

Monday, 19th February, 1934

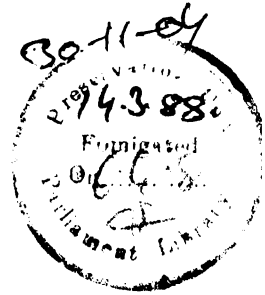
THE  
COUNCIL OF STATE DEBATES

VOLUME I, 1934

*(8th February to 27th April, 1934)*

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SEVENTH SESSION  
OF THE  
THIRD COUNCIL OF STATE, 1934



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# COUNCIL OF STATE.

Monday, 19th February, 1934.

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

## QUESTION AND ANSWER.

### PROVISION OF RAISED PLATFORM AND LADIES' WAITING ROOM AT SALAR RAILWAY STATION ON THE BANDEL-BARHARWA SECTION, EAST INDIAN RAILWAY.

37. THE HONOURABLE MR. BIJAY KUMAR BASU: (a) Will Government be pleased to state why no raised platform or ladies' waiting room have been provided at the station called "Salar" on the Bandel-Barharwa section of the East Indian Railway?

(b) Has the attention of Government been drawn to this question before?

(c) Is not the passenger traffic at the station Salar almost the heaviest in the Bandel-Barharwa section of the Railway?

(d) Have Government received representations regarding the inconvenience and danger experienced by *purdah* lady passengers, specially Muhammadan ladies in *borkha* (i.e., covered from head to foot), for want of the conveniences referred to above?

(e) Is it not a fact that Salar is an important Muhammadan centre and that a large number of Muhammadan ladies travel from and to the said station?

(f) Do Government intend to have the platform raised and a ladies' waiting room provided in Salar in the near future?

THE HONOURABLE SIR GUTHRIE RUSSELL: Government are not aware of the arrangements at this particular station, but will send a copy of the Honourable Member's question to the Agent, East Indian Railway, in order that he may consider any improvement that is required.

## INDIAN TARIFF (AMENDMENT) BILL.

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

"That the Bill further to amend the Indian Tariff Act, 1894, for certain purposes, as passed by the Legislative Assembly, be taken into consideration."

Sir, Honourable Members will recollect that in April last year there was passed the Safeguarding of Industries Act. That was a measure

[Mr. T. A. Stewart.]

which was designed to save from extinction those Indian industries which had suffered and were suffering so severely from the competition of imports from Japan. It will also be remembered that it was not possible to take immediate action under the Act. Our treaty obligations forbade it. But nevertheless it was necessary soon after its passage to make sure that when our treaty obligations did permit, we should be in a position to take immediate action. In order to examine the claims of the various industries for protection and for assistance, Dr. Matthai, President of the Tariff Board, and Dr. Meek, Director General of Commercial Intelligence and Statistics, were placed on special duty. There was issued to each applicant for assistance an exhaustive questionnaire which was designed to obtain the fullest possible information regarding the importance and productive capacity of the various Indian industries and to determine the nature and degree of the competition to which they were subjected. The replies to the questionnaire together with all available statistics of prices and imports were examined by the officers on special duty and in due course those officers placed their recommendations before the Government of India. The present Bill represents for the most part the decision taken on their recommendations. When the Safeguarding Act was passed it was, I think, admitted on all sides that there was a grave necessity for helping Indian industries in the way proposed. It may be asked whether that necessity still persists and the answer to the query, I would suggest, is to be found in the statistical statements which were circulated to Honourable Members two days ago. It will be seen from these statements that in practically every industry that is mentioned there has for the period from 1931 to 1933 been a very remarkable increase in imports, an increase which has been accompanied by an equally enormous decrease in import prices. In certain instances, it is true,—for example, in the case of hosiery,—there was a fairly considerable import trade before the depreciation began. But even in that case there has been a most substantial increase in the past three years. In other cases, for example, soap and paints and colours, a trade which was practically non-existent before the depreciation began, has shown a very remarkable and phenomenal rate of increase. And in all cases there has been this tremendous drop in prices. To take two widely differing commodities as examples, in 1931 the c.i.f. price of cotton hosiery undervests was Rs. 3.27 per dozen. In 1933, the c.i.f. price had fallen below Rs. 2. At the opposite extreme one takes the case of umbrellas. In 1931, an umbrella would have cost you Rs. 2 at the port. Today it is on offer at eight annas. These I quote as typical samples which illustrate what has been happening throughout the whole range of commodities that are mentioned in the statistical statements. I think we may take it that the necessity which existed when the Safeguarding of Industries Act was passed is still with us.

Another query, a very pertinent one, I admit, is why when we have on the Statute-book a perfectly good law like the Safeguarding of Industries Act, we have not used it? The answer is this. When the various claims for assistance were under examination by the officers on special duty, there were set on foot negotiations for the conclusion of a fresh trade agreement with Japan. In September last, a Japanese Delegation arrived in Simla and conversations were immediately started. Very early in the course of these conversations it became evident that unless it was found possible to avoid discrimination against Japan in our tariff, there

was very little hope of a successful issue to the negotiations. The consequences of a break-down were not lightly to be disregarded and the possibility of avoiding discrimination was a subject of most anxious and careful consideration. It was finally decided to adopt the device of imposing minimum specific duties. While such duties have equal application to all countries, it was only natural that their *ad valorem* incidence would be heavier on the cheaper imports from Japan than on the more expensive products from other sources. It has, therefore, been found possible by this device of minimum specific duties to avoid using the Safeguarding of Industries Act with its necessary discrimination against Japan and to incorporate the new proposed duties in an ordinary Tariff Amendment Bill. I am afraid, Sir, that it is the inevitable consequence of the complicated nature of our existing Tariff Act that an Amending Bill is a somewhat mystifying document. I trust, however, that the explanatory memorandum which was circulated two days ago has assisted Honourable Members in coming to an understanding of our proposed amendments.

I do not propose, Sir, to discuss item by item the various amendments set forth in the Schedule. If in the course of the debate it should appear that this Schedule still presents difficulties to Honourable Members I shall make what explanation I can. The Bill incorporates, as I said, for the most part the decisions of the Government of India as to the levying of the minimum specific duties which are necessary to safeguard the industries concerned. I would, however, mention two exceptions. Item 7 and Item 16 raise the *ad valorem* duty on cotton and artificial silk mixtures and on cotton fents from the levels of 35 and 25 per cent. to 50 per cent. This is an emergency measure which has been necessitated by the very considerable evasion of the cotton protective duties which has been caused by the substitution for cotton piecegoods of cotton art silk mixtures and cotton fents. The importance of that evasion I shall illustrate by the following figures. Three years ago the total imports of cotton fents from Japan was a matter of 20,000 yards a year. In October the imports were in the neighbourhood of two million yards. I think the necessity for immediate and effective action is obvious. In framing the specific duties that are incorporated in this Bill the Government of India have had in mind certain principles. They have considered that it would be most improper in this Bill to seek to afford to any industry anything by way of substantive protection. Like the Safeguarding Act, this Bill is designed to preserve the existence of Indian industries, not to set up a protective scheme for their development over a period of years. The protective policy of the Government of India is still a policy of discriminating protection and any industry which can make good its claim under the conditions which govern this policy will be given the necessary protection. But this Bill provides no short cut to that end. In the second place, in considering what was the necessary amount of protection or safeguarding I prefer to call it, to be given to the Indian industries the Government of India decided that the object to be aimed at was the restoration of the fair competitive conditions which existed in the period before the depression of the yen. The first half of 1931 when sterling, the yen, and the rupee were all on a gold basis has been taken as a period which may be regarded as normal. Comparison has been made as far as was possible of the prices then prevailing with those now current and a duty has been proposed which will raise present prices to the fair equivalent of the former rate, due allowance being made for price movements in each class of commodities. By this method Indian industries are

