sorry I cannot find my way to agree with him. Sir Walter Willson and I definitely pointed out to him in the Select Committee that, if he agreed to change the name to something else, instead of white Portland cement, as it is a different material, then the question of principle would be solved and we would not object to it. Our objection is on principle, and I do not think the Honourable the Commerce Member has met that point. He admits that that point is serious and might involve some consideration as regards the tariff values of other commodities. Our point of view is this, that the name being the same there should not be different treatment for the particular article. Having recognised the fact that there is a specific duty, we have pointed very clearly out in our amendments that there should not be a fluctuation when there is a specific duty, and I hope the Commerce Member will see his way to accept the principle which we have pointed out to him in the Select Committee that, if there are commodities of the same name, we are at a loss to see why there should be a different treatment simply because the value of one commodity is double that of the other.

The Honourable Sir Basil Blackett (Finance Member): I wish to answer the last point raised by Mr. Rahimtulla. The position is really quite simple. When the *ad valorem* duty was changed into a specific duty, the intention was to make the specific duty nearly, if not quite, the same as the previous 15 per cent. *ad valorem* duty. What we actually succeeded in doing was to make the duty about $7\frac{1}{2}$ per cent. on this particular kind of cement. That was an obvious mistake which it is obviously desirable to rectify now.

Mr. Deputy President: The question is:

"That in the Schedule to the Bill amendments Nos. 17 and 25 be omitted."

The Assembly divided:

(During the Division Mr. Deputy President vacated the Chair, which was resumed by Mr. President.)

AYES—29.

Abdul Matin Chaudhury, Maulvi.
Abdullah Haji Kasim, Khan Bahadur
Haji.
Ahmed, Mr. K.
Aney, Mr. M. S.
Birla, Mr. Ghanshyam Das.
Chaman Lall, Diwan.
Chetty, Mr. B. K. Shanmukham.
Crawford, Colonel J. D.
Dutt, Mr. Amar Nath.
Dutta, Mr. Srish Chandra.
Goswami, Mr. T. C.
Gulab Singh, Sardar.
Haji, Mr. Sarabhai Nemchand.
Ismail Khan, Mr.
Jogiah, Mr. Varahagiri Venkata.

Kelkar, Mr. N. C.
Kunaru, Pandit Hirday Nath.
Lamb, Mr. W. S.
Mitra, Mr. Satyendra Chandra.
Mohammad Ismail Khan, Haji
Chaudhury.
Moore, Mr. Arthur.
Naidu, Mr. B. P.
Nehru, Pandit Motilal.
Rahimtulla, Mr. Fazal Ibrahim.
Sarfaraz Hussain Khan, Khan
Bahadur.
Singh, Mr. Gaya Prasad.
Sinha, Kumar Ganganand.
Sykes, Mr. E. F.
Willson, Sir Walter.

* Speech not corrected by the Honourable Member.

NOES—45.

Abdul Aziz, Khan Bahadur Mian.
 Abdul Qaiyum, Nawab Sir Sahibzada.
 Ahmad, Khan Bahadur Nasir-ud-din.
 Alexander, Mr. William.
 Allison, Mr. F. W.
 Anwar-ul-Azim, Mr.
 Ashrafuddin Ahmad, Khan Bahadur
 Nawabzada Sayid.
 Ayangar, Mr. V. K. Aravamudha.
 Bajpai, Mr. G. S.
 Blackett, The Honourable Sir Basil.
 Chatterji, Rai Bahadur B. M.
 Coatman, Mr. J.
 Cosgrave, Mr. W. A.
 Couper, Mr. T.
 Courtenay, Mr. R. H.
 Crerar, The Honourable Mr. J.
 Dalal, Sardar Sir Bomanji.
 Das, Mr. B.
 Gidney, Lieut.-Colonel H. A. J.
 Gour, Sir Hari Singh.
 Graham, Mr. L.
 Irwin, Mr. C. J.
 Joshi, Mr. N. M.

Jowahir Singh, Sardar Bahadur
 Sardar.
 Keane, Mr. M.
 Lindsay, Sir Darcy.
 Malaviya, Pandit Madan Mohan.
 Mitra, The Honourable Sir Bhupendra
 Nath.
 Muhammad Nawaz Khan, Lieut.-
 Sardar.
 Mukherjee, Mr. S. C.
 Mukhtar Singh, Mr.
 Parsons, Mr. A. A. L.
 Rainy, The Honourable Sir George.
 Rajah, Rao Bahadur M. C.
 Rang Behari Lal, Lala.
 Rao, Mr. V. Pandurang.
 Roy, Mr. K. C.
 Roy, Mr. S. N.
 Sams, Mr. H. A.
 Sarda, Rai Sahib Harbilas
 Shamaldhari Lall, Mr.
 Shillidy, Mr. J. A.
 Suhrawardy, Dr. A.
 Taylor, Mr. E. Gawar.
 Young, Mr. G. M.

The motion was negatived.

The Schedule 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, as amended, be passed. "

The motion was adopted.

THE STEEL INDUSTRY (PROTECTION) BILL.

The Honourable Sir George Rainy (Member for Commerce and Railways): Sir, I move that the Bill to provide for the modification of certain import duties relating to the protection of the steel industry in British India, as reported by the Select Committee, be taken into consideration.

The Select Committee in the case of this Bill has made certain important changes. As the Bill was introduced in this House the most important provision it contained was the increase in the rate of duty applicable to railway wagons, carriage underframes and most of their component parts from 10 per cent. to the rate applicable to fabricated steel generally, that is, 17 per cent. *ad valorem*, with an additional duty on those wagons and underframes which are not of British manufacture. The Select Committee, for reasons which are fully set forth in their report, decided that it was inadvisable that this increase of duty should be made. When the Committee made its report I found myself under the necessity,

[Sir George Rainy.]

Sir, of recording a minute of dissent, and I gave the reasons why it seemed to me that it was advisable that the rate of duty should be increased. Thereafter the matter was fully considered by the Government of India, who came to the conclusion that they would not be justified in asking the House to restore the provisions in the Bill which had been omitted by the Select Committee. I should like to explain briefly, Sir, the reasons which influenced the Government of India in coming to this decision. The reasons given by the majority of the Select Committee for omitting certain clauses of the Bill can be summarised quite briefly. In the first place they considered it undesirable on grounds of principle that, when the Tariff Board had inquired into the circumstances of a particular industry and had recommended a certain amount of protection, a higher degree of protection should be given than the Board had recommended. They pointed out in the second place, that this particular proposal to increase the rate of duty to 17 per cent. had been considered by the Board and rejected. They pointed out in the third place, that the Board had emphasised the fact that what the industry required was not a higher duty but the certainty of obtaining such orders as the Railways were in a position to place. And in the fourth place, they expressed the view that if the 12½ per cent. addition were made to the prices paid in the year 1925-26 for imported wagons and underframes that would give the wagon manufacturing firms a price at which they could afford to take the orders without losing by them. These are, I think, the main reasons given in the Report of the Select Committee. Now, quite frankly, these are arguments of great force, especially the first, and they are entitled to very serious consideration. It is perhaps true that in this case, as a former President of the Tariff Board, I have been more Royalist than the King himself, at any rate the Government of India agree with the majority of the Select Committee as to the importance of the principle that, unless the reasons are very strong indeed, it is not advisable to give more protection to an industry than the Tariff Board proposed to give. The other arguments also are important but I will not dwell upon them. The reason why the Government of India originally proposed to increase the duty on wagons and underframes is indicated in my minute of dissent. It seemed to us that there was one particular case which the Tariff Board had not provided for, namely, what was to happen if the wagon manufacturing firms refused to accept the order at the maximum price which the Government of India considered reasonable. If they did, and there was no special provision in the scheme, then it seemed almost certain that the order would have to be placed abroad; and it was to avoid that contingency that the increase in the duty was proposed in the Bill. That danger will still exist if the Bill is passed in the form in which it has been reported by the Select Committee, and I should like to make that quite plain to the House. There will be a certain danger that orders may be lost to the wagon manufacturing firms in India, which they might have been able to take if the increase in the duty had been accepted. On the other hand, the Government of India recognize that if we follow the plan recommended by the Tariff Board, it should usually be possible to avoid that contingency. But I should like to make it plain that that will only be possible provided one fact is clearly kept in view. The point is this. The Tariff Board said that a 12½ per cent., addition to the price of 1925-26

will result in a satisfactory price for the Indian firms. Now the point here is that, if we apply that addition in a wooden and rigid manner to the prices of 1925-26, then undoubtedly some of the orders will go abroad, and I should like to draw attention to four particular passages in the report of the Tariff Board which in my view make it clear that the Board did not intend that the 12½ per cent. addition was to be applied in that way. The first of them is:

"We desire to make it quite clear that we claim no exactitude for this figure"—

that is, the figure of 12½ per cent.

"... The future demand for wagons is so obscure and the factors affecting the estimate are so varied that nothing more than a general indication of the requirements of the industry can be attempted."

Sir Walter Willson (Associated Chambers of Commerce: Nominated Non-Official): What paragraph is that?

The Honourable Sir George Rainy: I will try and find the reference for the Honourable Member. All the quotations are on two successive pages. The second quotation is:

"It appears therefore desirable to give some indication of the maximum price within which tenders should be accepted for wagons. We consider that the lowest approved c.i.f. foreign tender should serve as a general guide subject to the conditions which we explained later."

The third one is:

"Both for wagons and underframes 12½ per cent. should be added to the price so obtained as representing the addition which we consider necessary to secure on the average a reasonable price."

And the fourth quotation is this:

"Unless any unforeseen circumstances occur which result in an appreciable increase in cost, the price so obtained should be regarded as indicating approximately the maximum price at which orders should be placed in India."

The words on which I lay emphasis are these—"nothing more than a general indication", "some indication", "a general guide", "on the average" and "approximately". Well now on that basis I think I am entitled to say that the Board understood that when the scheme was applied, it would have to be applied with a certain amount of elasticity. Thus if in a particular year the orders we were placing for wagons were very much below the figure of three thousand which they take as being probable, the 12½ per cent limit might be increased. Conversely, if in a particular year we were placing orders for something like 4,000 wagons instead of three thousand, then the 12½ per cent. limit might be too high. Provided that is clearly recognized—and I think it was recognized by the Members of the Select Committee—then the scheme of the Tariff Board is certainly workable. But I should like to draw the attention of the House to one important point. It throws back on the shoulders of the Railway Board and on Government a responsibility which in my view is really the responsibility of the Legislature itself, and that was a fact which weighed a great deal with me when I proposed the increase in the duty. I was anxious that the manner in which the reasonable price was to be determined should in the last resort be decided by the Legislature itself. As the Bill now stands, after the amendments made by the Select Committee, the whole question is left to the Executive Government. I have

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considered whether it might be possible, as has been done in other cases, particularly as regards the bounties paid for the manufacture of rolled steel, that it should be dealt with by a Resolution of this House. The difficulty there is that I have found it impossible to devise any formula to be placed before the Assembly which would not in effect leave the whole responsibility resting wholly on the Executive Government. The circumstances to be provided for are so various that I failed altogether to devise any formula which I could place before the House and which would not really leave to the Executive Government complete freedom to do what it considered the best thing in the particular circumstances as they arose. However, if a strong desire were expressed to the House that some Resolution should be brought forward, then, if not in this Session, in another Session I have no doubt that Government would be quite ready to bring forward a Resolution.

That covers, Sir, I think the main points as regards the Bill. The Government are content to accept the decision of the Select Committee that the duty on wagons and underframes and their component parts should not be increased. They will endeavour to the best of their ability to carry out the recommendations of the Tariff Board which found favour with the Select Committee. Perhaps I might put it this way, that in determining what is a reasonable price to pay for wagons made in India, Government will take into account the prices paid in 1925-26, so far as these can be determined, and they will treat the 12½ per cent. addition as a general guide in fixing the maximum price, but they will also have regard to variations in the world price of steel, the total volume of the orders to be placed for the year, and the size of the orders for particular types. That describes how the Government will endeavour to apply the scheme. The House will see that the formula that I have read out is very vague; I regret I cannot make it more precise; but I think the House are entitled to know how the Government propose to act if the House passes the Bill in the form in which it has been amended by the Select Committee.

Sir, I move.

Sir Walter Willson: Sir, I beg to support the Report of the Select Committee, but I should like to make my position plain in regard to one or two points in it. I, Sir, had no difficulty in falling into line with my colleagues in the report which we have signed. I was guided by a particular reason, which I should like recorded in the proceedings of the House, and it was this. Assuming that we were not in agreement with the Government's original recommendation, the Select Committee, very wisely I think, agreed to support the Tariff Board and my support to the Select Committee was further because I realized how very valuable was the principle of not allowing more than was recommended by the Tariff Board except under very exceptional circumstances. To me, Sir, this principle meant that it would save Members of this House from being approached by various vested interests throughout the country in order to press, through this Legislative Assembly, for more protection than the Tariff Board recommends. To me, Sir, the thought that I am not to be met in lobbies and elsewhere and asked to increase the amount of protection recommended by the Tariff Board is a very valuable consideration.

Another point, Sir, which I have made in this House before and wish to do again—and I understood many Members of the Select Committee to

agree with me—is this, that it is no part of the duty of this House to protect shareholders' dividends. I say that it may be the duty of this House to protect an industry for the good of India, but that, the industry being once established, it is no part of our duty to protect shareholders' dividends. Now, Sir, I think we were wise in the protection we afforded to the wagon industry a few years ago. We have now definitely established it upon a firm and satisfactory basis at a cost to the tax-payer of Rs. 33,00,000. If we have the wagon industry for ever in this country, that money is probably very well spent. But we must not overlook the fact that protection can be carried too far. The Tariff Board agrees, and I am sure we all agree, that the Company is established. Now the Company paid a dividend of fifteen per cent. a year or so ago, and what I want to warn this House against is that once a company gets on to a dividend-paying basis like that, it cannot come to us in a lean year and ask us to protect it in that lean year. It must protect itself, out of its profits, by putting part of them to reserve and must not come to us for protection in a lean year. That is one of the grave temptations of protection and one of the grave troubles of a Member of this House is that he is asked to fall into line with that sort of proposal. Now, Sir, I have made these remarks on the general principle only. I do not want it to be thought that I am out of sympathy with the giving of very liberal treatment to these companies in this particular year because the circumstances are exceptional. Without dwelling on the unpleasant subject as to how the position in regard to the impossibility of giving orders has arisen, the position is there and it has to be faced. There are not sufficient orders which can possibly be given to keep these companies working to their maximum capacity. That is a pity, but at the

12 Noon same time this House cannot allow that there ever is any obligation upon a Government to keep works fully employed. It is, however, the case, I believe, and I would ask Government to give it their serious consideration, that their time of the year for placing orders for wagons is an unfortunate one in the interests of the trade. If orders are only placed in the month of March, there is a loss of time in getting in the raw material and so on, and that does, in effect, putting it in a nutshell, prevent a company from putting out its maximum during a year. I would therefore ask the Government whether they cannot see their way to place their orders for wagons for the ensuing year somewhere about the month of September; it would mean that in the following financial year a company could be able to work right through ahead as hard as it could go.

I want to say also, Sir, that I am not in entire accord with the seventh paragraph of the Select Committee's Report. But I did not feel called upon to put an asterisk against my name on that account. The Select Committee say:

"The Tariff Board lays emphasis not so much on the price to be given, as on the necessity of placing all orders in India."

I myself do not see that one paragraph in the Tariff Board's report is necessarily any stronger than any other; and therefore I do not agree with that seventh paragraph, but it is not of serious consequence. The point I stand for is this, that you have to remember that the wagon industry is in the hands of very few people, and if you were to lay down the principle that the orders must necessarily be placed in India, you would place the wagon companies in a position to dictate to the Government of India, and that means dictating to this Assembly and dictating to the tax-payers. I

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do not myself think there is any grave danger of it at the moment, but it must be remembered that the wagon industry is in the hands of a very few people very closely allied already. Therefore, the Government and the country must be protected against any suggestion that they are to receive orders at any rate they like to tender. I have, I trust, made it plain that I agree entirely that under the special circumstances which have arisen in this case, the company should on the present occasion be treated liberally. I am sure that that was the general feeling of the Select Committee. Sir George Rainy has said that that does in effect throw back the responsibility upon the Government. Well, Sir, I ask this House to share that responsibility with the Government. We should make it plain, those of us who speak to-day, that we do agree with that principle and as stated in Select Committee, we are prepared to stand behind Sir George Rainy in this matter. The formula read out by Sir George seemed to me at first blush to deal with the matter in a suitable way in which we could accept it; and I think on the whole we ought to say to Sir George Rainy that we much appreciate the way he met us in Select Committee in this matter and the entirely reasonable attitude which he has adopted throughout the discussion of the Bill.