[Mr. T. A. Stewart.]

placed in the same position *vis-a-vis* competing countries as they were before the competition became abnormal and severe. It is not claimed that it has been possible to apply this method with mathematical exactitude in each particular case, but the Government of India believe that these proposals provide a reasonable measure of relief to all industries which have demonstrated the necessity for assistance. There has been no attempt to make the duties vindictive or prohibitive and I submit the Bill is a fair compromise which while helping our sorely distressed industries will not do so at the expense of the consumer.

Sir, I move.

THE HONOURABLE RAI BAHADUR LALA MATHURA PRASAD MEH-ROTRA (United Provinces Central: Non-Muhammadian): Sir, I have heard the speech of my Honourable friend with rapt attention and also gone through the Select Committee's report with minutes of dissent on the Bill. I have failed to see what is the real object behind the Bill. The protection proposed to be given to Indian industries is not enough if really they are to be protected. A particular year, 1930-31, has been selected and an attempt has been made to raise the prices to the level of that year. I do not see why that year has been selected. Vast changes have occurred since then. Many countries have devalued their currencies with consequent price fluctuations in the market. We have also been fighting for the reduction of the ratio from 1s. 6d. to 1s. 4d. or even less, but have not succeeded. That makes a lot of difference and it would have been better if in the Bill the present market prices had been considered instead of prices of 1930-31. Sir, the only object which this Bill may achieve is to get a little more revenue for the Finance Member to balance his budget or meet deficits, as we will see in a few days' time and to give Imperial preference by the backdoor. No facts about the industries which are proposed to be given protection under the Bill have been supplied to us. We do not know how far these industries are making progress in India and to what extent protection is required. Sir, I do not like to give protection in small bits. I quite appreciate the action of the Government in giving protection to the sugar industry for a definite period of seven years. The result was that a large number of factories sprang up, so much so that I am sure in a year or two India will be self-supporting so far as sugar is concerned. I am absolutely in favour of such protection. Select certain industries, give such protection and see whether capital is coming forward for their extension or not. That is the right way of giving protection if real protection is to be given to Indian industries.

Sir, in the Select Committee report I find a note of dissent by which they also wanted to enhance certain duties, but they could not do so under the constitution and three of the members of the Select Committee have written:

"We regret to observe that it was not open to us in the Select Committee to suggest the enhancement of tariff or include in the Bill new articles which it is our supreme duty to extend protection to under the Safeguarding of Industries Act".

So, Sir, it was up to the Government to select important industries and give enough protection as we in both Houses are not in a position to increase any duty suggested by the Government. We can decrease, but we cannot increase under the present constitution. Then, Sir, I am of opinion that protection must go hand in hand with subsidies. On the

one hand, you give protection by raising tariff walls; on the other hand, if you give certain subsidies to the industry, and it is bound to prosper as quickly as possible. That is what Japan has done and now Japan is meeting world forces in industry.

Sir, there are certain other important industries that have not been included and I would appeal to the Government that they may take them as well as others into their consideration as early as possible. I would suggest that lantern, window glass and sheet glass industries deserve protection from the Government, and I am sure that if proper protection is given they will be able to meet the needs of India. As regards hosiery, I cannot agree, Sir, that with this duty it can face foreign competition. We have got a number of mills here in India and the hosiery industry is also a sort of cottage industry and has been taken up by the middle classes who cannot afford to set up large factories. If this industry is given proper protection, I am sure it will be able to meet the demands of our countrymen and hosiery will not require to be supplied from foreign countries. Then, Sir, with regard to woollen goods, they ought to have included the fabrics made of shoddy or waste wool also, because we find the markets are being flooded with this type of woollen goods, and I fail to see why this has not been taken into consideration.

With these observations, Sir, I would appeal to the Government that if they want to make right use of the Safeguarding of Industries Act they must do it on the lines that I have suggested.

THE HONOURABLE MAHARAJA JAGADISH NATH RAY OF DINAJPUR (Bengal: Nominated Non-Official): Sir, to amend the Indian Tariff Act of 1894 is to take a fresh step in the Indian fiscal field. Fiscal policy itself is a subject of great controversy. The general economic theories do not hold good everywhere and they must vary according to local circumstances. In pursuing a policy we have therefore to take note of its effects on separate classes of the people, and can never take a leap in the dark. Protection of indigenous industries is undoubtedly important and necessary, but in threshing out the policy we can on no account ignore the conflicting interests. In a matter of this kind, some sections of the people are called upon to make a sacrifice for the common good of the country, which is not quite appreciable in the beginning. But in times of depression the sacrifice demanded of them may become somewhat difficult. I yield to none in the recognition of our duty towards the growing industries of the country. Who will deny that some protection is necessary at once for particular industries like lead pencils, soap, etc.? But the acute distress that prevails in the country must present to us, laymen as we are, the greatest difficulty in coming to a decision as to the usefulness of increasing the import duties at this hour of the day. Sir, India is a poor country and the standard of living cannot but be very low. We are primarily an agricultural people, and as such when our purchasing power is proverbially low today, the goods necessary for our consumption ought to be as cheap as possible. But are we moving towards the achievement of such an object? In any case, the one question that must come to the fore in a discussion of the tariff policy is the proportion of the prices of primary products as compared to those of manufactured goods. Sir, I find that by the present Bill high-priced competitive articles will not be touched, and only cheap foreign imports, which have helped the poorer section amongst us in the prevailing crisis, will be made to pay the imposed specific duties. Will not our action today produce an additional burden on the indigent consumer? Who can



[Maharaja Jagadish Nath Ray.]

tell me that this raising of duties, be they *ad valorem* or specific, will help the industrialization of the country to any extent whatsoever, and thus pave the way to an economic improvement in the long run? My fear is that the prohibitive cost of manufactured goods may, on the other hand, deny the greatest part of the people the use of some articles of necessity, and the burden on them will be unnecessarily inflicted. While on this point, I am particularly reminded of the fact that some of the minor industries will find it, in spite of the protection, an up-hill task to support themselves owing to some other factors, such as high railway freight, the privileged position of some importing concerns as well as the admittedly defective organization of our economic position. Anyhow, the executive has committed itself and with a high motive. Sir, it is only due to unfair competition from foreign imports that some of our industries have been experiencing that the present measure was mooted. And although the increased duties will bring to the Honourable the Finance Member an additional revenue, estimated from Rs. 20 to Rs. 40 lakhs, revenue is said to be of no consideration in this case. The Tariff Act of 1894 was brought into existence by a big deficit in the Indian budget, and as the present measure of protection is being practically given against abnormal competition of Japan it seems it would have been more appropriate if it could be done under the Safeguarding of Industries Act. The mere avoidance of the Safeguarding Act can never lull the Japanese into inaction. The Honourable Sir George Schuster in a recent speech laid special emphasis on the good of having "special trade agreements". Great Britain also, we hear, concluded some agreements with Scandinavia and some countries of South America. I do not however know if the Japanese delegates were in any way consulted before this measure was launched upon, I am not also aware if any effort was made towards reaching with her any form of agreement in respect of the articles included in the Bill. I hope this measure will not antagonize any foreign nation. Sir, I know that the Indian Fiscal Commission of 1921 were of the opinion that

"a time has come when India is prepared to take advantage of any stimulus applied to her industries";

and I cannot raise my voice against the present policy of the State. Moreover, as I do not consider the new scheme as a totally inordinate one, my faith in the considered judgment of the Honourable the Commerce Member and his able lieutenant leads me to hope that the protection hereby given will result in keeping some industries alive. But as I cannot forget that the influence of raised prices of the goods dealt with today will extend to other commodities also, I should only like to be assured that the policy has been applied with sufficient *discrimination*. And in the end I beg only to remind the authorities of a pregnant sentence, which I remember to have come across in one of Sir J. C. Coyajee's books, that

"protection should have something to protect, and the industry should not be merely in an embryonic stage".

THE HONOURABLE MR. E. MILLER (Bombay Chamber of Commerce): Sir, the necessity for this Bill is due to the severe competition from Japan which has become a menace to our indigenous industries while it has also incidentally seriously affected imports from Britain which too is a matter of importance and in the interests of India. If I may make a remark in passing in regard to a matter connected with this, I should like to say that the final results of the Government's negotiations with Japan are not

altogether to our liking, but the interests I represent realize that the Government had a difficult task before them and we appreciate that conditions being what they were, they possibly could not have done better, so that in the circumstances we are grateful to them.

Certainly the Bill before us has entailed an enormous amount of extra work in the Commerce Department and our thanks are therefore specially due to the Honourable Sir Joseph Bhore, the Honourable Mr. Stewart, Mr. Hardy and Dr. Meek and to other members of that Department.

The Bill, as amended by the Select Committee, has been little altered by the other House, but I am very glad to see that a deserving industry like enamelled ware is now protected. Government originally proposed the present measure in the original Bill but the Select Committee removed the proposed protection by a majority of one which the Government accepted. It has been explained elsewhere that while Government thought protection was necessary it was a case on the border line and so they gave way to the opinion of the Select Committee. They were however in sympathy with the desire for protection and so they accepted the amendment tabled in another place, which was carried unanimously. This is most satisfactory.

Since the Bill was introduced, hosiery has been given protection by the Tariff Board and the basis of protection on underwear is Rs. 1-8-0 per dozen, but I would ask Government to carefully examine whether this should not be fixed on a pound basis. I am aware that the trade fixes prices on the dozen basis, but the Tariff Board has stated that Japanese undervests weighing 2 lbs. per dozen compete with Indian undervests weighing 3 lbs. a dozen and I understand the Japanese Delegation admitted this. It seems therefore that anything under 12 annas per pound would not be adequate protection and I hope Government will give this their careful consideration. Then there is the case of hosiery fabric in the piece which should be classed with cotton piecegoods and therefore come under the 50 per cent. rate of duty as in the case of woven fabric. The specific duty should be on all fabrics as the light weight fabrics of Japan compete with the heavier goods made in India. In making these remarks I am remembering that the Honourable the Commerce Member stated a few days ago in another place that before he finally makes up his mind he *would* further consider the hosiery question. From this I understand that the Government's present decision under this Bill is not final and that the Commerce Member is still open to conviction. I hope therefore that Honourable Members will support my request to the Government.

Finally, Sir, I would ask the Government not to relax their energies with the passage of this Bill but to continue to study the position of other industries which deserve protection. As everyone knows the Tariff Board procedure is somewhat tedious and cumbersome and I would ask Government to consider whether something could not be done to speed up their method of dealing with cases before them by strengthening their numbers thereby enabling them to form sub-committees for various subjects. This might perhaps permit of the Board, when not otherwise occupied, of itself originating investigations into certain indigenous industries with a view to ascertaining with the least possible delay where protection is necessary.

With these few observations, Sir, I commend the Bill to the favourable consideration of the House.

THE HONOURABLE MR. MAHMOOD SUHRAWARDY (West Bengal: Muhammadan): Sir, as far as I could gather from the lucid speech of my Honourable friend Mr. Stewart opposite, this Bill is intended to restore the

[Mr. Mahmood Suhrawardy.]

old competitive power between Indian articles and foreign articles which prevailed in 1931 owing to the fall in exchange in some countries, notably Japan. Large quantities of articles of the kind described in the schedule have been imported into the country and at prices so low that it is impossible for the indigenous industries to compete with them. Even under the present proposals with the raised duty many of the Japanese articles can be sold at prices below similar Indian articles.

There appear to be two reasons why the Government have adopted this course :

(1) They want to give to the poorest people the advantage of a fairly cheap price, so far as the Indian industry is concerned, owing to the greater desirability of its product it can be sold to the middle classes even if the prices be slightly higher.

(2) In the second place Government probably feel that a straightforward protective tariff is not justified in the absence of impartial enquiry into the conditions of these industries by the Tariff Board.

There is however one minor industry which has run the gauntlet of such an enquiry and that is the hosiery industry the duty under this Bill on hosiery is based on number, i.e., by the dozen.

In the Textile Bill which has been introduced in the other place, this duty is proposed on weight, but the industry has pointed out that the duty is inadequate on either basis. I hope that the question will be further examined before the Textile Bill is taken up for consideration.