Mr. Ghanshyam Das Birla (Benares and Gorakhpur Divisions: Non-Muhammadan Rural): Sir, I offer my congratulations to the Honourable the Commerce Member for bringing before this House the revised scheme of protection to the wagon industry. Sir, I must say in fairness to the Honourable the Commerce Member that he tried his best in the Select Committee to understand his opponents' views and not only did he do this, but he also saw great force in our point of view and although he put in a note of dissent he has accepted practically all our recommendations. Had he desired he could have forced his old Bill on this House particularly at a time when most of the Members of the opposition Benches have left for their places. But he did not take up that attitude. He very patiently listened to all the arguments which we advanced against his views and eventually did not hesitate to be converted. Sir, the serious objection which could be taken to the old Bill was this, that in the first place it introduced a much higher protection against the definite recommendations of the Tariff Board, and, in the second place, it introduced a scheme of differential duty which was nothing but a preference to the United Kingdom; and I am glad to say that the proposals now before us are free from these features. Sir, the chief objection to our recommendation as advanced by Sir George Rainy in his note of dissent is that:

"If the Indian wagon building firms refuse to take the orders at the maximum prices which Government consider reasonable, there will be no alternative but to call for simultaneous tenders and if the duty remains at 10 per cent., there is a danger that some of them may be lost to the Indian firms."

Now, Sir, this objection of Sir George Rainy has been sufficiently met by the Select Committee in its Report. I will explain the situation briefly. The old recommendations were to increase the duty to 17 per cent. The recommendation of the Tariff Board was that if the Railway Board could place an order of 3,000 wagons of C2 type, the wagon builders did not require more than 12½ per cent. protection. Now, Sir, my information is.

that the price of imported wagon since November 1925 has undergone a further increase of about £5, that is nearly 3 to 4 per cent.; and therefore the protection which the wagon builders were likely to get under the scheme proposed by Sir George Rainy originally would have amounted to as much as 20 per cent. Now, Sir, there was no safeguard that if in any year the Railway Board placed orders for more than 3,000 wagons it would see that the wagon builders did not get over protection. It has been made clear that they did not require more than 12½ per cent. if we could guarantee to them orders for 3,000 wagons. But under the old Government scheme they would have got 20 per cent. protection when they did not require even as much as 5 per cent. if we could place orders with them to the extent of 5,000 wagons. A safeguard was most essential against overprotection and the old Bill was lacking in that. I do not think that there is any danger under the new proposal of the Indian wagon building firms not getting orders from the Railway Board provided they quoted a reasonable price. My information is that the requirements of Railways of 1928-29 would amount to 2,400 wagons, not far short of the minimum requirement as estimated by the Tariff Board and on the basis of which they recommended 12½ per cent. Sir George Rainy remarked in the Select Committee that probably 1928-29 was

The Honourable Sir George Rainy: On a point of order, Sir. I think the Honourable Member is referring to something that passed in the Select Committee. I submit, Sir, that that is not the practice of this House and that it is out of order.

Mr. Ghanshyam Das Birla: Without referring to what happened in the Select Committee, I might say that it is an open secret that the requirements of 1928-29 will amount to very nearly 2,400 wagons, and it has been admitted on the floor of this House that so far as 1928-29 is concerned the year may be reckoned as the lowest water-mark. It is expected that in 1929-30

Mr. President: Order order. Is not the Honourable Member whipping a dead horse now?

Mr. Ghanshyam Das Birla: No, Sir. I want to show that the requirements of the Railways will exceed 3,000 wagons per year and therefore the wagon builders would not require more than 12½ per cent. That is my argument. I say that the requirement of this year is very low and 1929-30 must show an improvement. Therefore, probably in the next three years we might have on an average a requirement of more than 3,000 wagons and therefore the protection required by the wagon builders will not be more than 12½ per cent. Under the scheme of 17 per cent. we would be giving much more protection than what was actually required. That is my argument.

Now, Sir, under the new scheme which we have proposed, we have provided definite safeguards. If in any year the Railway Board found that their requirements exceeded 3,000 wagons, they could reduce the price. If, on the other hand, they found that in any year their requirements were to be less than 3,000 wagons, they could increase the price. Therefore, with that safeguard, we are recommending neither more nor less protection than what is actually required by the wagon builders. It is for this reason that I wholeheartedly support the scheme which has

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been put forward before this House. I quite agree with my friend Sir George Rainy that this Bill, as it stands, is silent about the wagon industry and therefore some sort of a Resolution in a definite form will have to be brought before this House, and I hope that this will be done at an early stage.

There is one thing to which I should like to refer. Although it is rather a delicate matter, yet I think it is the duty of every legislator to see that the money of the tax-payer is properly spent. The Fiscal Commission, while making recommendations about protection, definitely laid it down that in cases of bounties, concessions and similar other things, Government ought to see that there was a proper representation of Indians on the boards of such companies, that there was a rupee capital, and so on and so forth. In fact, this policy was accepted by the Government and Mr. Chatterjee (now Sir Atul Chatterjee) on behalf of the Government of India declared in the following terms:

"That the settled policy of the Government of India, as I think we have mentioned more than once in this Assembly is that no concession should be given to any firm in regard to industries in India unless such firms have a rupee capital, unless such firms have a proportion, at any rate, of Indian Directors, and unless such firms allow facilities for Indian apprentices to be trained in their work. This has been mentioned more than once and I can only repeat this declaration."

Now, Sir, although we are not giving anything to the wagon builders in the definite shape of a bounty, yet, when we guarantee definite orders to them, we are giving them a sort of a bounty. And therefore it is the business of the Government to see that all those conditions laid down by the Fiscal Commission are rigidly carried out. I do not know whether the Government has taken any action in the past in this direction, but I would wish to draw the attention of the House at this stage to the fact that those conditions are not strictly fulfilled in this case. The Indian Standard Wagons have got the following directors at present:

"Mr. Turle, Mr. Scott Fairhurst, Mr. Nichol, Mr. Oswald Martin and two Indians, Sir Rajendra Nath Mukherji and Mr. Bhattacharji."

I think we should have a majority of Indians on the board of a firm to which we pay a bounty, as in the present case. Whenever we give a bounty, it should be our duty to see that Indians have an adequate representation on the board of directors.

Sir Walter Willson: Does not the Honourable Member know that the whole concern is controlled and managed by Indians?

Mr. Ghanshyam Das Birla: I know the real facts very well. I know that it is controlled by Sir Rajendra Nath Mukherji, but I want to be assured that the board will be composed of a majority of Indians and not Indian only in colour.

Sir, as regards apprentices, I might read the Tariff Board's report on page 26 where they show the cost of manufacture. This is what they say:

"The salaries paid to Europeans amounted to Rs. 1,21,000 and the salaries paid to Anglo-Indians and Indians amounted to only Rs. 91,000."

I do now know what share has been taken away by Anglo-Indians, although I take them as Indians. These figures, however, prove at least one thing, namely, that Indians have not got a sufficient hand either in the board or in the management of the Company. I do not know what arrangements have been made for the training of apprentices but this is a matter to which I should like to draw the attention of this House. Sir, it must be made clear to the party concerned that where the tax-payer's money is spent, the conditions laid down by the Fiscal Commission should be rigidly fulfilled not only in letter but also in spirit.

Now, Sir, there is one thing more which I wish to say. The Honourable the Commerce Member was absolutely silent about the Hukum Chand Steel Castings. Some of us have put in our notes in the Select Committee and I expected that the Honourable the Commerce Member would say something on the point. Now, Sir, I wish to make it clear that I have absolutely no connection with this firm. I am neither a share-holder, nor a director, nor a relative, nor a friend of the proprietors of this firm. All the same, I think it my duty to support the proposal of the Tariff Board, simply because this is a firm which deserves protection, because this is a firm entirely Indian both in letter as well as in spirit. Now, Sir, I do not like to say anything of what happened in the Select Committee, but all the same I must bring it to the notice of the Honourable the Commerce Member again that Hukum Chand's case is a very strong one. The Tariff Board definitely recommended that this firm be given a bounty at the rate of Rs. 2/8 per cwt. Now, it was remarked by the Honourable the Commerce Member that there are two firms in the field, and not the firm of Hukum Chand only. I am quite prepared to admit the accuracy of the statement although my information is that there is only one firm and not two firms in the field. Even if there are two firms, I would submit that, just as you insist on the Railway Board placing all their orders as far as possible within a certain limit with the Indian manufacturers, it is but fair and just that you should insist on the wagon builders too that they should place all their orders for the component parts required by them only with the Indian manufacturers. I think this is a just and a reasonable request, and I hope that Sir George Rainy will consider this matter very seriously and try to help the firm as much as possible. The firm does deserve protection and a case has already been made out in its favour as could be seen from the report of the Tariff Board. We all know that after two or three years a very large demand for the component parts might spring up in India and if at this stage we allowed the industry to die for want of sympathy, the result would be that after two or three years we shall find ourselves entirely in the grip of the foreign suppliers and this would be very injurious to the interests of India. I was told informally that there have been serious complaints about some of the supplies of Hukum Chand. In this connection, I might say that they have been supplying large quantities of axle boxes and similar things to the Railways and the total rejections amounted to only 3 per cent. On the contrary, I have been told that the Stores Department and the railway authorities from time to time wrote to Hukum Chands appreciating very much their work and if they got anything it was praised. I can say therefore that this is a case which the Honourable the Commerce Member should treat very

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sympathetically, and I hope he will do something on the lines of our recommendation. With these words, Sir, I support the scheme before the House.

Mr. R. K. Shanmukham Chetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadian Rural): Mr. President, in supporting the motion of my Honourable friend my task has been made considerably easy by reason of the fact that Government propose to accept the Report of the Select Committee on this Bill. I would draw the attention of this House to the circumstances under which we are called upon to legislate at present. We are not at present legislating in order to protect an infant industry or an industry which suffers from any unfair competition from foreign manufacturers. We are called upon to protect an industry which has been fairly well established, as my Honourable friend Sir Walter Willson, remarked. As a result of the evidence that was placed before the Tariff Board, the Board found that under the stimulus of the bounty that this House sanctioned, the Indian wagon industry has established itself in a position which enables that industry to compete favourably with foreign manufacturers. It is under these circumstances that we are called upon to pass a measure of protection for that industry. The need for protection of the wagon industry has arisen from the fact that extraordinary and abnormal circumstances have come into existence. If the demand of the Railway Board for wagons and underframes was normal, there would be no necessity for giving any protection at all to the Indian wagon industry. It is because of peculiar circumstances into which it is not necessary for me to go at present that it is not possible for the Railway Board to keep the plant of the Indian wagon manufacturers fully engaged for some time to come that the need for protecting the industry has arisen in the present case. There was a careful enquiry by the Tariff Board and Government brought forward before this House a proposal to increase the present revenue duty of 10 per cent. *ad valorem* to a duty of 17 per cent. *ad valorem*. After very careful examination of the whole question, the Select Committee thought that it would be undesirable to accept the recommendation of Government in this matter. The Select Committee thought that it would be setting up a very dangerous and undesirable precedent to ask this House to give any measure of protection which is in excess of that recommended by an expert Committee like the Tariff Board. It was mainly for this reason that the Select Committee were not in a position to accept the proposal, and they recommended to Government and to this House that the measure of protection recommended by the Tariff Board, if worked out in the proper spirit, would be adequate to meet the requirements of the Indian wagon industry. My Honourable friend, Sir George Rainy said that there is a danger in accepting the recommendation of the Select Committee and he very pertinently asked, "What if the Indian manufacturers refused to accept the price which Government thought was reasonable?" in which case he said orders would have to be placed abroad. Certainly there is this danger in the proposal made by the Select Committee, but I would submit that even the proposal brought forward by Government to increase the duty to 17 per cent. is not free from this danger. The question what price would be a reasonable price which can be accepted by the Indian manufacturers will depend upon the volume of the orders placed with the Indian manufacturers. The Tariff Board found that if the plant in the Indian wagon manufacturing firms is kept working to a 60

per cent. capacity then the 12½ per cent. addition over the 1925 price would be adequate to meet the requirements of the industry. The requirements of the industry would therefore depend upon the volume of the orders placed. My Honourable friend proposed to levy a 17 per cent. *ad valorem* duty and I have been advised that even the 17 per cent. *ad valorem* duty would prove inadequate under certain circumstances. The measure of protection based on the formula worked by the Tariff Board was on a basis of 60 per cent. capacity of the plant. If the volume of orders placed by the Railway Board is to keep only 50 per cent. of the capacity of the plant, then the measure would be 16 per cent., and if the orders were only 40 per cent. of the capacity, then the measure of protection required would be 20 per cent., so that if the Railway Board were in a position to place only orders which would keep the plant working only to its 40 per cent. capacity, even the 17 per cent. duty would not meet the requirements of the case, and the danger that my Honourable friend anticipates in the proposal of the Select Committee would also arise in that case.

Sir, in spite of this danger, which I confess is lurking in the recommendation the Select Committee, and which to some extent lurks in the proposal of the Government, the Select Committee thought that on the whole it would be well advised to stick to the recommendation of the Tariff Board. I know that in giving effect to this recommendation my Honourable friend will be undertaking a very grave and a very serious responsibility. As my Honourable friend Sir Walter Willson pointed out the wagon industry in India is in the hands of practically three firms, and while on the one hand Government must see that the price given is enough to keep the industry alive, they have on the other hand the grave and serious responsibility to see that the price paid is not too heavy a cost to the Indian tax-payer.

Sir, my Honourable friend Sir Walter Willson, drew attention to the difficulty which Indian manufacturing firms feel as a result of the present system and time of placing the orders, and I have been told that if, as in this year and the last, orders are placed at the end of March, it is impossible, owing to the time taken in obtaining raw materials from Tata's and certain fittings from England, to effect deliveries before the following September, and as all orders must be completed by the end of the following March, it is impossible to work more than 7/12th of the annual capacity of the plant. I hope that in view of this difficulty experienced by the wagon manufacturers, my Honourable friend the Financial Commissioner, would examine the whole question about the time of placing orders, so as to enable wagon manufacturing firms to work to their fullest capacity possible.

A good deal has been said in this connection about the manufacture of carriage underframes, which the railway administration propose to undertake in the newly acquired Peninsular Locomotive Works. Sir Darcy Lindsay had some very interesting questions on this point the other day, and we found from the answers given by the Financial Commissioner that in addition to the cost of purchasing the Peninsular Locomotive Works, Government have launched on a scheme of extending the plant of the Works in order to enable the railway administration to undertake the manufacture of underframes. If the railway administration thinks that it would be possible to manufacture carriage underframes at more favourable rates

[Mr. R. K. Shanmukham Chetty.]

than can be supplied by private individuals, then I for one will not quarrel with any such undertaking. But, Sir, we cannot deal with the question of the manufacture of carriage underframes in that isolated manner. The manufacture of carriage underframes in the Peninsular Locomotive Works has got a very important bearing on the question of protecting the Indian wagon industry. I pointed out at the very outset that the price that has to be paid to the Indian manufacturer will depend upon the volume of orders placed by the Railway Board. If the Railway Board is in a position to keep the plant of the Indian industry fully engaged, then they can get wagons and underframes at a cheaper price than if the orders placed are small. Under these circumstances I would ask my Honourable friend the Financial Commissioner to examine the question from this point of view; would it not be worth while by placing more orders for carriage underframes and wagons with the Indian manufacturer to reduce the price paid for these things rather than undertake the manufacture of carriage underframes in the Peninsular Locomotive Works? This system of pooling is well known in industrial concerns. In times of overproduction and industrial crises manufacturers do combine and resort to this device. If they find that it would pay them to keep certain works closed down and to utilise the plant in the other works to their fullest capacity, it pays all those concerned in the industry to adopt this method rather than to keep all the works open.

Sir Victor Sassoon (Bombay Millowners Association: Indian Commerce): Sir, the Honourable Member appears to be addressing me personally. I am not the Financial Commissioner or Member for Railways.

Mr. R. K. Shanmukham Chetty: I thought my Honourable friend was an authority in these matters and I was paying him a compliment. Now I would ask my Honourable friend the Financial Commissioner to examine the question from this point of view, and probably as a result of an examination he may find that it would be worth while to place all the orders for the manufacture of underframes and wagons with the Indian manufacturer and thereby reduce the ultimate cost to the Railway Board.

These Sir, are a few of the observations which I wanted to make on this point. As I stated at the outset this House is no doubt asking the Government to undertake a very great and serious responsibility, and I have no doubt that in discharging that responsibility my Honourable friend the Commerce Member will keep in mind the twin objects of keeping alive the Indian wagon industry until the requirements become normal and at the same time not to purchase this at too heavy a cost to the Indian tax-payer.

Sir Darcy Lindsay (Bengal: European): Sir, I think my Honourable friend Mr. Shanmukham Chetty has hit the bolt on the head, if I may express it in those terms, when he refers to the danger of competition on the part of the railway administration themselves in manufacturing underframes at the Peninsular Locomotive Works. Mr. Chetty, Sir, clearly gave his view to the House about the dangers of this competition and that if the other manufacturers of wagons and underframes were not kept fully supplied with orders their prices must rise. I think he quoted figures of 60 per cent. of capacity and 80 per cent. of capacity. Now, as far as I understand the position, if the local industry is supplied with anything up to 80 per cent. of their capacity, they do not want any protection

at all. But if, on the other hand, they are going to meet with competition on the part of Government then their prices will have to rise and they will be in danger of losing orders with competition from Europe. If, therefore, the Railway Board will take a sympathetic view of the position and either not commence work for two or three years to come at the Peninsular Locomotive Works until they have ample orders to place for all, then I think we will be giving this industry all the protection that it needs. And again, Sir, it appears to me if they adopt that course it will be a distinct gain to the Railways themselves. The local industry will be able to complete their orders at a considerably lower cost if they are working to an 80 per cent. capacity than if they are only working to a 60 per cent. capacity; so what the Railways may lose in keeping the money idle on the Peninsular Works they will gain in the lower prices they will be paying for the supplies from these other manufacturers. I very much question, Sir, whether the Tariff Board took this point of view into their consideration when they issued the Report and therefore did not put forward the recommendation as presented to the House by the Honourable Member to increase the import duties which a great upholder of principle, Sir Walter Willson, told the House the Select Committee would have nothing to do with. I very much doubt as I said whether the Tariff Board knew of this impending competition on the part of the railway administration.