Sir, with these observations, I support the Motion for consideration.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab: Non-Muhammadan): Sir, I welcome this measure and express my sense of appreciation and thanks to the Honourable Sir Joseph Blore, the Honourable Mr. Stewart, Mr. Hardy, Dr. Meek, Mr. Matthai and other officers who have piloted this Bill in the other House and through the Department. I am glad that in the introduction of this measure the abnormal delay which usually occurs with the Government in introducing such measures has not taken place. I support what my Honourable friend, Rai Bahadur Lala Mathura Prasad Mehrotra has said as regards the inadequacy of the protection. I know from a very reliable source, from a friend to whom a very highly placed Japanese official said during the course of an interview, that Japan is determined on dumping its goods in all countries and they will not mind any increase in import duties which any Government might put. He said, "We have subsidies, and we have the power of controlling the exchange". I am sorry that in this new measure Government has not taken the proper safeguard. I told this House when the Textile Protection Bill was being considered some time back that Japan was bent on dumping its goods and that the increase in duty will be overcome either by subsidies or by depreciation of the yen. I also gave an instance of how in Calcutta future contracts for piecegoods were being then made at f.o.r. prices notwithstanding the rumour which existed at that time about the increase in the import duties on textile goods. I therefore request the authorities concerned to let these duties be based upon a certain rate of exchange and upon a certain fixed price of the yen. Let that be incorporated in your Customs order that they should not mind depreciation in the exchange, for import duty purposes a certain fixed rate

for exchange and a fixed rate of subsidy ought to be taken into account when assessing the imported goods. If that is not done, the noble object which lies behind the present measure will be frustrated. The Honourable Maharaja of Dinajpur has observed that it will affect the poor consumers. For the information of the Honourable Maharaja I might say that last year I had an opportunity of travelling over the Continent and of studying to a certain extent the tariff measures of the various continental countries. I will give the instance of Germany where to my surprise I found that the price of sugar locally to the Germans—I mean within the country of Germany—was practically twice the price of sugar at which Germany was exporting to other countries. I asked one of the German industrialists, "This is a novel measure that I have seen in your country. You are charging double the price for sugar in your own country and supplying sugar to other countries at half the price? He said, "We want to encourage our industry and to keep our people employed. We have so many people unemployed already and we do not want to add to their number and in the interests of the people we are practically taxing our own countrymen to encourage the industries of the country." The same thing is happening in other civilized countries. There the Government takes measures very promptly and they do not waste any time in putting through legislation. The Honourable Mr. Miller has suggested that the duty on hosiery, instead of being on the percentage basis, ought to be on a pound basis. There again, I observe that although I support his suggestion, I consider that even with the suggestion adopted, the difficulty we contemplate will not be overcome. The only real remedy is that the tariff duty ought to be fluctuating and it ought to take into account the fluctuation of the yen and the fluctuation of the subsidy.

With these remarks, Sir, I give my whole-hearted support to the Bill.

THE HONOURABLE SIR KURMA VENKATA REDDI (Madras: Nominated Non-Official): Sir, I beg to support this Bill. The very pleasant attitude taken by the Honourable the Leader of the Opposition is sufficient proof that on this Bill at any rate there cannot be two opinions. That this country long remaining agricultural should soon become industrial has been the wish of so many of our people that any measure contributing to advance the industrial welfare of this country would naturally be welcomed in this country.

Sir, the example of Germany has been quoted by the Leader of the Opposition. May I add my experience in South Africa? In South Africa, South African sugar is sold at double the price at which it is sold in England to which it is exported. That would show the interest which the South African Government have been taking in advancing the sugar industry of that country.

Sir, it has been said that some of the articles here mentioned might affect the poor in that they would have to pay a higher price which would be a natural consequence no doubt. But may I point out that so far as many of the articles are concerned, the poorer classes do not use them at all? For instance, such things as cups, saucers, teapots, sugar bowls, jugs, plates or undervests, socks and stockings—these are the kind of articles that we have got here, and I should say that the poorer classes have no need for these—at least in my province. It is the lower middle classes and the middle classes perhaps that would be affected and I am perfectly willing to admit that some sacrifice will have to be made if our desire to see that our country is industrialized is to be achieved. There is,

[Sir Kurma Venkata Reddi.]

however, one point which I should like to place before the Government. The Government are aware, and I need not adduce proofs, of my own earnestness and interest in seeing the industrial development of this country so far as it lies in the power of an individual. In my own humble way I had occasion to pass the first State Aid to Industries Act in my province about the year 1922 or 1923. Sir, if therefore I say something which ought to receive the attention of the Government, it will not be received as criticism but as an appeal to Government. It is this. As has been pointed out, the prices of these articles would naturally rise as soon as this protection is granted. We will take it that this foreign competition would be reduced and articles will rise in price. The question is, how best are we to advance this case of industrialization in this matter when the prices will rise? Unless the people are in a position to pay for them, they will not be able to purchase, and if goods are not purchased, whatever be the measure of protection you may be able to give them, the industry itself is not capable of development. Therefore, the purchasing power of the nation will have to be increased. We know that 75 per cent. or 71 per cent. of the people of this country are agriculturists and we also know their present plight. We know how phenomenally low the prices of agricultural produce are. How will these people with this low price be able to purchase the goods and help these industries? I do not for a moment mean to say that this is a reason why you should not extend this protection. But what I do say is that side by side with the protection given to these industries it is your bounden duty, if you want to save this country, to see that the price of paddy, jute, cotton, wheat and all the produce of the land is likewise increased. It is I believe within the power of this country and it is within the power of our Government to render that help to us. Without that, Sir, this protection will not be of real avail.

With these words, Sir, I support the Bill.

THE HONOURABLE MR. VINAYAK VITHAL KALIKAR (Central Provinces: General): Sir, I have heard with rapt attention the speech of my Honourable friend Mr. Stewart and I have also carefully read the speech made by the Commerce Member in the other House in moving reference of this Bill to Select Committee. From those speeches I do not find that the underlying principle in this Bill is to give protection. I will quote a sentence from the speech of the Commerce Member. He said:

"I want to make it clear once again that we are not granting substantive protection by this Bill. We are merely seeking and generally seeking the restoration of competitive conditions to a level which existed when there was no complaint of unfair or abnormal competition".

It is to some extent admitted that this Bill is not meant to give adequate protection to nascent Indian industries but is designed to restore the prices that obtained in 1930-31. I am not one of those who do not want protection at all and are for free trade. I do really desire that nascent Indian industries should be protected and that they should be saved from unfair or cut-throat competition by foreign countries. But this Bill does not provide adequate protection. Let me assume for the sake of argument that protection is really meant to be given to nascent Indian industries by this Bill. If so, according to the complaint of the Honourable Mr. Mehrotra and my Leader, it seems that certain industries which really do deserve protection have not been given protection. From

the Select Committee's report I see that they wanted to include certain industries and to increase the amount of protective duties but they could not do it under the present constitution. So neither the protectionists, nor the industrialists, nor the agriculturists seem to be satisfied with the present Bill. However, something is better than nothing. I could wish the Government had accepted the request made by the members of the Select Committee. The Government say that they want to restore the level of prices prevailing in 1930-31. It is commonly admitted that the prices of manufactured goods to some extent depend on the prices of agricultural produce. Sir Kurma Reddi has told us that prices of agricultural produce have gone down. He has made a very pathetic appeal to Government and I support what he has said that while bringing in measures like this Bill the Government ought to assure the country as a whole that they have also adopted measures to raise the price level of agricultural produce, because on that depends the purchasing power of about 75 per cent. of India's population. But, Sir, that has not been done, or if attempts have been made in that direction they have not been successful. My Honourable friend Sir Kurma Reddi also said that some of the articles included in this list are not required by the poorer classes. I may assure him that in my part of the country the poorer classes do purchase most, I do not say all, of the articles included in this Bill. If the prices of agricultural produce have not gone up and if the purchasing power is as low or lower than it was in 1930-31, then that 75 per cent. of the population who require these articles will have to pay more for them or do without them. So it affects the consuming agricultural population to a great extent.

Sir, the Leader of my Party has quoted an instance from Germany. Conditions in Germany and India are quite different. The purchasing power of the Indian population depends upon the price levels of agricultural produce and for that reason I cannot agree with him that there can be any analogy between the situation in India with that in Germany. I therefore submit that in bringing such measures before this House Government should try to make successful attempts to increase the purchasing power of the people before they introduce such measures.

With these few words, Sir, I support the Motion.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa: Muhammadan): Sir, it is my misfortune to rise in this House and in the midst of a chorus of support to the measure, raise the only discordant voice. But I cannot help it. I have a duty to perform to my constituents and lay the facts before the House and even if it fails to sway the House or the Government at least I shall be exonerated from blame.

The Bill which is before us purports to be a sort of *quasi*-protective Bill. It is not a full-fledged protective Bill inasmuch as it does not satisfy the conditions as laid down by the Indian Fiscal Commission. It is not an ordinary revenue tariff Bill, as no necessity for increasing the tariff within the year has been shown. The fact that many of the items contained in this Bill are those with which we were made familiar last year at the time of the Ottawa Bill makes the whole thing look suspicious. It is feared, Sir, that under the garb of protecting the Indian industry the real aim is to give the articles which were given preference under the Ottawa Agreement a measure of protection against Japan and I would not have said this without having something to substantiate it. My first complaint—

THE HONOURABLE MR. T. A. STEWART: May I ask the Honourable Member, Sir, whether he is aware that the Honourable the Commerce Member made a certain statement in another place? He offered to withdraw the Bill entirely should there be any such general suspicion as the Honourable Mr. Hossain Imam now alleges to exist.

THE HONOURABLE MR. HOSSAIN IMAM: I was not aware of it. However, I shall give proofs; these are not empty words. I have got proofs and I will show you from the Bill itself. In the first place, Sir, this is the old way of the Government; if they do any good they do so with some harm too and make both inter-dependent. If you want to have some good you should be prepared to suffer a little for it and this announcement of the Commerce Member is in keeping with it. We remember, Sir, a very long time ago when the question of the disposal of the surplus of the Government of India was under discussion, the retention of the salt duty and the giving up of the provincial contributions were made conditional to one another. We have always been made to swallow things, and bitter things have been coated with sugar. There is nothing new in what the Government of India is doing now. Sir, as I stated the majority of the things included in this Bill are those in which we have given protection—

THE HONOURABLE THE PRESIDENT: Will the Honourable Member proceed to substantiate his statement?

THE HONOURABLE MR. HOSSAIN IMAM: In this connection I had neither the time nor the papers to judge the items given in this Bill. But one item caught my eye and is found at the end of clause 21 in this Bill. We find that paints are subjected to a specific duty of Rs. 24 per cwt. or 30 per cent. This is given at the end of clause 21. The declared value of Japanese goods which came under this category was Rs. 14.45 and that of English goods Rs. 32.11 per cwt. I am quoting from page 10 of the Memorandum which has been supplied to us—the statistical statement. We were to give a preference under the Ottawa Pact of 10 per cent. only and there was no agreement then as to what will be the prevailing duty. If we were to place a thing under a duty of 100 per cent. then the utmost that England could demand was that there should be only a duty of 90 per cent. on British goods. Here Japanese goods are going to be taxed 166 per cent. while United Kingdom goods will be taxed by 20 per cent. simply because of the fact that an *ad valorem* duty which is absolutely out of keeping with the value of 30 per cent. has also been imposed. 30 per cent. or Rs. 24 per cwt. whichever is higher. There ought to be some relationship between the specific and the *ad valorem* duty. The result of this manipulation is that Rs. 14.45 the declared value plus Rs. 24 specific duty makes it Rs. 38.45 per cwt. as the landed cost. The English goods priced at Rs. 32.11 per cwt. will be taxed by 20 per cent. which will amount to something about Rs. 6.42 per cwt. would also come to the same price of Rs. 38.53. The real aim is to equalize the prices wherever found possible, but there are places. Sir, where even the ingenuity of the Commerce Department could not find any means whereby to make the prices of the things equal. In this connection, Sir, I find that Act XXV of 1932 when it was passed laid down in Item 225 that boots and shoes would be taxed by 30 per cent. or five annas per pair whichever is higher and the preference to the United Kingdom was 20 per cent. or five annas a pair whichever is higher. By this Bill this equalization which existed

In the original Act has been taken away and there is a small amendment which says that in Item 225 for the figure "5" in the fourth column the figure "6" shall be substituted. It has probably escaped the attention of the other younger and more critical House. Sir, we find that there are instances in Act XXV of 1932 in which specific duties have been placed and there the preference has been 10 per cent. of the standard duty. For instance, in Item No. 216, liquors were taxed at Rs. 40 per imperial gallon over the standard rate of duty and the United Kingdom rate of duty was Rs. 36 per imperial gallon. I do not know why it was impossible to lay down a similar rate in this Bill, with 30 per cent. or Rs. 24 per cwt. as standard duty; we might have stated 20 per cent. or Rs. 21-6 per cwt. whichever is higher as preferential duty. This would have been an upright and honourable way of giving preference to Indian industries. Our complaint is that the protection which is proposed to be given to the industries are not given in the scientific manner in which protection ought to be given. Protection to be effective must not be given with one hand and an additional burden placed on the industry by the other. As my Honourable friend, the nominated Member from Madras, has pertinently remarked, the protection should be effective protection and it is necessary that when we give protection to an industry we should try to lessen the cost of all the things which go to make up that industry. Soap is being given protection but the oil which is utilized in the manufacture of soap is being subjected to additional duties. Everywhere the cost of railway freight is going higher and nothing is being done. Enamelware is to be given protection, Sir, and we all welcome it. But why not allow a rebate on the iron and steel used in the manufacture of this hardware. The rational method of giving protection was that in the circumstances in which we are, with reduced income and falling prices, the cost of manufacture should be reduced. That is the scientific method of protecting the goods in a time of falling prices.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: You mean, even by the lowering of wages?