Sir, there was one remark that fell from my Honourable friend Mr. Birla to which I take exception. He was very insistent that if Government gave any protection at all to any industry, it must only be to Indian controlled industries. That is an argument that does not appeal to me and I hope it will not appeal to all fair-minded people.

Mr. Ghanshyam Das Birla: I wish to explain, Sir, what exactly I said. I read the Government's Resolution as put before the Assembly by Mr. Chatterjee (now Sir Atul Chatterjee), and I said, not in respect of all types of protection but with regard to protection given in the shape of a bounty, subsidy or concession—and as in this matter protection amounts to something like a bounty—I said we must insist that the conditions laid down by the Fiscal Commission should be fulfilled by the parties concerned.

Sir Darcy Lindsay: I do not know that any particular formula was laid down

Mr. Ghanshyam Das Birla: It has been.

Sir Darcy Lindsay: For the percentage of representation, but I am sure that if my Honourable friend Mr. Birla will only purchase some shares in these companies they will no doubt offer him a seat on the Board.

Mr. Ghanshyam Das Birla: I do not care for any seat on the board. I have sufficient business of my own and have no time to attend to the other business of others.

Sir Darcy Lindsay: I have expressed my views and I hope the House will have sympathy with me in that respect.

Mr. Ghanshyam Das Birla: I doubt that.

Sir Darcy Lindsay: In conclusion, Sir, I will ask the Honourable Member to give us some assurance that until these companies are really in a position to work at a much fuller capacity than at present, the Railway Board will consider not commencing operations at the Peninsular Locomotive Works.

Mr. B. Das (Orissa Division: Non-Muhammadan): Sir, though a full-blooded protectionist, I am sorry to say that I rise to oppose the granting of any protection to the wagon industry, although I know that any protest from this side of the House and any opposition from this quarter will not prevent the Government from having their Bill passed, as my Honourable friend Mr. Shanmukham Chetty has already given his full support to and showered his blessings on the Honourable Member for Commerce and in view of the unholy alliance between the European group and my friends on the right there is no chance for us to defeat this measure. It was only yesterday that we on this side needed all the support from Mr. Chetty and his Party to oppose the Government, and my friend Mr. Chetty was not there to oppose the Government from his place over there, but to-day I find he solemnly gives his blessings to a measure which without his support . . .

Mr. R. K. Shanmukham Chetty: On a point of personal explanation, Sir. I came here to support the Report of the Select Committee of which I was a member.

Mr. B. Das: That might be so, but without his support the Government could easily carry the day.

My friend Sir Darcy Lindsay asked my friend Mr. Birla whether the Fiscal Committee specified the number of directors and the rupee capital. I would refer my friend Sir Darcy Lindsay to a subsequent Report, the External Capital Committee's Report, which was presided over by my Honourable friend Sir Basil Blackett. I will quote from it for the edification of the House and to remind those who have forgotten what the recommendations of that Committee were. I am reading from page 15, Part III, clause VI (a). This is what the External Capital Committee says:

"(a) Where the concession is general, as in the case of a protective tariff (and this would include practically every industry in India, as a revenue tariff without a corresponding excise has a protective effect), it is impracticable to effect any discrimination. No feasible suggestions for such discrimination have been suggested to us, nor have any occurred to us during our discussions.

(b) Where definite pecuniary assistance, such as a bounty, is granted to any particular undertaking, we consider that discrimination is feasible, and we agree with the Fiscal Commission and the Legislature that no such assistance should be granted to any company, firm or person not already engaged in that industry in India unless

I. reasonable facilities are granted for the training of Indians, and

II. in the case of a public company unless

- (i) it has been formed and registered under the Indian Companies Act, 1913,
- (ii) it has a share capital the amount of which is expressed in the memorandum of association in rupees,
- (iii) such proportion of the directors as the Government may prescribe consists of Indians."

Sir Victor Sassoon: Have Government prescribed the proportion?

Mr. B. Das: I am not holding you responsible. I am holding the Government responsible for prescribing the number of Indian directors.

My friend Mr. Birla gave a list of directors of a particular company where he found only two Indians as directors. I do not know whether Government are thinking of giving further protection to that concern and if so, whether they are going to specify what will be the number of Indian directors on the board of that company. I do not know if Jessop and Company is a company registered in India nor do I know whether they

have any Indian directors. The same remarks apply also to the Indian Wagon Manufacturing Co., and I do hope that, when the Honourable Sir George Rainy rises to reply, he will enlighten us in the matter. I am particularly grieved, because as I mentioned the other day the Tariff Board whose present President Mr. Ginwalla happens to be a former Member of this House does not take any cognisance of the External Capital Committee's Report. Nor does he care to inquire into those matters which have been unanimously recommended by a Committee which was presided over by my Honourable friend Sir Basil Blackett

Mr. President: Has the Honourable Member finished?

Mr. B. Das: No, Sir. As the External Capital Committee's unanimous recommendations are not being satisfied by any of the companies that seek protection, I am of the opinion that none of them should receive any protection. Here, Sir, my friend Mr. Chetty and some Members on my left have been making remarks that the Peninsular Locomotive Company, which the Government have purchased at an enormous cost, should be either shut down or that it should pool its production with the wagon companies managed by private firms. I consider it absurd that the Government should combine and pool their resources with private manufacturing concerns, it does not matter how big magnates may be the owners of these private concerns. I know the Indian engineering industries are not properly developed yet in India, and even if they are developed, they are not under the control of Indians. There are of course one or two firms which are under Indian control like the Hukumchand Electric Works, but such concerns are not given any protection. Therefore, I hold that the Indian wagon industry should not receive any protection when the concerns are not under the control of Indians or when the recommendations set forth by the External Capital Committee are not given effect to in those companies. I know the Railways have spent an enormous amount of money in building their workshops and I hope these state-owned workshops and those belonging to the Company-managed Railways will gradually begin to manufacture wagons and underframes, but I will be no party to the suggestion that the Peninsular Locomotive Works should be shut down or that the Government should buy up any of the other private concerns.

Sir, before proceeding to other matters, I will just refer to one point. Since the subject was discussed on the floor of this House, I have received certain letters from the party who has acquired the Indian Wire Products Company of Jamshedpur, from the Government of Bihar and Orissa who happened to be the debenture holders of that company. That party acquired this firm with the idea that the protection for manufacture of wire nails will continue and they will be able to manufacture them in this country. Unfortunately, Government by removing this protection are leaving that particular firm in a helpless condition. I do not blame the Government so much as I blame the Tata Iron and Steel Company because in 1924 they gave a promise that within three years they will instal machinery and plant by which they will be able to manufacture wire rods to supply to this Wire Products Manufacturing Co. But even now I find in the evidence of this particular report they say that they will still require another three years. I think an eminent firm like the Tata Company should not be so very vague in their remarks and in their decisions, because they are instrumental in the failure of a subsidiary industry on which large sums of money were spent. Sir, this Indian Wire Products Company, which was started with a capital of 40 lakhs, I am told, is being purchased

[Mr. B. Das.]

by the present owner at a very small sum of about 3 to 4 lakhs, and I think that if Government were to continue the system of protection for wire nails, then Tata's will be forced to keep to their promise to install machinery and plant to manufacture wire rods, and if Government will abolish the protection, Tata's will say that no responsibility lies on them and as Government do not give protection to the wire nail industry, they are not going to spend much capital for the manufacture of wire rods and other things.

Sir, I now come to the Hukunchand Electric Works. I was going over the evidence before the Tariff Board, and I find there is an insinuating way of cross-examination by which it was suggested that there was no Europeanisation in the Hukunchand Electric Works whereby efficiency suffered. Now, I know what Mr. Ginwala's policy is. There is no Europeanisation in the particular works, so that the company will not receive protection, while we on this side claim that whenever there is Indian capital and Indian management in a company it should receive all the assistance possible from Government. I think Indians have shown great ability in the management of engineering concerns. The other day, thanks to my Honourable friend Mr. Fazal Ibrahim Rahimtulla, we saw an exhibition of certain films of works done by engineering firms under the control of Messrs. the Tata Construction Works, Ltd., of Bombay which are entirely managed by Indians, carrying out great engineering works such as tunnelling and bridge, works done under exceptionally difficult circumstances. From the way in which these works are carried out by Indian firms of contractors and engineers for the Railway Department, of which the Honourable Sir George Rainy is the head, he ought to know that Indians can manage with as much efficiency as foreigners' manufacturing concerns too, and hence I object to the insinuating way of cross-examination by which it is suggested that work suffers in efficiency because there are no European foremen or supervisors which is really absurd; and who knows that that may not be one of the reasons why the Hukunchand Electric Works did not get any protection.

I know my proposition will not meet with support under the circumstances I narrated at the beginning of my speech. But I believe no case has been made out to protect the Indian wagon industry. It is only in name that the Indian wagon industry is "*Indian*"; only a few Indian labourers are employed, and there are no Indian engineers or Indian directors except one or two in one particular company

Sir Walter Willson: That is not a correct statement.

Mr. B. Das: I should like to hear from the Honourable Member later on to the contrary, but I want the Government not to be influenced even by my friend Mr. Chetty or by my friend Sir Walter Willson and never to allow their resources to be pooled with companies which are owned by private parties, it does not matter how big they are or what their influence might be.

Mr. F. W. Allison (Bombay: Nominated Official): I move, Sir, that the question be now put.

Mr. President: The question is that the question be now put.

The motion was adopted.

Mr. President: The question is:

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

The motion was adopted.

Clause 2 was added to the Bill.

The Schedule 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, as amended, be passed.

I should like to say only two words before I sit down. I have listened to a very interesting discussion on a number of points, but I do not think it would be desirable that I should attempt to go over the whole field which Honourable Members have traversed. At the same time I would assure Honourable Members that every point that has been brought up will receive attention and will be examined. On one particular point raised by my Honourable friend Mr. Birla I will add a word or two. He drew my attention to the note which was appended by certain members of the Select Committee to the report of that body regarding the possibility of imposing a condition in placing orders for wagons, that the wagon-building firms should use Indian made castings. I have already had that question under my consideration and I shall consider it again. But I am sorry to say that at present I find very great difficulty in giving effect to that recommendation. It always comes back in the end to this, that in order to give effect to it, the Government of India would have to do the very thing which they have decided they cannot do, and, unless that fundamental objection can be removed, I am afraid it will be very difficult indeed to give effect to that suggestion. I thought that in justice to this House and to the members of the Select Committee who signed that note it was necessary to say so much.

Mr. President: Motion moved

Mr. K. O. Neogy: Sir

Mr. President: Is there a point of order?

Mr. K. O. Neogy: I wanted to speak on the motion.

Mr. President: Motion moved:

"That the Bill, as amended, be passed."

Mr. Kelkar.

Mr. N. C. Kelkar (Bombay Central Division: Non-Muhammadan Rural): Sir, it is perhaps as well that what I have got to say should be said at this the final stage of the Bill, rather than on the second stage, because I did not want to oppose the Report of the Select Committee, nor had I put down an amendment to modify the Report of the Select Committee. I just want to contribute a point or two about the nuts and bolts industry about which not one word was said in this debate by anybody. It was not a little amusing to me to find that all the speeches made on the second stage of the Bill related to something which had practically dropped out

[Mr. N. C. Kelkar.]

from the operative provisions of the Bill. On one side and on the other speeches were being made in support of or against the granting of protection to the wagon industry which really does not figure at all in the Bill itself as recommended by the Select Committee, and all this verbiage was in my opinion a waste of time. It was a case of so many funeral orations made upon a dead subject, and though the subject may perhaps be resurrected, it might be resurrected in another form and under various contingencies about which we do not know anything at all at present. Therefore, I think it would have been better if somebody had said a word about an item which does actually figure in the Report of the Select Committee, and that is about the nuts and bolts industry. I entirely agree with previous speakers who have said that the Government ought not to give any protection to industries which have sufficiently established themselves. But the same is not the case with the nascent industry of nuts and bolts. It is a small industry. It is being started and carried on with a small capital by small industrialists, and its products are not so very largely in demand by the great industrial organisations or workshops, and therefore, this is the time when sufficient protection ought to be given to it. The nuts and bolts business shared a somewhat curious fate at the hands of the Select Committee, not because some members of the Select Committee would not have liked to go further than they did in giving protection to the nuts and bolts industry, but because they found that they might be estopped by what they were doing then in respect of another matter in the same Select Committee. The position was this. The Tariff Board had recommended a certain measure of protection to the wagon industry. Now, the Commerce Member wanted to go one better and he embodied his proposals in the Bill. The Select Committee did not like the idea of the Commerce Member showing special favour to this particular industry. Therefore, they had to put their foot down and say, "We shall not allow you to go further". And what was the reason they alleged for not going further? Naturally they had to rely upon the deliberate and considered recommendations of the Tariff Board and therefore they said, "This is the recommendation of the Tariff Board. It is a well considered recommendation and we will abide by it. We will not allow you to go further". Then came before them the question of protection to nuts and bolts. In that case also there was a deliberate recommendation of the Tariff Board, and therefore some members of the Select Committee obviously found themselves face to face with their own plea which they had taken up in another respect and they were prevented by a kind of estoppel from giving that protection to the nuts and bolts industry which they might have otherwise liked to give. So it happened that what might have been done could not be done and the Select Committee, I suppose, did not give a further protection to the nuts and bolts industry on the obvious principle of equality of treatment. Of course, equality of treatment is apparently very good, but really it is not. What the Select Committee apparently said was like this. If there are a number of passengers driving by the same common omnibus, then the driver cannot impart to one set of passengers more speed than he can do to the others. So, on a parity of reasoning the Select Committee said, "If we cannot give more protection than that recommended by the Tariff Board in the case of one industry, we cannot also go further than the recommendations of the Tariff Board in the matter of giving protection to another industry."

But I think the Select Committee might have gone a little deeper into the merits. As has been admitted, the fortune of the wagon industry has already been made. The industry has been very well established, and on that very ground some people are opposing not only the further protection that is proposed to be given but even the measure of protection that is already enjoyed by this industry. But that is not, as I said, the case with the nuts and bolts industry which is quite a new one in this country.

I will try to put the case of the nuts and bolts industry as was presented to the Tariff Board,—if not the whole case—by one factory. I will just read out a few sentences from the representation which had been made to the Tariff Board. The case for the nuts and bolts industry, shortly put, is this:

“At present the Continental mild steel bars required for the manufacture of bolts and nuts can be imported at Rs. 82 per ton, *c.i.f.* Bombay, and the bolts and nuts can also be imported at approximately Rs. 200. . . . The protective duty on steel is Rs. 37 per ton, which means that there is a duty of nearly 45 per cent. on the raw materials, while the proposed duty on bolts comes to 20 per cent. It will thus be seen that the raw material is taxed 25 per cent. more than the finished products.”

Then there are other grievances. Some companies had asked at least for a rebate of the import duty that had been paid on raw materials. That request was refused and the position has been aggravated because it will be seen that since they made the application for rebate on the import duty the exchange has gone up and the importers of bolts and nuts are at an advantage of about 12 per cent. owing to the new ratio.

I wanted to bring these facts to the notice of the Commerce Member not in the hope that he might be able to do anything directly to the nuts and bolts industry at this stage, because there has been an unanimous Report of the Select Committee in which they did not agree to go further than the report of the Tariff Board.....

Mr. Fazal Ibrahim Rahimtulla (Bombay Central Division: Muhammadan Rural): This point was considered by the Select Committee.

Mr. N. C. Kelkar: Nor was there any use in my opinion in putting down an amendment to the Report of the Select Committee at the far end of this Session because there is practically no hope of that amendment being carried, but there is something which I may recommend to the Commerce Member, that can be done in the interest of this new industry of nuts and bolts, and I take that line because he adverts in his own mind to do something to give further protection to the wagon industry, if not directly through this measure, but by some other measure and he still adheres to the idea of some Resolution being moved by taking advantage of which he might be able to give that further protection. But if he can do something like that in respect of one industry, I think he might follow up the same line in the case of the nuts and bolts industry, and I will specifically put before him two or three points in this connection which may perhaps help him, if you cannot give higher protection. What they ask for is, point by point, that a reduction in railway freight on raw materials and finished products to the extent of 75 per cent. be given, that the Government and State Railways should place their orders with them to the extent of their capacity and that their stuff should be purchased, leaving a margin of 15 per cent. profit to the company, or that a rebate of Rs. 20 per ton in customs duty should be given on the material purchased by them for the manufacture of nuts and bolts. The Commerce Member is fortunately also

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the Member for Railways and therefore, if he is so minded, he can give them the concessions which the nuts and bolts industry have asked at his hands.