THE HONOURABLE MR. HOSSAIN IMAM: I am not saying that. I gave instances whereby I hope the cost of the industry will be lowered. Sir, the Honourable the Commerce Member wanted that the prices should rise to the level of 1931. May I point out for the information of the House that from September, 1929 to March, 1933, for which I have been able to get figures, I find that the value of our export goods has fallen by 51 per cent. while the fall in the value of the goods which we import is only 27 per cent. The prices of imported goods have not fallen so precipitately as the prices of our produced goods. Then, Sir, the value of the crops, not for the whole of India but for the eight or nine major provinces, has fallen from Rs. 1,018 crores to Rs. 536 crores. this is a reduction of 47 per cent. in value. That shows the reduction in the purchasing power of Indians. Well, Sir, going further, the difference between 1932-33 and 1931-32, the two consecutive years for which I have got figures, I find there has been an actual increase of 5 per cent. in the price of imported goods while there has been a decrease of 15 per cent. in the price of exported goods. The Commerce Department has ample experience that the enhancement of the duties and increase of tariffs have had a bad effect on the income from customs. The goods on which they have increased the tariff in framing the Bill you will find, when we receive



[Mr. Hossain Imam.]

the budget, that there has been a material reduction in the customs yield. Why? Because the capacity of India to purchase has not developed simultaneously. I, Sir, for one would have given my entire support to this measure if the Government had given protection to the industries in a sufficient, scientific manner and had made out a case that the present sacrifice of the consumers will be rewarded in future years by a reduction of the ultimate cost. That is the basic principle of protection, that consumers are asked to bear extra burdens for a few years so that in the coming time and afterwards they might save money. Nothing of the sort has been done. The Safeguarding of Industries Act was passed about a year ago. Ever since that the Commerce Department has been looking at things. They issued questionnaires. They asked the industries to apply for protection. Everything was done. But what are the materials which they have collected so far? We have got these statistical statements which give very scanty information. They do not even give the value of the article. It is stated that one factory produces this much—but how many factories are there? The whole thing has been done in a hurry although there was no cause for hurry. There was ample time. This Bill was published on the 22nd December and from the time the Safeguarding of Industries Act was passed there was quite enough time to collect statistics if they had taken the trouble to do so. I, Sir, find that the only justification of this Bill is that it will put a few lakhs more in the pockets of the Finance Department at a time when they stand sorely in need of it. For this reason, Sir, I do not see my way to give it my whole-hearted support.

THE HONOURABLE SIR HOMI MEHTA (Bombay: Non-Muhammadan): Sir, this House has heard various views on this Tariff (Amendment) Bill. Almost all with the exception of my friend the Honourable Mr. Hossain Imam have supported the Bill and said that it was good for India. Now, Sir, what I want to draw the particular attention of this House to is that the encouragement of industries in the country always brings prosperity amongst the agriculturists and I will give my reasons for holding this view. For if an industry prospers, that industry is bound to take more of the agricultural produce, that is the raw material, and certainly that industry is not going to import raw materials from other countries, therefore raw materials of the country are used in a larger proportion than when there are no industries in the country.

THE HONOURABLE MR. HOSSAIN IMAM: What about the imports of cotton in Bombay?

THE HONOURABLE SIR HOMI MEHTA: Sir, if my Honourable friend will not interrupt, I will come to the point. As the Honourable Mr. Hossain Imam has drawn my attention to it, take the instance of cotton as he wants it first. On account of the inroads of Japan at most suicidal prices the industry of the country as far as cotton goods are concerned is absolutely on its death bed. Everybody is aware that numbers of mills have been closed down, and not only closed down but there are no prospective buyers at the most sacrificial prices.

THE HONOURABLE MR. HOSSAIN IMAM: Where?

THE HONOURABLE SIR HOMI MEHTA: Sir, if I am to be interrupted at every sentence I cannot go on. I would warn the Honourable Member that two can play the same game.

As I was saying, most of the mills are closed down, not only in Bombay City but in the Presidency. Ahmedabad which was considered to be a centre of great prosperity as far as cotton mills are concerned has come to the conclusion that it cannot live unless it reduces wages by 25 per cent. and they are going to take that drastic step from tomorrow. If this is news to my Honourable friend, he may digest it. If the Bombay mills and the other mills in India were prospering no doubt a large amount of cotton instead of being shipped to Japan and to the Continent would be consumed in the country itself. If that be so, the prices of cotton would naturally rise and the agriculturist would get better returns for his produce. Not only that. The workmen in the mills and industrial concerns, as you are all aware, get something like Rs. 40 to Rs. 50 per month and the agriculturists hardly get anywhere near about Rs. 10 per month. By getting more money, they, the men working in industrial concerns, would spend more money in the country in the amenities of life, and buy cloth and other things, and the produce of the country, agricultural produce mostly, would increase in price.

THE HONOURABLE SIR KURMA VENKATA REDDI: May I ask for some information on this very point? How much or what proportion does the increase in the price of sugar-cane bear to the actual net profit received by the millowners in these parts and in my province where it is said they have made up nearly half the capital in one year?

THE HONOURABLE SIR HOMI MEHTA: Now, Sir, take the instance of jute which is the great agricultural product of Bengal. Jute has suffered during the last three years just as badly as cotton. Why? Because the manufacturing profits in the jute mills came almost next to nothing. Other countries could not afford to buy the finished goods of hessians and sacks. As soon as prosperity returns, in less than one month jute raw prices, Sir, have risen by Rs. 3 per maund, and the hessians have risen from Rs. 9 to Rs. 11, and the same is the case with sacks. If prosperity comes, the natural result redounds straightaway on the produce of the country, that is, the agricultural produce of jute in the country, and the agriculturists get happy. Without manufacture and industrialization of the country there is no hope for this country to rise in the world and be one of the greatest countries of the world. That is certain.

Coming now to another question, some gentlemen have observed that Government are endeavouring in a way to get their coffers filled with the import duties and that this is the easiest way to get money. May I ask the question, whether ever since 1914 when the war broke out, and even before that, they have ever seen the price of cloth to be lower than what it is today? The price of cloth of 20s. warp and 30s. woof, which is much finer than what we were doing before the war, is nine annas six pies per pound today. Before the war it was eleven annas and twelve annas and fourteen annas. During the course of the war it rose to Rs. 1-14-0 and then gradually it came down and down until now, in spite of this 50 per cent. duty on Japanese cloth and 25 per cent. duty

[Sir Homi Mehta.]

on foreign cloth, the price of cloth stands at nine annas six pies which the poorest man in India had never had an opportunity hitherto of buying at. Sir, these are the facts which anybody in the trade, anybody in the manufacturing line knows, and nobody in the House can deny this statement which is based on sheer facts.

Now, take the iron and steel industry. It is another protected industry. Before the war, girders, iron sheets and pipings were dearer than what they are today. The zinc sheets which were selling at the abnormal price of Rs. 24 and Rs. 30 are now being sold at Rs. 13 and Rs. 14. Gentlemen who are dealing with these articles, who are interested in the manufacture of these articles, know these as facts. Therefore, the poorer section of the Indian people have not been crushed either by the industrialists, manufacturers or money-grabbers at that. One thing is certain that the industries in India should rise to such an extent that they will bring prosperity in turn to the labouring classes and the agriculturist classes. Some gentlemen have tried to persuade this House by pointing out that Government have not given enough protection to the smaller industries like hosiery, earthenware, leather and leather goods, etc., which are minor things compared to the major articles and I agree with the Honourable Mr. Mehrotra that the Japanese have scored over us and we have not scored over them. If we were shipping to Japan instead of Japan shipping piecegoods to this country, if we were sending even a quarter of what they are shipping to this country, then these Japanese gentlemen, who have fought their battle so well in New Delhi, would have put on not a 50 per cent. duty but a 200 per cent. duty to kill the whole competition. Look at the other countries of the world. Look at the Continent, look at America, look at Japan. In every item in which foreign competition enters and ruins the indigenous manufacture, they do not take half measures. They straightaway put such an absurd duty that nothing can enter their country at any time. They, the Japanese, were importing till only 18 months ago a tremendous amount of pig iron from India. As soon as they developed Manchuria and began to get the pig iron from there, they put a 400 per cent. duty on Indian pig iron. This stopped the whole of the Indian pig iron from entering the country. What measures have our Government taken as compared to these? Our measures are absolutely lukewarm. If duties of a sufficient extent had been put on hosiery goods as well as cotton piecegoods, this would give a breathing space to the cotton industry in India. Several mills have been closed down and hundreds of thousands of spindles are lying idle and many thousands of looms are lying idle. They will all be working and consuming more cotton. If the Commerce Department will look into the figures of the last three years, they will find that India is consuming nearly five lakhs bales of cotton less than what they were using three years ago, on account of the stoppage of spindles and looms. My Honourable friend Mr. Hossain Imam told us about the purchase of foreign cotton. May I explain to him that the foreign cotton imported into India does not reach the figure of more than 100,000 bales and that that cotton is imported to spin and weave 50s. and 60s. right up to 100 counts and that there are not even half a dozen mills which can use this cotton and that cotton is used to spin only those fine goods. The majority, more than 92 per cent. are using nothing else but Indian cotton. About 200,000 bales come from our Colony of East Africa—Kampala cotton which is mostly used by the Ahmedabad mills for medium counts for the middle

classes of this country. Why do they use that? Because in India they cannot produce this cotton. If you can produce it, we are not such fools as to buy foreign cotton, pay freight and insurance charges and at the same time pay Rs. 25 per candy duty to the Government of India.

THE HONOURABLE SIR KURMA VENKATA REDDI: Kampala cotton is also produced by Indians?

THE HONOURABLE SIR HOMI MEHTA: It is produced by the negroes of the country. I know the facts.

Sir, we are not fools to pay all these expenses which amount to the equivalent of nearly one anna per pound loss to us before the raw material is put into the machines. But these are the facts. So my Honourable friend can see that we are not against our own country. We are not going to ruin our own agriculturists, but because of things as they are we cannot help ourselves.

Take now the case of sugar which has been so ably put before us. The import duty my Honourable friend says is falling. But surely, if the industries of this country are going to develop and production is to increase then certainly the import of foreign manufactures must fall. There is no other way to look at it, because obviously demand is not going to increase all of a sudden so that it can absorb both the original imported stuff as well as the home made product. But prosperity comes in this way. If industries prosper, though the Government lose on the import duty they derive benefit in many other ways; more income-tax and super-tax are paid and there is greater profit from the land, and in other ways they benefit and the people benefit. It is a question of the general prosperity of the country, and the country cannot hope to become more prosperous without industrialization.

With these remarks, Sir, I support the Bill and resume my seat.

\*THE HONOURABLE KHAN BAHADUR SYED ABDUL HAFEEZ (East Bengal: Muhammadan): Sir, I congratulate the Honourable Mr. Stewart for putting forward his arguments so ably in support of the Bill. The Bill safeguards the interests of all the people concerned and gives us the hope of better trade for India against the competition of Japan. In short, Sir, I give my whole-hearted support to the Bill.

THE HONOURABLE MR. T. A. STEWART: Sir, I have listened with great interest to the various opinions and criticisms that have been offered on this measure. The criticisms like the critics have differed one from the other. A good deal of misunderstanding, I am afraid, has arisen in spite of my trying to explain that this was not a protective measure but a safeguarding measure, and I feel that in many instances the critics who have argued the inadequacy of the protection afforded have been under the impression that we were endeavouring to give to the indus-

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\* Speech not corrected by the Honourable Member.

[Mr. T. A. Stewart.]

ries mentioned in this Bill measures of substantive protection. We have also been accused of sins of omission, that there are industries that deserve to find a place in this Bill that find no place. I can only assure Honourable Members that every industry that applied for assistance had its case for assistance examined with great care and attention. It is a matter for gratification that the measure has received such universal support and I need not, I think, follow every Member through every criticism that he has made. The Honourable Rai Bahadur Lala Ram Saran Das expressed the opinion that the present measure should be linked with some provision for an increase of duties in the event of the yen depreciating further. I may remind him that it is of the substance of the Indo-Japanese Agreement that in the event of the further depreciation of the yen the right to impose compensatory duties will exist. Reference has also been made to this vexed question of the hosiery duties. It is true that in the present measure the duty is fixed at so much per dozen. In the Textile Protection Bill which was introduced in another place on the 5th of February the duty has been fixed at so much per pound. The Honourable Sir Kurma Reddi has mentioned the necessity for increasing the purchasing power of those who depend on agricultural products for their living. He will, I think, admit that the Government of India have been not altogether heedless of those interests. The recent bargain that has been struck in respect of raw cotton is a matter for which he ought to give us credit. I may remind him also of the Wheat Import Duty Act, and I can assure him that the case of the agriculturist is not far absent from the mind of the Government of India. When we come to Mr. Hossain Imam, however, matters are rather different. I give him credit for his conscience. He objects to the duties on principle. But I do not give him so much credit for his discovery of a plot. He refuses to accept any statement, any assurance, that this is not a deep-laid plot to increase the preferences to the United Kingdom. Now he is on pretty good and safe ground so long as he restrains himself to general statements, but when he takes our own figures and starts to manipulate them against us I must enter a protest. He bases his case for a plot on the statistics of paints and colours. He discovers that the average price of Japanese paints and colours is something like Rs. 14. Then he looks at the last item in Item 21 and discovers a duty of Rs. 24. He forgets to tell us that Rs. 14 is the average for all sorts and sizes of paints and he chooses the duty that is placed on the most expensive packing, i.e., the 2 ounce side. If that was the material on which he has founded his plot, I do not think we need consider it very much longer.

THE HONOURABLE THE PRESIDENT: The Question is:

"That the Bill further to amend the Indian Tariff Act, 1894, for certain purposes, as passed by the Legislative Assembly, be taken into consideration."

The Motion was adopted.

Amendments 1 to 10 in the Schedule were added to the Bill.

Amendments 11 to 21 in the Schedule were added to the Bill.

THE HONOURABLE THE PRESIDENT: The Question is:

"That amendment 22 stand part of the Bill."

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK (West Bengal: Non-Muhammadan): Sir, the amendment that stands in my name reads thus:

"That in the Schedule to the Bill, in Amendment No. 22 for the proposed Item No. 191-A the following be substituted:

'191-A Domestic Earthenware, China and porcelain the following, namely:—

(a) Cups . . .	30 per cent. or ten annas per dozen, whichever is higher.	20 per cent.
(b) Saucers . . .	30 per cent. or five annas per dozen, whichever is higher.	20 per cent.
(c) Tea-pots . . .	30 per cent. or three rupees per dozen, whichever is higher.	20 per cent.
(d) Sugar bowls . . .	30 per cent. or twenty-four annas per dozen, whichever is higher.	20 per cent.
(e) Jugs . . .	30 per cent. or twelve annas per dozen, whichever is higher.	20 per cent.
(f) Plates		
(i) over 8½ inches in diameter.	30 per cent. or sixteen annas per dozen, whichever is higher.	20 per cent.
(ii) not over 8½ inches in diameter.	30 per cent. or ten annas per dozen, whichever is higher.	20 per cent.'."