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): I should have liked my Honourable friend the Member in charge to reply to at least one point which was raised in the debate and that was with regard to the Indian character of the directorate of the different companies which stand to gain by this measure of protection. My Honourable friend Sir Darcy Lindsay expressed his dissent from the views expressed by my friend Mr. Birla on this point, but I am afraid my Honourable friend is too late by at least four years, because this principle was not merely laid down by the External Capital Committee, as has been pointed out by my friend Mr. Das, but has been endorsed by this very House itself, and it forms a prominent feature of the Protection Act of 1924 under which bounties had been paid so long. One of the conditions which the Protection Act of 1924 laid down was that any new company to derive any benefit under the scheme of bounties, must have a rupee capital and that such proportion of the directors as the Governor General in Council has by general or special order prescribed in this behalf shall be Indians. Now, Sir, I do not know why my Honourable friend the Commerce Member has not answered the query that was made on this point by the Honourable Baronet from Bombay. I do not know what the exact position is. Have the Government of India taken any action under the provision of this particular clause? If they have, then we are entitled to know the proportion of Indian directors which Government have prescribed. Now, Sir, the Honourable Member might say, "Well, technically we are not giving any bounties". It may be that the bounties in the present circumstances will not come out of the general revenues as under the Protection Act of 1924, but all the same, in so far as you are asking the Railways to give a measure of preference to the Indian manufacturers of wagons, you are practically shifting the burden of finding the amount of the bounties from the shoulders of Sir Basil Blackett to the shoulders of Sir George Rainy himself. The bounties will in future come out of railway revenues instead of general revenues. That is all the difference as far as I can see. Now, Sir, this reminds me that it would have been very useful if we had had a specific Resolution put forward by Government recommending this measure of protection, because in that case we might have tacked on these specific conditions, as we find them in the Protection Act of 1924. I quite recognize the difficulties with which my Honourable friend is faced at the present moment, because it will involve working out some very intricate points of detail. But, Sir, I consider this is a matter of great importance as a principle, because so far the protection that has been accorded to any industry has been recommended definitely by this House, either in the shape of legislation when any legislation was needed, or in the shape of a Resolution moved by the Honourable Member in charge himself. That is to say, the initiative was taken by this House in every instance. In the case of bounties, the Government would have simply put forward a Demand for a Grant, but instead of doing that, what they had been doing was to move a Resolution in this House recommending to the Governor General in Council that protection be given in the shape of bounties to any particular industry. That is a privilege which I for myself highly prize, and a precedent in that matter having been set up I for one would be very loath to depart from it. But I am prepared to accept the

assurance given by the Honourable Member in charge that the Resolution will be brought forward next session. I do hope when he does bring forward that Resolution he will tack on these conditions which we find in the Act of 1924.

Now, Sir, there is another condition to which I made reference on the previous occasion, which laid down that a considerable proportion of the materials to be utilized in the manufacture of a wagon shall be of Indian origin. That again is a condition which we value very highly, because, Sir, when we advocate any measure of protection in this House we have not the interest of any particular firm or firms in mind. What we desire is to see that the protection which we seek to give to any particular industry filters down to as many side interests as possible, so that that particular industry may ultimately become absolutely self-supporting in the matter of its supply of raw materials from Indian sources. On the last occasion my Honourable friend Sir George Rainy, speaking on this question, pointed out that even in the present circumstances it is the practice of the Railway Department to see that a successful tenderer for wagons does utilize Indian materials as far as possible. I will read out his exact words. He said:

"It is expressly stated that orders will be placed only with firms which satisfy the Railway Board that a substantial proportion of the work will be done in the country and that local manufacturers of parts which tenderers do not manufacture themselves will be given an opportunity to quote."

That is, as far as I can see, a sort of a pious general desire which the Railway Board lays down. But what actually happens at the present moment under the Protection Act of 1924, is that no payment of the bounty on any single wagon is made till the authorities are satisfied that in the manufacture of that particular wagon a considerable proportion of the raw materials utilized has been of Indian origin. This question was raised by me in the Public Accounts Committee as to how the different authorities satisfy themselves that this particular condition has been fulfilled, and a note was circulated to us explaining the position. I will read out one particular paragraph from that note which will show the very stringent provisions that the audit authorities lay down for satisfying themselves that this particular condition has been fulfilled. This is what the note says:

"The claim for a bounty is supported by a certificate by the Director of Inspection, Indian Stores Department, to the effect that a substantial portion of the component parts has been manufactured in British India. This certificate is further supported by a complete list of all the component parts of a wagon together with a note against each component part whether it has been manufactured in British India or imported from abroad."

So there is a sort of history sheet accompanying each wagon upon which the payment of a bounty is conditional. Now, Sir, I do hope the Honourable Member realizes the very great difference between the conditions as laid down by the Railway Board and the conditions as laid down by the Indian Stores Department. What he said was that in accepting a tender they considered favourably the case of those firms who in future propose to utilise Indian materials for the manufacture of their wagons. That is to say, it is a sort of general condition which is made before the acceptance of a tender. I do not know what steps the Railway Board take to see that this particular condition is satisfied in respect of each particular wagon, as is done at present by the Indian Stores Department. I do hope, Sir, when the Honourable Member goes into this question, he will see that the line of action taken by the Railway Board follows

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more or less the practice that has been set up by the Indian Stores Department in this matter.

Now, I do hope that the Honourable Member will not claim that he is doing any very extraordinary favour to the wagon manufacturing industry by agreeing to this measure of protection. As far as I have been able to see, the Railway Board have for sometime in the past followed a practice of giving preference to British manufacturers.

An Honourable Member: No.

Mr. K. C. Neogy: I do not know whether that statement of mine is challenged.

An Honourable Member: Yes.

Mr. K. C. Neogy: Well, is it? My Honourable friend evidently has not read the evidence which Sir William Meyer gave before the Acworth Committee in which he made a clean breast of the whole thing; he said that the British producers were given a measure of preference. But let me quote another authority on this point. I have in my hand the report on the conditions and prospects of British trade in India by His Majesty's Senior Trade Commissioner in India and Ceylon. This is for the year 1924-25. At page 101 of the report, the Honourable Member will find a reference to the special temporary practice which had been in vogue since the war of allowing some preference to British manufacturers of railway materials and which is alleged to have been discontinued as the result of a despatch of the Government of India addressed to the High Commissioner for India in London, dated December, 1921. I should like to point out that even under the terms of that despatch, it is quite open to the High Commissioner now to give a measure of preference to the British industries. Sir, this is what is said—I am quoting from the despatch of the Government of India to the High Commissioner:

"Departure from the principle of accepting the lowest satisfactory tender can be justified only in cases when the placing of an order with a foreign firm, though temporarily securing a cheaper article, might have the result of depriving the High Commissioner in future of a source of supply on which he might have to rely for completing further orders."

There is absolutely no doubt, I take it, in the minds of any one here as to the particular country for whose benefit this exception has been laid down. Sir, I am glad that Sir Darcy Lindsay is now in his seat. When I was referring to his observations with regard to the Indianisation of the directorate of companies he was not in the House. I am very sorry that his remarks have been interpreted by some as an insinuation that Mr. Birla by putting forward a claim that there should be more Indians on the boards of these companies, was perhaps indirectly canvassing for a directorship.

Sir Darcy Lindsay: I never said anything of the sort.

Mr. K. C. Neogy: I am very glad that he has removed this misapprehension. But I know it as a fact that Mr. Birla was for a time a director of one of these companies which will benefit under the measure of protection that we are granting to-day, but he did not find it possible to continue having regard to his numerous engagements. I do appeal to my Honourable friend Sir Darcy Lindsay not to think that by putting forward these

claims on behalf of Indians any Honourable Member of this House is actuated by any personal motives at all. It is a fight for principle in which we Indians are engaged, and I do hope European Members will desist from making any uncharitable assumptions.

Mr. N. M. Joshi (Nominated: Labour Interests): Sir, I wish only to make a few remarks and my justification for making those remarks, Sir, is that I find that certain principles which are detrimental to the interests of this country and which are also opposed to the decisions of this House have now begun to be advocated in this House. Sir, several times the Legislative Assembly has endorsed the principle of the State management of Railways, and the State management of Railways, in my judgment, includes also the State management of the industries which are essential for Railways. (Hear, hear.) Unfortunately, I find, Sir, now some Members belonging to the popular party advocating.....

Mr. M. S. Aney (Berar Representative): Only a few.

Mr. N. M. Joshi: advocating that the State instead of making wagons and such other articles required for Railways in their own workshops should purchase these from private workshops. Sir, this is against the policy endorsed by this House and I hope, Sir, that this House will not deviate from the policy which it has once approved. It is curious, Sir, that when the Government of India purchased the Peninsular Locomotive Company there was no opposition to that proposal from any quarter; on the contrary. I have found that questions were asked suggesting that Government did not pay sufficient money to that Company. Now, it is strange that when Government have purchased that company that people should suggest that Government should not make use of that plant purchased by them at a cost of Rs. 20 lakhs; and this is done, strange to say, in the interests of the country itself.

Sir Darcy Lindsay: Quite so.

Mr. N. M. Joshi: I am sure that the House does not think that it is in the interest of the country that Government workshops should be closed and preference should be given to private workshops.

Sir Darcy Lindsay: It is not preference given to private workshops. It will very likely reduce the cost of the wagons and underframes to Government.

Mr. N. M. Joshi: Well, Sir, that is not the experience of the Committee which was appointed by the Government of India to examine the cost of railway workshops and private workshops. The Raven Committee's Report has made it quite clear that the cost in Government workshops is less than the cost in private workshops.

Sir Walter Willson: Do you accept the Raven Committee's Report?

Mr. N. M. Joshi: There is another danger against which I wish to warn this House and that danger is this. There is clearly a suggestion now, and it was admitted by Sir Walter Willson, that these wagon companies are forming a combine and will thus have a monopoly and will try to exploit the State by raising the prices.

Sir Walter Willson: I did not say they would; I only indicated the possibility.

Mr. N. M. Joshi: There is the possibility of the prices being raised and I want to place that possibility very clearly before the House. I am not against a monopoly if it is in the hands of the State; but a monopoly in private hands is a great danger. In this industry of wagon making there is bound to be a danger or a possibility of a monopoly being created. Therefore, the right policy for Government to adopt is not to assist these three wagon companies at all but to follow the policy of wait and see and I am quite sure that as they secured the Peninsular Locomotive Company they will be able to secure for the country these three wagon companies also. Sir, that is the right policy for the Government to follow, namely, to acquire the three wagon companies and make all the wagons which they want. I hope Government will not deviate from the right policy in this matter and will follow the policy which is really in the interests of the people of this country.

Sir Walter Willson: Sir, I really rise, in the first place, to make a personal explanation, which I intended to make in my first speech on this Bill but forgot to do so and was only reminded when Mr. Birla spoke. In accordance with my principle, I should declare that I have an interest, a very small and trifling interest, in one of these wagon companies.

Being up, I want to say that I entirely disagree with Mr. Birla that the taking into consideration of a salary bill has anything to do with whether an industry should be protected or not. If an industry is to be protected, it is to be protected in the interests of the country and not merely for wage earners or individuals.

I would like to say just one word in regard to an Indian character of the directors. I differ entirely from my friends Messrs. Birla and Neogy in what they have said about it. It is the right and the privilege of the share-holders to elect their directors and that privilege should not be interfered with. Moreover, it seems to me that those friends are wasting the time of the House in arguing the matter, because it seems to be so obvious that, as the Income-tax Department always say, evasion is so very easy. There would be no difficulty whatever in appointing one's cook and khitmatgar to the Board as 2 Indian directors.

In regard to the utilisation of Indian materials as far as possible, on principle, of course, one agrees with that, but you must not try and tighten it up too much. If you do that, you could reach a stage where a company started to work an industry could be forced to get its material from a company that has just ceased to deserve getting its protection.

I do not wish to develop any of these points at any length in view of the lateness of the hour and because we are discussing a very short Bill. I merely record my dissent to those remarks which have been made and I am quite sure that on some future occasion, my colleagues will be prepared to take up these points in greater detail if necessary.

The Honourable Sir George Rainy: Sir, in replying this debate I only wish to refer to what fell from my friend Mr. Neogy. The point he raised was whether the same principles apply to the placing of orders in India under this scheme, which has been put forward by the Tariff Board, as would have applied to the payment of bounties under the Steel Industry (Protection) Act, 1924. I do not think there is any difficulty at all about that. I am quite prepared to give an undertaking that orders will not

be placed under this scheme with any firm which would not have been eligible to receive bounties under the Steel Industry (Protection) Act, 1924. No previous speaker, I think, has brought out the point that the conditions laid down in section 5 of that Act, as to the share capital, registration under the Indian Companies Act, the number of Indian Directors and so on, only apply to a company, firm or other person not already engaged at the commencement of the Act of 1924 in the manufacture of wagons and underframes. The only firms, so far as I know, who have any chance of receiving orders are the three firms which actually received bounties under the Act of 1924. It is not at all likely that any new firm will start manufacture under existing conditions, so that it is not really a practical question at the moment to consider how these conditions should be applied. If, however, any new firm comes forward, Government will consider any tenders it may receive from such a firm, in the light of section 5 of the Steel Industry (Protection) Act of 1924. So far as I am aware, the Governor General in Council has not as yet, acting under that section, prescribed the number of directors, etc., the reason being that, so far as I know, the case for doing so never arose.

Finally as regards the spare parts of wagons being made in India, I believe that all the audit forms and certificates to which my Honourable friend referred, were drawn up by the Railway Board itself. I do not think there will be any difficulty in following precisely the same procedure in that matter. I do not think I should be justified in elaborating my reply to the debate any further, but if I leave the remarks of some speakers unanswered, I can assure them that all that has been said will be considered.

Mr. President: The question is:

"That the Bill, as amended, be passed."

The motion was adopted.

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

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

THE INDIAN TERRITORIAL FORCE (AMENDMENT) BILL.

Mr. G. M. Young (Army Secretary): Sir, I move that the Bill further to amend the Indian Territorial Force Act, 1920, for certain purposes, as passed by the Council of State and as reported by the Select Committee, be taken into consideration.

The main object of this Bill, Sir, is the creation of urban units in the Indian Territorial Force and it is to that subject that I will address myself principally. Sir John Shea's Committee found in the course of their investigations that the existing battalions of the Indian Territorial Force do

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not provide a sufficient opening to the educated and professional classes for service in a citizen army, and they also found that there was considerable feeling caused by the fact that whereas there was no such opening for those classes in the Indian non-regular forces, in the Auxiliary Force such an opening exists for persons of the same classes who are Europeans. The remedy which they recommended was the creation of these urban units in the Indian Territorial Force. Now, Sir, the terms of recruitment and the conditions of the service that have been recommended have been agreed upon, and in any case do not find their way into the Act itself; they can be provided by rule. But there is one matter that has been very much debated and has to be provided for in the Act. That is the question of liability for service. The provincial units, as they are called, of the Indian Territorial Force have a liability for general service in India, extensible beyond the borders of India by general or special order of the Governor General in Council. On the other hand, the Auxiliary Force have a local liability only. On the question of general liability of the Indian Territorial Force I should like to quote some remarks which the Committee made. They said:

"It cannot be asserted too vigorously that the true defence of India lies beyond the borders of India, just as the Great War proved that the defence of the British Isles lay across the North Sea. It is significant in this connection to note that whereas before the Great War members of the territorial army in England had a liability for home defence only every member must now before enrolment accept a liability to serve in any part of the world. We, therefore, hold that the Indian Territorial Force, if it is to form a real second line to the regular army, must be available for service in any theatre in which the defence of India may demand its presence, whether across its land frontiers or overseas. Indeed, we would go so far as to maintain that unless the Indian Territorial Force has such a liability for service, its military value is not sufficient to warrant expenditure upon it from the military budget."

That was the view of the Committee, and it is accepted by Government in so far as it refers to a force which is intended to be a second line to the regular army. But the Auxiliary Force and the proposed urban units of the Indian Territorial Force are not intended to be a second line to the regular army in the same sense as the provincial battalions of the Indian Territorial Force. The reason does not arise out of any racial or theoretical distinction, but is simply a practical differentiation following upon the class and status of the person who serves in the unit, of whichever kind it may be. The Auxiliary Force is recruited in some provinces almost entirely from Government servants who, in the event of war, would have to continue in their occupations under Government, or if found fit for military service, could only be spared for service in the immediate vicinity. Another section of the Auxiliary Force is composed of business men in the largest of our cities, who belong to firms which have to carry on in time of war. It would be impossible for employers of those firms to allow their employees to join forces which would be drafted away bodily to the front in time of war. It is of course quite reasonable to expect them to be able to give up a proportion of their staff, just as Government in time of war can send a proportion of its civil officers to go and fight; and the training of those officers in the Auxiliary Force in peace time would of course materially enhance their value in war. But, as I say, it would not be possible for people in those walks of life to join battalions which would be taken away bodily in war time.

The same thing will apply to these proposed urban units of the Indian Territorial Force. We propose to draw upon the professional class—people whose avocations are such that they cannot, all of them at any rate, go away and fight in time of war.