Sir, the moving of this amendment of mine may seem to my friends as an effort to raise a debate or a tempest in a tea cup. At first sight, it may appear to be so, but at the same time I can assure them that the ripples that take their rise on the surface of the tea would not only dash against the sides of the tea cup but the waves generated there would be propagated in the country outside and hardly hit the already tottering and unsteady foundation of the indigenous ceramic industry. I call this industry unsteady purposely because after all it is in its infancy and if during this infant stage of the ceramic industry some helping hand is not given to it, it is sure that like the toddling infant it would suffer some physical deformity and would be crippled for all time to come. It is at this stage that protection is most needed. If you want the industry to develop, to cater to the wants of the country and compete with foreign industry, it is but meet and proper that it should be sufficiently safeguarded by means of a tariff. If we look at the statistics that has been circulated to all the Members by the courtesy of the Commerce Department, we find that more than 60 per cent. of the china, porcelain and earthenware are imported from Japan. It is within the knowledge of most of the Honourable Members that the Japanese can produce finished articles and export them to India at a price which it is very difficult for the Indian manufacturer even to produce. The import from the other countries is quite small in comparison—

THE HONOURABLE THE PRESIDENT: We have already discussed the general principles of the Bill and I trust the Honourable Member will now confine himself to the amendment.

THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK: I am coming to it, Sir. So if we want to increase our output in these branches, we have got to see that there is preferential treatment afforded, by subjecting the imported goods to a tariff which would make competition

[Mr. Satyendra Chandra Ghosh Maulik.]

more on an equitable basis. You have no doubt suggested a sliding scale of tariff, but if you look at it more scrutinizingly you will find that small articles, that is articles of small dimensions, are practically free from the duty. It is these articles which are most in demand in the market and the bigger articles are not so much in use, so that the sliding scale of tariff would not benefit the ceramic industry as a whole. On actual calculation, Sir, it is found that according to the amended duties on a tea set with a teapot of 20 oz. capacity the duty will be annas fourteen per set, whereas on the same set with a teapot of 19½ oz. capacity the duty will be only annas eight. A difference of half an ounce in the capacity of a teapot and cups and saucers makes practically no difference to the buyer, whereas for the slight difference in the capacity, a difference of Re. 0-6-6, or about 50 per cent. in duty, is a very big difference. The Japanese will consequently send the small sized goods and the protection to the Indian manufacturers will be almost nothing.

Further, very few people buy tea sets. The demand in the market is mainly for cups and saucers and small plates. By the proposed Bill small plates are totally exempted from duty and the duty on cups and saucers of 7½ oz. capacity has been brought down from 15 annas originally proposed in the Bill to annas six only. Japanese cups and saucers are at present sold in Calcutta and Bombay markets at the rate of about 15 annas to Re. 1 per dozen. The cost of production of Indian cups and saucers is about Rs. 1-3-0 to Rs. 1-5-0 per dozen. Adding the cost of packing, railway freight, breakage in transit, etc., a dozen cups and saucers of Indian make can under no circumstances be placed in these important markets below the rates of Rs. 1-9-0 to Rs. 1-11-0 per dozen. With a duty of 15 annas as was originally proposed in the Bill, there was some chance for the Indian goods to compete with the goods of Japanese manufacture. With the reduced duty of 6 annas per dozen on cups and saucers the Indian goods will have little chance to compete. If the object of the duty is to help the struggling Indian manufacturers, the least that Government should do is to restore the duties as were proposed in the original Bill. Sir, my amendment does not go any way further than was suggested in the Select Committee and put down in the original Bill as placed in the other House and I do hope and trust that it will commend itself to the House for the support which it so richly deserves.

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, I rise to oppose the amendment. I do so, Sir, because I feel that the pottery factories in India which are of only recent growth are not progressing well and are in a very bad condition. My esteemed friend the Honourable Sir Kurma Reddi observed during his observations that porcelain and china ware are not used by the poorer classes. So there can be no doubt about it when an agricultural authority like him holds so. That is a fact and this affects only the middle classes. As far as the encouragement of this industry is concerned, I might observe at this stage that it gives employment to labour, which consists mostly of agriculturists. As far as the Punjab is concerned, the landholdings are so small and the families are so big that the agriculturist cannot do anything except send most of their family members to the urban areas to work there as labourers. So if we throw out any industry it means that we throw out labour and throwing out labour which consists mostly of the agriculturists, who are at present

in a very bad way. If in an agriculturist family which consists of five wage earners, four are working as labourers and if they are thrown out they will be in a very bad plight and they will not know how to make both ends meet. In potteries, Sir, I wish that India should be self-contained and any effort to make it self-contained ought not to be discouraged. The duties proposed by the Government though not sufficient and reasonable ought to be accepted.

THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (East Bengal: Non-Muhammadan): Sir, the amendment moved by my Honourable friend Mr. Ghosh Maulik from Bengal seems a very harmless one. He has raised the question of amending rates on certain cups and saucers and other very minor matters connected therewith. I think the House will be well advised not to raise a tempest in a tea cup over the question.

THE HONOURABLE MR. T. A. STEWART: Sir, on behalf of Government, I must oppose this amendment. In doing so I should explain why the item in its present form has been accepted. When we originally framed our proposals we had in mind the standard size of cup and saucer and the corresponding articles such as teapots, sugar bowls and jugs. It was represented to us, with a very good reason, that the duties we had proposed for the standard sizes would be absolutely prohibitive for the smaller sizes and for that reason Government was induced to accept the amendment in the form in which it now stands. The effect of the item really is to make the *ad valorem* incidence of the duty on each of these items more or less on the same level. There might have been some case for accepting the Honourable mover's amendment, had it been the case that there was any considerable production, if any production at all, in India of the small sizes to which he seeks to give further protection. Mr. Hardy who visited in person the Bengal Potteries saw no sign of any manufacture of the smaller sizes. It would, I think, be an unconscionable burden on legitimate import to impose duties which might be as much as 400 or 500 per cent. *ad valorem*.

The amendment was negatived.

Amendment No. 22 in the Schedule was added to the Bill.

Amendments Nos. 23 to 32 in the Schedule were added to the Bill.

Clause 2 was added to the Bill.

Clause 3 was added to the Bill.

Clause 1, the Title and the Preamble were added to the Bill.

THE HONOURABLE MR. T. A. STEWART: Sir, I move:

"That the Bill, as passed by the Legislative Assembly, be passed."

The Motion was adopted.

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The Council then adjourned till Eleven of the Clock on Tuesday, the 20th February, 1934.