Now, two of the Local Governments have made remarks on these points which I think are worth while quoting here. The Government of the United Provinces said as follows :

"The Committee for reasons stated in paragraph 6 of their report say that the active section of the Indian Territorial Force should be regarded

- (1) as a means of imparting military and patriotic ideals to the non-martial classes and familiarising them with military training and service,
- (2) as a second line to the regular army, its functions as such being to relieve regular units for garrison duties, to reinforce the first line in time of war and to be used in aid of the civil power.

The Governor in Council considers that these objects are incompatible. It is not possible to combine an educational scheme with one for the formation of units of real military value. From the military point of view, it is indisputable that any addition to strength should be of the highest quality obtainable and that no recourse should be had to inferior material so long as the superior can meet the demand caused by expansion and wastage. . . . The urban units for similar reasons are unlikely to be of much military value. The period of training is too short for that. But if it is accepted that their object is primarily educational and not military, they will be of great utility and from this point of view the expenditure on them will be justified. . . . But if the urban units are to be definitely educational it will not be desirable to impose on them a liability for general service. It may be possible to impose it later, but to insist on it at once would be to handicap the scheme from the start. The object in view is to familiarise the educated classes with military training and service and impart military and patriotic ideals to the non-martial classes. The liability to general service would frighten many who would otherwise join and defeat the object aimed at. Moreover this liability would have no real value from the military point of view."

The Government of Bombay said as follows :

"This Government is prepared to concede that so far as concerns the provision of a practical second line to the Indian Army, of immediate potential use, the proposals of the Committee are unexceptionable and that if the military budget of India is not to be burdened with training units which are not likely to prove in the early future of any practical use in emergency, then no units should be embodied which are not liable for general service. At the same time it must record its opinion that to adopt this policy would, so far as this Presidency at least is concerned, result in one important respect in a fiasco which will react most unfavourably on the credit of Government in India. The imposition of the liability for general service on those units which are recruited from the Indian races and classes which have for centuries constituted the war-like forces of India would probably have little effect on recruitment and I am to say that with regard to the Provincial Units this Government accepts the views of the Committee. But those other races described by the Committee as non-martial would, in the opinion of the Government, refuse to accept any such liability."

Now, Sir, Honourable Members are aware that the Committee recommend that every branch of the Auxiliary and Territorial Forces should be liable for general service; and, as will be seen from the extracts that I have read out, the feeling of local Governments is that if a general liability were imposed upon the urban units there would be a grave danger of their never really getting started. The reason lies in the nature of the avocations of the people whom we hope to get in these units. They will be in exactly the same situation as regards liability as the Auxiliary Force, and meanwhile the Provincial Battalions will remain on their present footing of liability, that is, for general service.

[Mr. G. M. Young.]

Now, Sir, I wish to turn to one or two other points mentioned by the Select Committee. The Select Committee have strongly urged upon the Government that they should take all possible steps to establish at once at least one urban unit in every Governor's province, in order to provide reasonable facilities for enrolment to all persons wishing to join these units. Sir, the Government accept that proposal in principle, without any hesitation. The reasons why we recently started with only three units are, firstly, expense and, secondly, that we have no recommendation, or had then no recommendation, from any quarter for starting urban units in other places. Since then we have had recommendations from public bodies in Bengal for the foundation of an urban unit in Calcutta. That matter is now under discussion with the Local Government. If the Local Government recommend the formation of this unit, it will be formed as soon as funds can be provided: and the same applies to any other province in which, so far, there is no proposal to establish an urban unit.

Another point that the Committee recommended was that we should provide in the urban units an opportunity for boys between the ages of 16 and 18 to serve as cadets without liability for actual military service. This is what is done in the Auxiliary Force. Boys from 16 to 18 can serve in the Force without any liability. The Government are prepared to accept that recommendation, and will do this under the statutory rules.

The last recommendation of the Select Committee that I shall deal with was that the Governor General in Council should consider the advisability of appointing a Central Advisory Committee to advise him on matters connected with the administration of the Territorial Force generally. Sir, when the Government of India say that they will consider the advisability of doing something or other, Honourable Members generally heave a sigh, and after about 18 months ask us patiently what stage that consideration may have reached. On this occasion the consideration stage is complete, and Government have decided to appoint a Central Advisory Committee. I take it from an amendment down on the paper that it will be suggested that provision for this Committee should be made in the Act itself. I do not think, Sir, that that would be necessary. There are various Advisory Committees to various Departments of the Government of India which are appointed under executive order and there is no reason why an Advisory Committee to the Army Department on these matters should not similarly be appointed. There is this further consideration that while the provincial and unit advisory committees provided for in the Act have definite functions in relation to definite units, the functions of the Central Committee will be purely advisory and general. For that reason, inasmuch as the Government have undertaken to constitute the Committee, I think that it would be unnecessary to introduce a new provision into the Act. I have nothing more to say at this stage.

Sir, I move.

Pandit Hirday Nath Kunzru (Agra Division: Non-Muhammadan Rural): Sir, when this Bill was last before the House, Honourable Members on this side urged that it should be referred to a Select Committee for several reasons. As the Honourable Member in charge of the Bill has pointed out, this Bill has been placed before the House in order to

remove all racial distinctions between the Indian Territorial Force and the Indian Auxiliary Force and to give the professional and urban classes the same opportunities in military training as are at present enjoyed by men who are entitled to join the Auxiliary Force. In the discussion that took place a few days ago it was pointed out that under the Auxiliary Force the minimum age of enrolment was 16 and that enrolled persons between the ages of 16 and 18 were not liable to military service. The Indian Territorial Force Act contains no such provisions and the age of enrolment is prescribed by statutory rules. I am glad to say, Sir, that this criticism has been paid heed to by Government and that they propose to place the Indian Territorial Force in this respect on the same footing as the Indian Auxiliary Force. But as my Honourable friend, the Member in charge of the Bill, knows, under section 11 of the Auxiliary Force Act, persons liable to perform military service are divided into three classes according to their age, and for every class a training suited to the age period involved is laid down under the rules. The Bill does not provide for any such classification of persons enrolled in the Indian Territorial Force or its urban units. I understand that it will be possible to give the members of the urban units of the Indian Territorial Force the same opportunities as are at present enjoyed by members of the Auxiliary Force under the rules. But I should like to have a definite assurance on that point in order to feel that this matter would be speedily given consideration to.

Another question which was raised at an earlier stage related to the liability of the Auxiliary Force for military service. As we all know, the Auxiliary and Territorial Forces Committee recommended that both the Indian Territorial Force and the Indian Auxiliary Force should have the same liability in regard to military service. This was a view which was put forward with considerable force by several Members on this side. Government have however found themselves unable to accept the recommendation of the Auxiliary and Territorial Forces Committee that the Auxiliary Force should be liable to general military service. My Honourable friend, Dr. Moonje, has, therefore, given notice of an amendment asking that the liability of the Indian Territorial Force should be reduced and should be limited to the confines of India. My Honourable friend, Mr. Young, read out to us many passages from the Report of the Auxiliary and Territorial Forces Committee . . .

Mr. G. M. Young: One.

Pandit Hirday Nath Kunera: I thought he read out two passages. Well, he read out a passage from the Report of the Auxiliary and Territorial Forces Committee impressing on us the undesirability of reducing the liability of the Indian Territorial Force. He pointed out to us that if the Indian Territorial Force was really to be a second line force its liability must be as general as that of the regular army. Now, I am sure he is aware that the Auxiliary and Territorial Forces Committee took account of all the objections that could be put forward against the view that the liability of the Auxiliary Force for service should be extended.

[Pandit Hirday Nath Kunzru.]

"Its value as a military force, however",

—say the Committee—

"is much reduced by its limited liability in that the military authorities are seriously handicapped by their inability to transfer its units from one point to another as they may wish in the event of an emergency. A further disadvantage of its limited liability lies in the fact that it encourages certain undesirable types of recruit to enter the force who do not join from any desire to become efficient soldiers, but from purely personal and often pecuniary motives. We have had the evidence of senior officers of the Auxiliary Force that the presence of such men in the ranks discourages other and keener men with the result that the efficiency of the whole unit suffers."

Later on, the Committee, referring to the fact that most of the members of the Auxiliary Force were men who, by reason of their civil avocations, were unlikely to be able to serve outside the areas in which they resided, observed:

"We feel that this attitude is not wholly correct. It is clear that the system of training should, within reasonable limits, be adapted to the civil avocations of members, and we have recognised this in our proposals for the formation of special urban territorial units for Indians of the educated and professional classes but the ultimate liability for service must, in order to enable the military authorities to make the fullest use in a grave emergency of all the available military forces, be governed by other considerations. . . . We advocate that in future its function (that is, of the Auxiliary Force) shall be that of a second line to the regular British troops in India."

Now, I am aware that the Local Governments are all opposed to this recommendation of the Auxiliary and Territorial Forces Committee but I am bound to point out that there is not one of the arguments advanced by the Local Governments which has not been considered by the Committee and replied to. If, however, after a full discussion of the merits of the matter in question by the Auxiliary and Territorial Forces Committee, Government are unable to accept its view with regard to the liability of the Auxiliary Force, I see no point in my Honourable friend Mr. Young getting up and quoting its opinions in regard to the liability of the Indian Territorial Force. If we can depart from its recommendations in regard to the Auxiliary Force, we can with equal propriety do so in regard to the Territorial Force also. I am glad that my Honourable friend Dr. Moonje has given notice of an amendment to reduce the liability of the Territorial Force. If his view is accepted by the House, section 10 of the Indian Territorial Force Act, which allows the Governor General in Council to require the Force to serve beyond the limits of India by a general or special order, would have to be amended. I hope that Honourable Members on this side of the House at least will accept the view which my friend Dr. Moonje will soon put forward.

With regard to permitting men between the ages of 16 and 18 to enrol in the urban units of the Territorial Force my Honourable friend Mr. Young said that that was a matter which could be dealt with under the rules. I should be surprised if so long as section 5 of the Indian Territorial Force Act remained in force Government could merely by rules allow persons between the ages of 16 and 18 to be free from liability for military service. Personally I think that the law would have to be changed in order to give effect to the purpose which both Members on this side of the House and Government have in view. I am therefore in favour of the amendment brought forward by Dr. Moonje seeking to

change the law in order to make it clear that cadets between 16 and 18 shall not be liable to military service.

The most important questions however that arise in this connection are those relating to the University Training Corps and the urban units. Now, I am aware, Sir, that my Honourable friend Mr. Young pointed out that the Select Committee has recommended that at least one urban unit should be established in every Governor's province but we all know that this recommendation cannot be given effect to unless funds are provided for the establishment of more urban units by the Finance Department. I do not know, Sir, whether the Finance Department has been consulted in this matter and whether the view put forward by the Select Committee has received the approval of Government. My Honourable friend Mr. Young stated that with regard to Calcutta the recommendation of the Select Committee was under consideration. I should like to be assured that the matter is under consideration with regard to other provinces also, and that Government would do their best to have at least one urban unit in every Governor's province.

An important point which should be considered with regard to the expansion of the urban units is connected with the fact that an arbitrary limit has been placed upon the expansion of the Indian Territorial Force by the Secretary of State. My Honourable friend Mr. Young, replying to starred question No. 963, put by my friend Dr. Moonje on the 15th March 1927, admitted that the Indian Territorial Force which included the University Training Corps, was limited to 20,000. If it is meant to make the urban units a reality and to give the urban and professional classes the same opportunities of military service as are now enjoyed by the Europeans and Anglo-Indians, it is necessary that this limit should be removed. I know that the size of the urban units may be kept so small that even when an urban unit has been established in every province the number of men in the Indian Territorial Force may still be within the limits prescribed by the Secretary of State. But if you really mean to provide an opportunity to the members of the urban classes for receiving military training, the size of the urban units should be such as to enable persons living at least within all important urban areas to offer themselves for enrolment. The second point that I have to raise in this connection is that till last year the strength of the University Training Corps was included in calculating the strength of the Indian Territorial Force. Now, I do not know whether, in view of the recommendation of the Auxiliary and Territorial Forces Committee that no arbitrary limit should be set to the expansion of the University Training Corps, the original decision has been modified and the strength of the University Training Corps will not be considered in determining the strength of the Indian Territorial Force. I understand that the University Training Corps will now be treated as a corps by itself and that the limit of 20,000 will now apply only to the Indian Territorial Force proper, which includes the urban and provincial units. If so, we shall have at any rate in the immediate future an opportunity of making a beginning in the direction of having real urban units in the different provinces. But our full object will not be achieved so long as the arbitrary limit placed on the expansion of the Indian Territorial Force is not removed. At present it has to be remembered that while the Auxiliary Force contains about 31,500 men, the Indian Territorial Force contains only about 14,700.

[Pandit Hirday Nath Kunzru.]

With regard to the University Training Corps the Auxiliary and Territorial Forces Committee recommended that:

"in order to attract suitable men to become officers and to enable them to make themselves efficient without pecuniary loss, officers of the University Training Corps units should on first appointment receive commissions as second-lieutenants on a special list of the Indian Territorial Force or in the case of Europeans and Anglo-Indians of the Auxiliary Force and should be subsequently seconded for duty with the University Training Corps. They should be paid for any period spent in camp or in the course of instruction."

Now, under clause 5 of the Bill before us, there will be two grades of officers, senior officers and junior officers. The senior officers will hold King's Commissions while junior officers will hold commissions granted by the Governor General with Indian designation of rank. I trust however that with regard to the University Training Corps this course will not be followed. If the senior officers are men holding King's Commissions and the junior officers are men holding commissions granted by the Governor General carrying Indian designation of rank, I am afraid it will not conduce to administrative smoothness or efficiency. There will be a great deal of friction and heart-burning. I trust therefore that the organization of the University Training Corps will be the same as that of a British unit so that there may be no invidious distinction made between officers holding senior and junior commissions.

Another important recommendation made with regard to the University Training Corps by the Auxiliary and Territorial Forces Committee was that:

"a special certificate or certificates of proficiency should in course of time be instituted in University Training Corps units on the lines of the A & B certificates in officers' training corps in England the holders of which should be entitled to a proportion of marks in the competitive examination for Sandhurst, provided they qualify in all the subjects of the examination in which it is necessary for them to qualify."

In another part of the Report the Committee recommended that the Indian Territorial Force should definitely be regarded as the foundation on which the Indian Territorial Force was to be built and said:

"where possible, officers for the Indian Territorial Force should be chosen from among men who have had previous military training in the University Training Corps."

These, Sir, are important points. I understand that they have been under the consideration of the military authorities. But they involve important questions of principle, and I think it is necessary that we should have clear and unambiguous replies from Government in regard to all the matters that I have raised. The University Training Corps is according to the Territorial and Auxiliary Forces Committee to be the foundation of the national army of the future. It is therefore necessary that it should be treated in such a way as to be attractive to young men particularly in the Universities and to be a means of spreading the idea of military service amongst urban and professional classes. The success of the scheme which has now been laid before us depends on the manner in which the University Training Corps and the urban units are treated by Government and I trust, Sir, that this point will be borne in mind by Government when they come to take practical measures in order to give effect to the proposals which are contained in the legislation now before this House.

The Revd. J. C. Chatterjee (Nominated: Indian Christians): Sir, I beg to support the motion which is before us. At the same time, Sir, there are a few remarks which I want to make on the subject of the general policy that ought to be pursued if the Indian Territorial Force is going to fulfil the objects for which it has been created. However excellent the Bill may be, unless it is worked in the right spirit and the true spirit for which it has been enacted, we feel that the real object for which this Force has been created at the desire of this House will never be carried out, and I want to show that so far it is quite clear that the main object, stated in the Shea Committee's Report that the Territorial Force is a means of imparting military and patriotic ideals to the non-martial classes and of familiarising them with military training, has not been carried out. Sir, I want to lay considerable stress on the words "non-martial classes," and I want to show that so far as the policy of those who control this Force is known to us at the present time, it is clear that the non-martial classes have not been brought into the units, except in the very small units known as the University Training Corps. Although I do agree with my friend Pandit Hirday Nath Kunzru that the University Training Corps are going to be, as it were, the chief foundation of a national territorial army, I think that is not enough, because that can never be so large in size as to make a real difference. But the whole object of bringing in the non-martial classes so as to make a national second line, unless it is given effect to in the wider units, will not be carried out, and for that reason, Sir, I ask your permission to quote a very few extracts from the evidence given before the Shea Committee by officers who are actually in command of territorial units.

Major Cardew of the 11/18th Garhwal Rifles when asked as to what type of men were recruited in the territorial regiments, said as follows:

"He is the same type of man that we get as regular soldiers."

Then again, when Major Grylls, Adjutant, 11/1st Punjab Regiment, was asked the same question, he said:

"As long as they cannot get anything better to do, the class that is enlisted in the regular Indian Army will always come in, but I cannot get a single man from any other class. I have had absolutely no response whatsoever in any part of the Punjab from classes which do not nominally enlist in the Indian Army."

Then again Major Name, Adjutant of the 11th/3rd Madras Regiment, says, when asked if he made any particular effort to get into his battalion men of other classes than those that actually belong to the regular army:

"I do not make any particular effort, but I did at first."

Now, Sir, what I want to show from this is, in the first place, that so far something has happened which has kept away the non-martial classes from coming into the Territorial Force, and something has also happened which has kept away officers commanding these regiments from attracting these men. It may be argued that, if men of this class do not come in, it is not the fault of those who administer the Act or of those who command the regiments. I think, Sir, that there is something more at the bottom of all this. Why is it that even in the Punjab, where there are so many martial traditions, and where you have excellent material in the urban classes, these men do not come into the Territorial Force. The reason to my mind, and I speak from inquiries from

[The Revd. J. C. Chatterjee.]

officers who are in the territorial regiments and from men who are likely to enlist or who do enlist, is that the officers that are appointed to command these regiments are taken from the regular army and due consideration is not given to the claims of the non-martial classes when officers are selected in the Territorial Force. I do not blame them in the least; It is not their fault. It is quite natural that they should confine themselves to men who are either demobilised soldiers or men who generally enlist themselves in the regular army and are therefore known to them all their lives. It is also true that such men, especially the demobilised soldiers, understand military discipline much more and give very much less trouble. Therefore, these men are more welcome and the officers commanding quite naturally do not go out of their way in search of other men. But they ought to try and bring in the class of men for which the Territorial army has been constituted.

Another very strong reason is that if we look at the personnel of the Indian officers in the Territorial Force—and here I speak from my close knowledge of one regiment in the Punjab—you will find that the Indian officers there are largely demobilised officers holding the King's commission, or those who have retired from some other ranks. Such an officer knows the class of men he has always dealt with and he appreciates that class of men. I asked certain questions the other day and tried to bring out one fact which I believe to be true to the best of my knowledge, namely, that Indian officers who are drafted from the educated classes, men with University training, posted to these territorial regiments find themselves as fish out of water in some of these regiments. They do not find the same life there to which they have been used, because there they have to mix with a large number of demobilised officers and consequently there have been a good many resignations of this class of officers from the territorial regiments. Although I was not able to elicit full information by my question, still the fact remains that there is a great deal of grievance and a good deal of dissatisfaction among this class of officer who has gone to the Army at a good deal of personal inconvenience to himself. The result is that most of the officers, being of the kind that I have described, those come from the non-martial class, keep themselves back from enlisting. What I want to plead for is that something should be done to bring in the non-martial class, and if you do so, you will fulfil the object for which the territorial army has been formed.

I also want to draw the attention of the House to the recommendation made by the Select Committee to the effect that in every major province there should be urban units. That, I believe, lies at the foundation of our aim for the territorial army. So far, we know that Government propose to create three urban units only, two of these are to be located in Bombay and one in Madras.

Mr. B. Das (Orissa Division: Non-Muhammadan): And one in Bengal also.

The Revd. J. C. Chatterjee: Not in Bengal at the present time.

Mr. B. Das: Do you mean to say that Bengal is not fit enough for the territorial army?

The Revd. J. C. Chatterjee: I want to draw the attention of Government to this subject. It seems to me more than surprising that a province like that of the Punjab should have no urban unit. If there is any province where an urban unit would, I believe, be successful, it is the province of the Punjab where the educated and the so-called non-martial classes do have very strong military traditions. It may be argued that at a time when this decision was taken there were certain local conditions in the Punjab which made it rather difficult for the Government of the province to ask for an urban unit. I know, Sir, that these conditions have been very vastly altered and even if they remain the same to some extent, there is no reason whatever for not giving the educated classes of the Punjab outside the narrow circle of the University a chance of enlisting themselves in the national army. I very strongly plead that Government should, without any delay, create an urban unit in the Punjab, and I also hope in Bengal and elsewhere.

In conclusion I would say one thing and that is that Government and the Army have accepted the principle that underlies the Indian Territorial Force Act, that is to say, the bringing in of the non-martial classes, the bringing in of the educated classes to fit themselves for the defence of their country. It is not an easy job. It is very often a very difficult job, and, as pointed out from the evidence that has been read, British officers in charge of these territorial units do find it an uninviting and thankless job. But, since you have accepted it, it is up to them to carry on the task wholeheartedly, unless they go out of their way and do not act as one is said to have done, that he makes no effort whatever to bring in the non-martial classes. Unless they give up this attitude, this Bill is not going to be a success, and if the Territorial Act is to continue, with but a few improvements here and there, the whole object is defeated. Then the Army Budget will be inflated and we will be merely creating a reservist wing of the Army and not a national army. I wonder very much whether the real success of the territorial army will not depend on the ultimate control of that army. In other countries the territorial army is under civil control. Perhaps we have got to acknowledge that even in this country it will have to come actually under civil control and not merely remain a wing of the regular army.

His Excellency the Commander-in-Chief: Sir, before I speak on the Bill before the House I should like, with your permission, to say a few words about another matter. I am sorry that I was prevented from being present in the House on the 10th instant, for had I been present, certain misunderstandings, I think, would not have occurred. You and I have been able to clear up those misunderstandings between us, and I am glad to be addressing you again, Sir, on the floor of this House. (Applause.)

As regards the Bill before the House, I think Honourable Members have already heard from the Army Secretary that one of the main objects of this Bill is to provide for the creation of urban units in the Indian Territorial Force, and so to give the educated and professional classes an opportunity they have not hitherto enjoyed of playing a part in the citizen army. I hope that the House may be able to agree to such a laudable

object, and that the Bill may shortly pass through its final stage and become law. I, Sir, wish it all possible prosperity.

Mr. President: We are all glad to see His Excellency the Commander-in-Chief in his seat to-day, and to have heard his opening sentences. Had the Chair been told before the debate was initiated on the 10th what it has learnt since, these misunderstandings would have been avoided. I should in that case have arranged for postponement of the debate, and the remarks that fell from my lips the other day would neither have been occasioned nor made. As it is I am very glad that the misunderstandings have been cleared up. (Applause).

Colonel Moonje. (Loud Laughter).

Dr. B. S. Moonje (Nagpur Division: Non-Muhammadian): Sir, I thank you for the compliment you have paid me.

I have carefully listened to the speech of my friend, Mr. Mackworth Young. I had expected that he would take particular care to explain as to why he is not willing to remove the racial distinction that exists between the Auxiliary Force and the Territorial Force. I was so long under the impression that this Bill has been brought before this House with the set purpose of removing these distinctions which have been brought out so clearly by the Shea Committee itself. To-day I learn for the first time that the object of the Bill is merely to create urban units. (*Mr. G. M. Young*: "One of the objects".) One of the objects. I am glad to have it so definite. One of the objects I am now told is to create urban units. Is it the chief object or is it only one of the objects? If it is the chief object, I should have expected that the chief object would have been the removal of racial distinctions which exist between the Auxiliary Force and the Territorial Force. That has not been done. Therefore one of the objects, and the chief object, is the creation of urban units. Perhaps the Honourable Member will take occasion to explain later on why he has not thought fit to explain why these distinctions must remain. As for me I have failed to find out why those distinctions should remain. All the reasons that I have found point the other way. The Shea Committee have reported and have definitely recommended that the liability for service between the two forces should be identical. If so much force is laid upon one part of the recommendations of the same Committee, I do not see why similar emphasis should not be laid upon the other portions of its recommendations. However I shall bring to the notice of my Honourable friend, the Indian Defence Force. His point is that liability for service in the Auxiliary Force should be merely local and should not be made an all-India liability. What are his objections? I do not see these objections were prevailing when, in 1917, the Indian Defence Force was brought into being. Section 3 of the Indian Defence Act says:

"Every male European British subject . . . shall be deemed to be enrolled for general military service within the meaning of this Act."

It is further explained in section 6 which says:

"Every person deemed to be so enrolled . . . shall be liable to serve in any part of India."

If there was no objection to prescribing general liability to service in the Defence Force in which there was no distinction made in respect of this matter between the Indian and the British sections of the Force, I do

not see why there should be any objection raised to it to-day. We, on our part, on this side of the House, are not anxious to curtail the liability of our Territorials. We are anxious, on the other hand, that the liability should have been so general that our Territorial Forces should operate not only in India but also outside India for the defence of India. If there is an invasion of India, if there is a possibility of such an invasion, if we see that plans are being concerted in any country for the invasion of India, we should be the first people to agree that our Territorial Forces should go beyond our frontiers. We are not anxious to have a contracted liability but what we are anxious for is that we must start on this experiment under the best of auspices. We do not want to start on this experiment by raising fresh prejudices at the very outset. Now you are making a distinction in the Territorial Force itself in the matter of liability for service as between the provincial and the urban units. You thus start in a way which is bound to create a kind of prejudice between the urban people and the rural people by evolving a new distinction between urban people and rural people which may turn out to be a fruitful source of unhealthy rivalry or even wicked jealousy. You have provided for the urban people a liability only to local service, while you say that the rural people should have a liability for service even beyond the frontiers of India. Rural people to serve beyond the frontiers of India and urban people to have merely a local liability for service! Now, we can be very well accused by our own people, the rural class of people, that these urban people sitting on cushion chairs in this Assembly have sought for ourselves a liability which is an arm-chair liability, doing military service sitting in our own homes, while the rural people not having a seat in the Assembly have to leave their homes and go even beyond the frontiers of India. It will be said that we do not care for their interests and that we are sending them beyond the frontiers of India to be killed and massacred. That is a kind of jealousy which I do not want to be started just at the very beginning of this new experiment. If there is going to be a liability for service beyond the frontiers of India, let there be a general liability all throughout, both for the urban and the rural, both for the Auxiliary and the Territorial Forces. I can understand that. The objections that have been raised to extending the liability of the Auxiliary Force have been very well met by the Committee itself in their Report, which has been referred to by my friend Mr. Kunzru. The same objections were raised when the Defence Force of 1917 was started; and no less a person than His Excellency the Viceroy has disposed of those objections. In his speech introducing the Bill for the Defence Force of 1917 His Excellency the Viceroy says:

"As the British element under this Act is to be dealt with on the same lines as those of the British Regulars, so the Indian element will come under the same military conditions which apply to the Indian regular forces, saving the fact in both cases"—that is, the British branch and the Indian branch—

"that service is to be within India",

that is, liability for general military service, and not only local service. Therefore, there was no distinction between the British branch and the Indian branch of the Indian Defence Force. The liability was common; what we say to-day is exactly the same that between the Auxiliary Force and the Territorial Force there ought to be no racial distinction. Let the liability be common, just as it was made in 1917. The objections similar to those that are raised now were no doubt urged before His Excellency,

[Dr. B. S. Moonje.]

and His Excellency the Viceroy disposed of those objections in these words in 1917—Legislative Council Debates, 21st February, 1917, page 319:

"I have seen it suggested that industries will suffer as a consequence of this measure. You cannot have legislation of this nature without concomitant inconveniences, but the Government of India hope that under the provisions of the Bill and the regulations drawn up under it, no needless hardship will be imposed. . . . We hope that under the machinery of the Bill the least possible disturbance of industry or hardship will take place."

This exactly applies even to-day to the Auxiliary Force which is merely a new transformation of the old British branch of the Defence Force. I have thus not yet come across one single reason which can make me change my opinion. I have, however, an open mind on the subject still.

Having thus disposed of this point, as to why there ought not to be any distinction between the liabilities of the Auxiliary Force and the Territorial Force, let me go and take a little general view. Why is there such anxiety that there ought not to be general liability for the Auxiliary Force? Why is this anxiety that the liability of the Territorial Force should be also for service beyond India and the liability of the Auxiliary Force should be only local? Why is this? Let us go into the history. I have been reading the history; I have been reading the books and I have found that in the Report of the Shea Committee a question was asked and a reply was given by Mr. Neville, I.C.S., District Magistrate of Agra, which throws in a flood of light on the point. Dr. Mullick asked him the question:

"Taking the Auxiliary Force as it is, what is your opinion about the value of that force? In what way is it of use to the Army?"

The reply was:

"The trouble with the Auxiliary Force is that the population composing that force is not distributed as the Army would have it distributed."

If I had been there in his place I would have added one more sentence and that is that I am sorry that the population is not large enough for being recruited in larger numbers. He further says:

"But I can refer you again to the Esher Committee's Report in which Lord Esher himself has said that if you do not have the Auxiliary Force or something equal to it, you must have a larger number of British troops."

If you are not going to have the Auxiliary Force

Mr. President: Order, order. The Honourable Member will not be allowed to repeat these arguments when he moves his amendments.

Dr. B. S. Moonje: Sir, whatever I say now will apply to all the amendments that I have to move.

Mr. President: Therefore, he will not be allowed to repeat those arguments.

Dr. B. S. Moonje: I bow to your ruling, Sir. Now, the point as made out by Mr. Neville is that, if there is an Auxiliary Force and if it is sufficiently strong, there will be no need for British troops to such an extent as there will be for them if the Auxiliary Force is not of sufficient strength. What is the meaning of it? Has it any meaning? It has a meaning,

and I will show to the House what that meaning is. His Excellency the Viceroy said in the same strain in 1917—see page 319, Legislative Council Debates, 1917, dated 21st February—as follows :

“The Army in India has always been composed of a blend in certain proportion of British and Indian troops. The principle of the blend is no new thing in military history . . . and now to preserve the proportions of this blend we find it necessary to replace these British units which are required for the decisive theatres of war, and to do this effectively and equitably it is obviously imperative to introduce compulsion.”

Now, Sir, compulsion is a thing, I am told by British officers, which is very obnoxious to their nature, and yet when the emergency came that same obnoxious principle was applied to the Auxiliary Force simply because the British troops had to be sent out of India and there was not another British element found to replace the British troops, and therefore this Auxiliary Force was enlisted under compulsion. The meaning is that there must be a certain proportion of British troops along with the Indian troops so that the Indian troops may be sent out of India and a sufficient number of British troops always kept in India. Of course, I have no objection to any number of British troops being kept in India. If the British rulers still think that they cannot sufficiently trust us, they can have any number of British troops in India provided the money is paid out of the British exchequer, and provided that ample opportunities are given for the training of Indians as officers in the Army and for general military training to the people of India.

Pandit Hirday Nath Kunzru : Not even then.

Dr. B. S. Moonje : You may not have them even then, but if the Government insists upon having a certain proportion of British troops, you cannot prevent it, and I can only say this much, that you can have the British troops here provided the whole cost is paid by the British Treasury and nothing is paid out of the Indian Treasury. Now, Sir, this kind of mentality of differentiation between the Britisher and the Indian in India goes right up to the beginning of the British rule in this country. When the country was being disarmed by the passing of the Arms Act, there was a Council of His Excellency the Governor General, and there was not even one Indian in that Council. A controversy arose in that Council as to whether the Arms Act should be applied to all people residing in India irrespective of the fact as to whether he is an Indian or a Britisher and whether the Europeans, Americans and people of European descent should be exempted from the operation of the Arms Act.

Mr. Harrington was not for this “invidious distinction,” as he calls it, but there was Sir Charles Jackson, who was a Judge of the Supreme Court, and his remarks are very instructive. He says :

“This, however, was a political question and looking at it in that view, it was impossible to say that Europeans would use arms against the Government.”

Therefore, the Indians should be disarmed and the Europeans—even the Americans—and everybody else who is not an Indian can have arms to his heart's content. It is this that is galling to the mind of the Indian, and to what extent this humiliation goes right down to the bottom of our hearts, I cannot describe in better words than those of the late Lord Sinha who had acquired such an amount of confidence with the British Government that he was appointed even the Governor of a province.

Sir Hari Singh Gour (Central Provinces Hindi Divisions: Non Muhammadan): We abolished that in the first Assembly—racial distinctions.

Dr. B. S. Moonje: He says in his Congress Presidential speech:

"While the humblest European and Eurasian and even the West Indian Negro has the right to carry arms the law of the land denies even to the most law-abiding and respectable Indian the privilege of possessing and carrying arms of any description except as a matter of special concession and indulgence often depending on the whim and caprice of the unsympathetic officials."

He further says:

"There can be, I venture to think, no sense of true citizenship where there is no responsibility for the defence of one's own country. If there is trouble, others will quiet it down; if there is a riot, others will subdue it; if there is a danger, others will face it; if our country is in peril, others will defend it."

That is how a man of the position of Lord Sinha has felt the sting of humiliation in his heart owing to this racial distinction. We here are bent upon removing this racial distinction in the public administration of our country.

Mr. K. Ahmed (Rajshahi Division: Muhammadan Rural): But certainly it has been removed already.

Dr. B. S. Moonje: I said the other day that the administration of the country should be carried on absolutely shorn of all communalism and communal considerations. In India, in this Department of the Army, which is a vital department as it concerns the defence of India, this kind of racial distinction is made and this distinction is made to such an extent that an amount of money is being wasted for a purpose of which the military utility is being questioned on all hands. The other day my friend Raja Ghazanfar Ali Khan distinctly said that in trans-frontier wars, the British soldier is not equal to the Indian soldier in fighting capacity, and if that is so, much less would a soldier of the Auxiliary Force be in removing any menace of aggression from the North-West frontier. And yet, how much money is being spent for that Force? I am reading from budget estimates of the expenditure on military service for this year.

Mr. K. Ahmed: They require a little more at present to suppress Hindu-Muhammadan riots.

Dr. B. S. Moonje: I am coming to that. I read from the Military Budget, 1928-29, page 273:

"This Force has taken the place of the old Volunteer Force. The units composing it are liable to be called out and employed for local service only."

And how much money is to be spent on it? Rs. 61,74,610, and on the Territorial Force only Rs. 29,10,120. On the Territorial Force only Rs. 29 lakhs and on the Auxiliary Force as much as Rs. 61 lakhs; and this Territorial Force is a potential force which alone can guarantee you the defence of India. The Auxiliary Force cannot help you in any emergency. Knowing all these things, this kind of racial distinction is being made not only in enrolment, not only in training, but also in matters of payment. As regards payment, I have been reading the Shea Committee's Report, and you can note the mentality which has distinguished some of the British

witnesses. Major Stewart in his examination said on page 375 of the Report as follows. Mr. Burdon asked him the question:

"Supposing that in the matter of pay and expenses reversions were made to the practice obtaining in the old Volunteer Force, how do you think it would affect the Auxiliary Force?"

Major Stewart replied:

"I think it would disband it."

To a further question by Mr. Burdon, Major Stewart said that the necessity of payment would still remain. Mr. Burdon asked him:

"I contemplate a system under which all out of pocket expenses will be paid by Government."

Major Stewart replied:

"The necessity of pay would still remain. A great many of these people have other expenses. At home they have got their wives and children. They have a great many out of pocket expenses."

Therefore pay should be given them, and out of pocket expenses also should be given them. But as regards Indians in the Territorial Force the same gentleman says:

"But we expect the officers of the Territorial Force to be people of consequence, who will not be worried about questions of pay. If they are so hard up as to mind whether they get Rs. 75 or Rs. 100 they are not much use as officers. We want people of better standing than that."

That is the kind of racial mentality which is galling to us. I want the Government to divest itself of this mentality. I want the Government to have a change of heart. I can assure the Government, if they really have a change of heart, they need not be anxious about the security of India. They need not be anxious about any kind of aggression against India. India has got the will. India has got the resources, both in finances and in men. If you could only cleanse your heart, trust, and have faith in us—we have demonstrated our faith, we have demonstrated that we are capable of being trusted—if you only cleanse your heart and give us a trial, you will see that all your anxiety not only for the defence of India but for the defence of the Empire also, wherever it may be affected, will go. Having disarmed the country in the way that I have described, they began to rule us and brought into being a force which was called the Volunteer Force. In that Volunteer Force only British people, people of British descent alone, were eligible for enrolment, and no Indian was eligible. In spite of the fact that just beyond the frontiers of India there is a territory of fierce fighting people where there is no Arms Act, where every man is armed with a rifle, an up-to-date first class rifle,—knowing all that, still there is an Arms Act here that is being enforced with so much strictness. Having done that, you started the Indian Defence Force. When the Indian Defence Force was started, there was an emergency and it is rightly said that an emergency is a potent solvent of all kinds of prejudices. At that time there was no such distinction as between the Indian section and the British section. As regards pay there might have been but as regards liability and other matters such as training there was no difference because, when the soldiers of the Territorial Force were required to go outside the country to fight the battles of the

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Empire, no question of deficiency in military training could have been tolerated on the battlefields. If in bringing up such kinds of Bills the idea be the general one of preparing India for its defence, then in view of the situation as created by the late war round about India, the only course that will enable us to tide over difficulties is that adopted by Japan about 60 years ago. It has been said of Japan . . .

Mr. President: Order, order. How long is the Honourable Member going to take?

Dr. B. S. Moonje: About 15 minutes.

Mr. President: The Honourable Member knows that if this Bill is not finished to-day, he will have very few supporters left in this House on the 27th.

Dr. B. S. Moonje: I shall finish very soon. I was about to say that if the Government really desires India to be prepared for its defence they should take a leaf out of the history of Japan. Hardly 60 years ago Japan was in the same sociological condition as India. Fighting was confined to one particular class and other classes of people were not given the right of fighting. Having seen the difficulties, they removed all those restrictions and made it compulsory for young men between the ages of 17 and 41 to fight for their country. Some such scheme alone will enable India to be prepared for its defence. But I find a radical difference in the very conception of the idea of the Auxiliary Force and the Territorial Force. It is worth noting with what idea the Auxiliary Force has been started. The Shea Committee's Report says

"The Auxiliary Force is an organisation of a peculiar nature based primarily upon the right of the European British subject residing in India to protect his life and property from possible attack and the principle that it is better that that right should be exercised in a definite and organised manner having the sanction of law than as the wishes of private individuals may dictate."

This is the idea which has inspired the constitution of the Auxiliary Force. Is there no Government established by law in this country for these European British subjects? Why should Europeans alone residing in this country have the right of possessing arms for the defence of their property and person. Have not the 300 millions of India property? Have they no life? Is there no occasion for attack upon them? It is this racial distinction which causes real heart searching in the minds of men of the type of Lord Sinha who say "Will ever a time come in this British rule whereby by mutual good will and mutual co-operation there could be occasion for Indians to be given equal chances of training for the defence of India." If that is so, it is impossible for us to agree to keep up these racial distinctions in the two Bills that are coming up before us.

With these general remarks I close. I shall reserve whatever further I have to say upon individual amendments when they will be moved.

Colonel J. D. Crawford (Bengal: European): Sir, I understand that we are discussing the Indian Territorial Force (Amendment) Bill, and my friend Dr. Moonje, whom you aptly called Colonel, has given us a very long harangue on the Auxiliary Force (Amendment) Bill. I understand his suggestion really is intended to limit the service of the Indian Territorial

Force to within the limits of India. But in his opening sentences, that military study in which he has been indulging, forced the truth from him and he said, "I must admit, if I have an Indian Territorial Force at all, if it is going to be any use to me as a national force, then it must be prepared, in the defence of India, to serve beyond the confines of India". And if he admits, as any military man must admit, that that Force must go outside India, then he must turn to what I imagine should be his right argument, which is either to oppose the Auxiliary Force Bill altogether or press, as he did, for the extension of the liability of that Force. He said he was open to conviction, if anybody could produce arguments, for a limited liability for the Indian Auxiliary Force or for the urban units which are included in the existing Bill. Well, I will deal with the Indian Auxiliary Force. The idea of the Committee was that it might form a second line to our British regiments of the regular army. Now, I submit that that is fundamentally unsound, and it is one of the lessons which we definitely learnt in the War and a mistake we should not commit again. After all it is no good making mistakes unless you learn from them. Your Auxiliary Force and your urban units are formed for the purpose of giving professional men and men who cannot voluntarily undertake more than a limited liability owing to their profession or their business position a chance to do some service. And those are the men, be they Indian or be they European, who in the event of war should form your potential reserve of officers. In the Great War, so far as England was concerned, we used men in these types of units in the front line as fighting troops, which should really have been retained to provide us with the reserve of officers which we did not get at the later stages of the War. We lost very good officer material simply by using it fighting in the rank and file. That I hold was a very great mistake and we would be making a very great mistake in India if we committed them to a general liability and intended to use them as whole units on the outbreak of war in the fighting line. Therefore, it seems quite right to my mind and a sound provision that we should say so to these gentlemen who for their own private reasons are not in the first instance prepared to commit themselves to a liability in regard to matters of defence other than a local liability. We should have a definite limited liability for them which they can accept voluntarily and we will have then some reserve of officers at hand. Now take your Auxiliary Force. A great portion of that Auxiliary Force are taken from your Railways. Obviously we cannot deplete our Railways in time of war by taking away all the staff and sending it off as a battalion to fight on the North-West Frontier. That is obviously unsound. But we can give those people on the Railways a certain amount of military training that will enable them, on the outbreak of war, to undertake the protection of our strategic railways. As regards other elements of the Auxiliary Force, I hold that none of the men now serving in those Forces could on a voluntary basis undertake, in view of their employment and of their contracts with their employers or their own professional necessities, a liability, that was not compulsorily imposed in an emergency, to go outside India because such a liability would entirely destroy either their professional work or their utility to their employers, and no employer, be it Government or be it the private business man, would be prepared to allow his employees to undertake an extended liability of that nature which might entirely destroy his business or make his position very difficult. It seems to me, therefore, that Dr. Moonje has unduly stressed the question of racial considerations. What we want to do is to take the actual practical

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position. What do we want our Indian Territorial Force for? It is our national army and it is intended to fight in the defence of India. That being so, it must be prepared, if it is to make an effective defence of India, to serve outside India. Let us agree on that. Then, have we any need for anything in the nature of a force with a limited liability of military service? I hold that you have here a useful force and a training ground for potential officers, in that in time of war you do not entirely deplete your country of all troops and that those men who only owing to their professional requirements or for private reasons can only accept a limited liability, they are there, and they can say in war time. "We will look after the local defence here and we will release regular troops and others to go actually to the front."

Mr. M. S. Aney: That is his point.

Colonel J. D. Crawford: You hold that that is objectionable?

Mr. M. S. Aney: That is his point.

Colonel J. D. Crawford: I think you are quite right to say to a man like Rai Sahib Harbilas Sardar, "My business does not allow me to go outside the country, but if you want me to take a part in the defence of my country, I am prepared to undertake local defence".

Dr. B. S. Moonje: You might explain as to how that was brought about in 1917 when the liability for service was made general.

Colonel J. D. Crawford: You then did it under compulsion. But to-day you are doing it on a voluntary basis. You are not doing the whole thing as a compulsory measure. You might have to take a compulsory measure when the emergency has arisen, but to-day you are doing it on a voluntary basis, and your volunteer looks into the conditions offered and he says, "Well, I am afraid voluntarily I cannot undertake the liability."

Dr. B. S. Moonje: One more point. The liability for service shall be during the war, during times of war. When another war will begin, when you will be called upon to serve, you will be asked to enrol under compulsion and then your liability will be general liability.

Colonel J. D. Crawford: There are wars and wars. There are wars that do not necessarily demand mobilization of the whole nation. When you have really the big show, you may have to mobilize your entire regular army. There might be another show that might necessitate the mobilization of your Territorial Force, or you might have a war such as the Great War which might necessitate the mobilization of the whole nation, and that is the time only when I think you would be justified or you would get the public to agree to a measure of compulsion. The ordinary man in ordinary times is faced with a difficulty. He says, "I cannot undertake this extended liability". But he says, "I am prepared to train myself and to accept a limited liability in case of war, and when compulsion is necessitated, you have men who are at least partially trained." I hold therefore that on the whole the present Bills are in themselves sound and that they do not perpetuate any racial discrimination, because we are giving this limited liability to both Europeans and Indians if they want to accept it.

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

The President: The question is that the question be now put.

The motion was adopted.

The President: The question is :

"That the Bill further to amend the Indian Territorial Force Act, 1920, for certain purposes, as passed by the Council of State and as reported by the Select Committee, be taken into consideration."

The motion was adopted.

Mr. President: We will now proceed to the consideration of the Bill clause by clause. The procedure that I propose to adopt in doing so is this. There are two amendments to clause 2 from Dr. Moonje. They are, as I understand, consequential to the acceptance of his amendment to clause 9; and therefore unless the amendment to clause 9 is disposed of, it is no use taking up amendments to clause 2. I hope I am right in the interpretation that I put. Does the Honourable Member agree with me?

Dr. B. S. Moonje: Yes, Sir.

Mr. President: Therefore I propose to begin from clause 3, leaving clause 2 to be taken up after the other clauses have been disposed of.

The question is :

"That clause 3 do stand part of the Bill."

(At this stage Pandit Thakur Das Bhargava rose in his place.)

Does the Honourable Member wish to move an amendment? Is there any amendment to clause 3?

Pandit Thakur Das Bhargava (Ambala Division: Non-Muhammadsan): The amendment is to clause 4.

Mr. President: There is no amendment to clause 3.

The question is :

"That clause 3 do stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

Mr. President: The question is :

"That clause 4 do stand part of the Bill."

(At this stage Dr. B. S. Moonje rose in his place.)

Mr. President: Pandit Thakur Das Bhargava's amendment comes first in order. Pandit Bhargava.

Pandit Thakur Das Bhargava: Sir, I move :

"That in clause 4 (c) of the Bill, in the proposed sub-section (2), for the words 'for any town or group of towns' the words 'for any area or areas consisting of towns, group of towns, villages and group of villages' be substituted."

I beg of you to kindly allow me, Sir,

Mr. President: The Chair proposes to sit till five minutes to five. If

Honourable Members wish to finish this Bill before that time, they should be very short in their speeches.

Pandit Thakur Das Bhargava: With your permission, Sir, I wish to move the second amendment also along with the first, because both form part of the same proposition which I beg to submit to the House.

Mr. President: The Honourable Member cannot move two amendments at the same time.

Pandit Thakur Das Bhargava: In regard to this amendment, I would submit to the House that the provision in the Bill as contained in clause 4(2) involves a distinction of a very mischievous nature. We have just heard that the original purpose of the Resolution adopted by the Legislative Assembly was to remove all kinds of racial distinctions between the Territorial Force and the Auxiliary Force. Instead of removing those distinctions, the Committee has recommended that another kind of distinction be brought forward to justify the original distinction, and the proposal now before the House is that distinctions may now be made in the Territorial Force itself and that it be divided into urban and rural units. This distinction does not end here but it goes further and a new kind of distinction is sought to be imposed by a distinction between the educated classes of large towns and the educated classes of small towns and villages. In the Statement of Objects and Reasons to this Bill it will be found that the idea is that the urban unit should be recruited only from the educated classes of large towns. We find on page 27 of the Report of the Auxiliary and Territorial Forces Committee that a recommendation has been made that the country be divided into rural areas and urban areas. Sir, I come from a constituency which is both urban and rural, but for the purposes of recruitment to the urban corps I am afraid neither constituency will be able to send any man because in the Punjab there are no large towns. What is a town, has not been defined anywhere in this Bill. I understand that any place which is the headquarters of a district will be included in the word "town", but this is only a pious wish. The definition of the word "town" may be conditioned to its population and it may be that no recruitment should take place from towns which have a population of less than 50,000 or one lakh of men. It would follow that, barring two or three large centres of population in the Punjab, the whole province will not be able to send any man so far as the urban corps is concerned. The distinction between the urban corps and the rural corps is now so great as regards liability for service, conditions of service and training, etc., that many educated people living in towns and villages and enjoying a good social position would rather like that they may be taken in the urban corps. Now, Sir, I am one of those who do not like these distinctions based upon race or any other such considerations as are not of such a general and universal character that they can be justified. I understand that this institution of the urban corps is in the nature of a bait to this House so that the distinctions between the Auxiliary and Territorial Forces may be perpetuated and justified. I can understand that there is a difference in education, there is a difference in social position, there is a difference in habits, there is a difference in the mode of living so far as an ordinary peasant and an educated man is concerned, but I fail to see how a graduate living in Lahore is different from a graduate living in Ambala or Hissar. I fail to see how a rich man living in any of these large towns is different

from a rich man living in a small village or in a small town. All these distinctions, Sir, which we are out to remove are being perpetuated in some shape or other and I fear there will be a great heart-burning over these distinctions.

Now, in the Punjab for some time political strife has been raging round these questions and the urban and the rural interests have been so bifurcated by the Government that it looks as if there is a natural difference in regard to those interests and thereby great uneasiness has been caused. Are those distinctions which we are out to remove going to be perpetuated by this distinction again, which is unjustifiable in principle? If the urban corps is to come into existence, if there is any reason for the existence of this urban corps, I would submit for the consideration of the House that the broad points of difference should be the basis and not merely the accident of a person belonging to this place or that place. A distinction of this kind is really unjustifiable to my mind, and I very strongly oppose it on the ground that on a basis like this a distinction is unjustifiable.

The Revd. J. C. Chatterjee: There is no such distinction. A man in a village can also join an urban corps, if he wishes to.

Pandit Thakur Das Bhargava: I am sorry to hear this from my friend. If I read the report aright, if I read the Objects and Reasons of the Bill aright, and if I read the wording of this Bill aright, I think this is a real difference. If the House is of opinion that there is no such difference, I am ready to withdraw my amendment, but I am afraid that such a distinction is there.

Now, I need not submit any other reasons for this amendment. The distinction by itself is so absurd that it cannot be supported on logical grounds, and I beg of the House to agree with me that this distinction be removed, and if any distinction be indispensably necessary it may be made on the basis of educational or property qualifications or any such qualification as is of a general nature.

Mr. G. M. Young: Sir, if my Honourable friend had given earlier notice of his amendment or had come and spoken to me about what was troubling him, I think I could have solved his difficulty for him. He has read this sub-clause as being applicable only to large towns and he has placed an under-limit of half a lakh of population on a "large town". Nothing has been said in the Bill about large towns, and nothing has been said about the size of their populations. What is said is that:

"The Governor General in Council may constitute for any town or group of towns in a Province one or more urban corps or units of the Indian Territorial Force, to be recruited from persons residing in or near such town or towns, etc."

The Governor General has complete discretion to decide what is a town or group of towns, and I have no doubt that if the question ever came before a judicial authority, there would be no difficulty in obtaining a liberal interpretation of the word "near". There is nothing to prevent any educated person living in the country from joining an urban corps if he wants to. There is no intention of keeping members of the educated or professional classes, who do not live in towns, out of urban units. I trust therefore that my Honourable friend will withdraw his amendment.

Mr. President: The question is:

"That in clause 4 (c) of the Bill, in the proposed sub-section (2), for the words 'for any town or group of towns' the words 'for any area or areas consisting of towns, groups of towns, villages and groups of villages' be substituted."

The motion was negatived.

Dr. B. S. Moonje: Sir, I move:

"That in clause 4 (c) of the Bill, in the proposed sub-section (2), for the words 'to be recruited from persons' the words 'who have attained the age of sixteen years' be inserted."

This does not require much speaking on from me to press it upon the attention of the House. The same thing is provided for in the Act itself in the case of the Auxiliary Force and I simply want to have it provided also in the Territorial Force Act. Section 5 of the Auxiliary Force Act says:

"Any person may be eligible for enrolment under this Act who has attained the age of sixteen years and is not a member, etc."

In that way I also want in the Territorial Force Act that an Indian who has attained the age of sixteen may be eligible for enrolment. I need not say anything more and I commend my amendment to the House.

Mr. G. M. Young: Sir, the object of this amendment is met by a proposal in the Report of the Select Committee, that provision should be made in the rules to allow youths between the ages of sixteen and eighteen to join urban units of the Indian Territorial Force exactly as youths of that age are allowed at present to join the Auxiliary Force. No provision relating to age is included in the Territorial Force Act as it stands at present. I admit that provisions as to age are included in the Auxiliary Force Act. The fact is that that Act was inherited from legislation which had been in force for a very long time. When Government passed the Indian Territorial Force Act the object was to make it as simple as possible, and to relegate to rules whatever could be so relegated. It would be in my opinion a very awkward insertion in this Act to make a single provision relating to age, when all the other ones are in the rules. There is no question of this provision not coming into force. Government have agreed to bring it into force, but they prefer to do so in the appropriate manner, namely, in the rules.

Dr. B. S. Moonje: Sir, in view of the explanation that has been given that the Government is prepared to provide for this in the rules I withdraw my amendment.

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

Dr. B. S. Moonje: Sir, I beg your pardon for a little misdrafting in my next amendment which runs as follows:

"That in clause 4 (c) of the Bill, to the proposed sub-section (2) the following proviso be added:

"Provided that no person so recruited shall be liable to perform military service until he has attained the age of eighteen years."

I should like to have in its place a better draft that has been supplied to me. Instead of this amendment being made here the amendment might be made in clause 9 of the Bill.

Mr. President: The Honourable Member does not want to move it?

Dr. B. S. Moonje: Not now.

Mr. L. Graham: He asks leave to move an alternative later on.

Clauses 4, 5, 6, 7, and 8 were added to the Bill.

Dr. B. S. Moonje: Sir, I move:

"That for clause 9 of the Bill the following clause be substituted, namely:

'9. In sub-section 2 of section 9 of the said Act, after the word 'enrolled' the words 'who has attained the age of eighteen' shall be inserted'."

My idea is that Indians of the age of sixteen may be enrolled but they should not be liable for service until they have attained the age of eighteen. I need not say anything more than this.

Mr. President: The amendment I have got in my hand includes a proviso:

"and (b) the following proviso shall be added."

Dr. B. S. Moonje: In place of that this provision is to be made.

Mr. President: The Honourable Member moves only part (a) of the amendment in his hand and not part (b)?

Dr. B. S. Moonje: I am reading it out. Sir. Part (b) is:

"That the following proviso be added:

'Provided that nothing in this sub-section shall apply to persons enrolled in any University Corps; and

'Provided further that such service shall not be required to be performed beyond the limits of India'."

Mr. President: The further proviso should be moved separately. I understand the amendment which has just been read out by the Honourable Member with one proviso is agreed to by the Army Secretary and there will be no difficulty in putting it through. If he includes in this his second proviso, the whole amendment would be in danger.

Dr. B. S. Moonje: I would insist upon this amendment, Sir. But I would like to know on the first amendment whether the Government accepts it.

Mr. L. Graham: Only the first part?

Dr. B. S. Moonje: Yes.

Mr. G. M. Young: Yes; the Government accepts the amendment.

Mr. President: The question is:

"That for clause 9 of the Bill, the following clause be substituted, namely:

'9. In sub-section (2) of section 9 of the said Act:

(a) after the word 'enrolled' the words 'who has attained the age of eighteen years' shall be inserted; and

(b) the following proviso shall be added, namely:

'Provided that nothing in this sub-section shall apply to person enrolled in a University Corps'."

The motion was adopted.

Dr. B. S. Moonje: Sir, I move.

"That to clause 9 of the Bill for the word 'proviso' the word 'provisos' be substituted and the following further proviso be added to sub-section (2) of section 9 of the said Act:

'And provided, further, that such service shall not be required to be performed beyond the limits of India save at his own request'."

I have already dealt with it in detail. This is one of the ways by which I want to remove the racial distinction that exists between the Auxiliary and Territorial Forces, if the Government is not prepared to extend the liability of the Auxiliary Force in order to make it identical with that of the Territorial Force. I am therefore proposing that the liability of the Territorial Force may be restricted, so that the liability may be identical in case of both the Forces— the Territorial and the Auxiliary Forces. I need not say anything more.

Mr. G. M. Young: Sir, I am afraid Government are unable to accept this amendment. It does not, as my Honourable friend Dr. Moonje appears to think, abolish in any way such distinction as already exists. The fact remains that the Auxiliary Force have a different liability from the provincial battalions of the Indian Territorial Force. I tried to explain when I was speaking on the motion to take this Bill into consideration that this distinction was not a racial one; it was not a theoretical one; it was a purely practical one, because the nature of the avocations of members of the Auxiliary Force, like those of the urban units of the Territorial Force, requires a limited liability; and the nature of the avocations of members of the Indian Territorial Force (provincial battalions) requires, one may say, an extended liability. Otherwise the battalions will not fulfil the function which they are designed to fulfil. My Honourable friend, Dr. Moonje, now proposes a very slight reduction in the liability of the provincial battalions. It would still remain the case that the liability for those battalions is different from the liability of the Auxiliary Force. In practice I do not suppose this amendment would really come to anything, because the question of Indian Territorial Force battalions serving beyond the frontiers of India would not arise in a war until the war had reached a very advanced stage, when it might be necessary to adopt more compulsory measures. But there will be a sentimental effect in this amendment, not of removing a racial distinction, but creating a distinction, which we do not want to exist, between the regular army and the Indian Territorial Force. It is definitely implying that the battalions of the Indian Territorial Force are not and never can be quite up to the level of the regular battalions, however much training you give them. That is what it really means that we are not to use our provincial battalions of the Indian Territorial Force up to the hilt; and I think that, if, as I suppose, my Honourable friend's object is a sentimental one, he should consider the argument that I have put before him. It would be creating really a more invidious distinction to adopt his amendment than to leave the law as it stands.

Mr. President: The question is:

"That in clause 9 of the Bill, for the word 'proviso' the word 'provisos' be substituted and the following further proviso be added to sub-section (2) of section 9:

'And provided, further, that such service shall not be required to be performed beyond the limits of India, save at his own request'."

The Assembly divided :

AYES—38.

Abdul Matin Chaudhury, Maulvi.
Aney, Mr. M. S.
Bhargava, Pandit Thakur Das.
Chetty, Mr. R. K. Shanmukham.
Chunder, Mr. Nirmal Chunder.
Das, Mr. B.
Das, Pandit N. Lakantha.
Dutt, Mr. Amar Nath.
Dutta, Mr. Srish Chandra.
Gulab Singh, Sardar.
Haji, Mr. Sarabhai Nemchand.
Iswar Saran, Munshi.
Iyengar, Mr. S. Srinivasa.
Jayakar, Mr. M. B.
Jogiah, Mr. Varahagiri Venkata.
Joshi, Mr. N. M.
Kelkar, Mr. N. C.
Kidwai, Mr. Rafi Ahmad.
Kunzru, Pandit Hirday Nath.
Lajpat Rai, Lala.

Malaviya, Pandit Madan Mohan.
Mitra, Mr. Satyendra Chandra.
Moonje, Dr. B. S.
Mukhtar Singh, Mr.
Murtuza Saheb Bahadur, Maulvi
Sayyid.
Naidu, Mr. B. P.
Nehru, Pandit Motilal.
Neogy, Mr. K. C.
Rao, Mr. G. Sarvotham.
Sarda, Rai Sahib Harbilas.
Sarfaraz Hussain Khan, Khan
Bahadur.
Shafee, Maulvi Mohammad.
Singh, Kumar Rananjaya.
Singh, Mr. Gaya Prasad.
Singh, Mr. Narayan Prasad.
Sinha, Kumar Ganganand.
Sinha, Mr. Siddheswar.
Yusuf Imam, Mr.

NOES—48.

Abdul Aziz, Khan Bahadur Mian.
Abdul Qaiyum, Nawab Sir Sahibzada.
Abdullah Haji Kasim, Khan Bahadur
Haji.
Ahmad, Khan Bahadur Nasir-ud-din.
Allison, Mr. F. W.
Anwar-ul-Azim, Mr.
Ashrafuddin Ahmad, Khan Bahadur
Nawabzada Sayid.
Ayangar, Mr. V. K. Aravamudha.
Bajpai, Mr. G. S.
Blackett, The Honourable Sir Basil.
Bray, Sir Denys.
Chatterjee, The Revd. J. O.
Chatterji, Rai Bahadur B. M.
Coatman, Mr. J.
Cosgrave, Mr. W. A.
Couper, Mr. T.
Courtenay, Mr. R. H.
Crawford, Colonel J. D.
Crerar, The Honourable Mr. J.
Ghuznavi, Mr. A. H.
Graham, Mr. L.
Irwin, Mr. C. J.
Ismail Khan, Mr.
Jowahir Singh, Sardar Bahadur
Sardar.

Keane, Mr. M.
Lamb, Mr. W. S.
Lindsay, Sir Darcy.
Mitra, The Honourable Sir Bhupendra
Nath.
Mohammad Ismail Khan, Haji
Chaudhury.
Moore, Mr. Arthur.
Mukherjee, Mr. S. C.
Parsons, Mr. A. A. L.
Rainy, The Honourable Sir George.
Rajah, Rao Bahadur M. C.
Rao, Mr. V. Pandurang.
Roy, Mr. K. C.
Roy, Mr. S. N.
Sams, Mr. H. A.
Sassoon, Sir Victor.
Shamaldhari Lall, Mr.
Shillidy, Mr. J. A.
Suhrawardy, Dr. A.
Sykes, Mr. E. F.
Taylor, Mr. E. Gawan.
Willson, Sir Walter.
Yakub, Maulvi Muhammad.
Yamin Khan, Mr. Muhammad.
Young, Mr. G. M.

The motion was negatived.

Clause 9. as amended. was added to the Bill.

Clauses 10, 11 and 12 were added to the Bill.

Mr. President: The question is :

“That clause 13 do stand part of the Bill.”

Dr. B. S. Moonje: I beg to move

"That in clause 13 of the Bill, after sub-section (1) of the proposed section 12 the following new sub-section be inserted :

'The Governor General in Council shall constitute a Central Advisory Committee to advise him on matters connected with the Indian Territorial Force generally'.

Sub-section (2) be re-numbered as (3)."

It is very important that all matters concerning the Indian Territorial Force should be considered by an Advisory Committee, instead of leaving them entirely to the discretion of His Excellency the Viceroy. I submit that it should be made a statutory condition that an Advisory Committee shall be appointed.

Mr. G. M. Young: I have already said in my opening speech that the Government have decided to appoint by executive order a Committee of this character. But if my Honourable friend wishes to press his amendment, Government will have no objection to provision being made in the Statute for the purpose. I am therefore ready to accept the amendment of my Honourable friend, on behalf of Government.

Mr. President: The question is :

"That in clause 13 of the Bill, after sub-section (1) of the proposed section 12 the following new sub-section be inserted :

'The Governor General in Council shall constitute a Central Advisory Committee to advise him on matters connected with the Indian Territorial Force generally'.

Sub-section (2) be re-numbered as (3)."

The motion was adopted.

Clause 13, as amended, was added to the Bill.

Clause 14 was added to the Bill.

Clause 2 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

Mr. G. M. Young: Sir, in moving that the Bill, as amended, be passed, I wish to touch on two points raised by my Honourable friend, Pandit Hirday Nath, to which he expected an answer. Both refer to the University Training Corps. He wanted to know in the first place whether the limit, which is at present about 20,000, placed on the Indian Territorial Force, was going in future to include the University Training Corps. The Committee recommended that the strength of the University Training Corps should be independent of this number, and that recommendation is one of the many accepted by Government. The second question that he asked me was whether in the University Training Corps we would have two types of commissions, commissions with British designation of rank, and commissions with Indian designation of rank, as in the other parts of the Indian Territorial Force. The answer to that question is "No." We shall only have one type. The commissioned officers will have British designation of rank, and the non-commissioned officers and men will be called cadet Sergeants and so on. Those I think are the only questions that he asked.

Pandit Hirday Nath Kunzru: What about the training to be provided for the men in the urban units?

Mr. President: The question is:

- "That the Bill, as amended, be passed."

The motion was adopted.

Mr. President: Before I adjourn the House, I should like to draw the attention of the Leader of the House to the fact that if motions regarding the appointment of Committees are not made to-day there will be no elections for those Committees in this Session. I do not know whether he would like to avail himself of this opportunity to make those motions.

The Honourable Sir Basil Blackett (Finance Member): In the circumstances to which you have kindly drawn my attention, I should be glad if the opportunity could be given to me, before the House adjourns this evening, to take the two motions standing in my name and the two standing in the name of Sir George Rainy. I should like with your permission to move the first.

ELECTION OF THE STANDING FINANCE COMMITTEE.

The Honourable Sir Basil Blackett (Finance Member): I move:

"That this Assembly do proceed to the election for the financial year 1928-29, in such methods as may be approved by the Honourable the President, of a Standing Finance Committee of the Assembly not exceeding fourteen in number to which shall be added a member of the Assembly to be nominated by the Governor General. The member so nominated shall be the Chairman of the Committee."

The motion was adopted.

ELECTION OF THE STANDING FINANCE COMMITTEE FOR RAILWAYS.

The Honourable Sir George Rainy (Member for Commerce and Railways): I move:

"That this Assembly do proceed to elect in such manner as may be approved by the Honourable the President, eleven members from the Assembly who shall be required to serve on the Standing Finance Committee for Railways, as provided for in clause 6 of the Resolution adopted by the Legislative Assembly on the 20th September, 1924, on the subject of the separation of Railway Finance."

The motion was adopted.

ELECTION OF THE PANEL FOR THE CENTRAL ADVISORY COUNCIL FOR RAILWAYS.

The Honourable Sir George Rainy (Member for Commerce and Railways): I move:

"That this Assembly do proceed to elect in such manner as may be approved by the Honourable the President, a panel consisting of eight members from which six shall be selected to serve on the Central Advisory Council for Railways, as provided for in clause 6 of the Resolution adopted by the Legislative Assembly on the 20th September, 1924, on the subject of the separation of Railway Finance."

The motion was adopted.

ELECTION OF THE PUBLIC ACCOUNTS COMMITTEE.

The Honourable Sir Basil Blackett (Finance Member): I move:

"That the non-official Members of the Assembly do proceed to elect, in the manner required by rule 51 of the Indian Legislative Rules, four members to be members of the Committee on Public Accounts in place of the four members who have retired in accordance with sub-rule (4) of the same rule."

The motion was adopted.

Mr. President: I may inform the Assembly that for the purpose of election of members to the four Committees in regard to which motions have just been carried by the House the Assembly office will be open to receive nominations up to 12 Noon on Friday, the 23rd March. The election for the Standing Finance Committee and the Committee on Public Accounts, if necessary, will take place in this Chamber on Monday, the 26th March, and the election for the Standing Finance Committee for Railways and the Central Advisory Council for Railways will take place on Tuesday, the 27th March. The elections will be conducted in accordance with the principle of proportional representation by means of the single transferable vote.

THE AUXILIARY FORCE (AMENDMENT) BILL.

Mr. G. M. Young (Army Secretary): I move that the Bill further to amend the Auxiliary Force Act, 1920, for certain purposes, as passed by the Council of State and as reported by the Select Committee, be taken into consideration.

There is very little indeed to be said about this Bill. The only clause requiring comment is clause 2 which deletes clause (d) of section 4 of the Act. The Act as it stands permits the enrolment of Europeans other than British subjects in units of the Auxiliary Force. There are very few of those persons at present serving in the Auxiliary Force and there are not likely to be many more in future, but the Select Committee felt that as a matter of principle it would be right to bring this state of affairs to an end and that in future no one other than a British subject should be eligible for enrolment in the Auxiliary Force. I do not think, Sir, that there is anything else in the Bill that requires mention.

Sir, I move.

Mr. President: The question is:

"That the Bill further to amend the Auxiliary Force Act, 1920, for certain purposes, as passed by the Council of State and as reported by the Select Committee, be taken into consideration."

The motion was adopted.

Clauses 2 to 5 were added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

Mr. G. M. Young: Sir, I move that the Bill, as amended, be passed.

Mr. President: The question is:

"That the Bill, as amended, be passed."

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 22nd March, 1928.