

Thursday, 10th November, 1932

THE LEGISLATIVE ASSEMBLY DEBATES

(OFFICIAL REPORT)

VOLUME VI, 1932

(7th November to 28th November, 1932)

FOURTH SESSION OF THE FOURTH LEGISLATIVE ASSEMBLY, 1932



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Legislative Assembly.

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MR. B. SITARAMARAJU, M.L.A.

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LEGISLATIVE ASSEMBLY.

Thursday, 10th November, 1932.

The Assembly met in the Assembly Chamber of the Council House, at Eleven of the Clock, Mr. President (The Honourable Sir Ibrahim Rahimtoola) in the Chair.

RESOLUTION RE TRADE AGREEMENT SIGNED AT OTTAWA.

Mr. President (The Honourable Sir Ibrahim Rahimtoola): Further consideration of the Resolution and the amendments on the Ottawa Agreement.

Sir Mari Singh Gour (Central Provinces Hindi Divisions: Non-Muham-madan): Sir, we meet this morning in an atmosphere of great unreality, an unreality enhanced by the fact that only two or three days ago a question was put in the House of Commons as to whether the Government of India's Nominated Members would take part in the division on the Ottawa Agreement and the Secretary of State for India said that he presumed that the Government of India would not depart from the usual practice with regard to Government measures and, then, when Mr. Lansbury asked, if this sort of Agreement ought to be carried by the vote of Nominated Members, Sir Samuel Hoare said that it was the ordinary procedure and, if it was departed from, the Labour Representative would be debarred from voting. Now, Sir, I wish to deal with this aspect of the question presently. I wish to go to the very root of the case and let us see as to who were responsible for making this Agreement, who have made this Agreement and who are called upon to ratify it. Now, it is a well known fact, and my Honourable friends, the occupants of the Treasury Benches will not challenge it, that the Government of India, as at present constituted, are not responsible to this House and through this House to the people of India, and, therefore, they are not the agents of the people of India. If they are agents at all, they are the agents of Parliament, they are the representatives of the Secretary of State who wields powers of supervision, direction and control over all their actions. Consequently when we speak of the Government of India, we are speaking, in the language of Lord Curzon, of a subordinate Government, six thousand miles away. That is the Government that appointed the Delegates to the Ottawa Conference. Now, as regards the Delegates, I do not wish, for one moment, to suggest that if the matter had been brought to the vote of this House, we should not have elected my esteemed friend to my right, Mr. Shanmukham Chetty. But that is not material for the reason that if we had elected Mr. Chetty, he would then have taken his cue and his instructions from his electors, whereas, as a nominee of Government he felt constrained to take his instructions from that Government, and that Government suffers from the fact that it is the Government of a body of men subordinate to Whitehall. Now, this is a unique feature in the constitution

[Sir Hari Singh Gour.]

of this country. But, if it were all, it would be sufficient to show to any fair-minded man that this is not an Agreement which has been entered into on behalf of the people of India. But, as I have said, this is not all. After the Agreement was concluded by our so-called representatives, we are called upon to ratify that Agreement. Now, who are we, is the next question. My Honourable friends on the other side admit that, in the matter of fiscal autonomy, India stands in the same position as the other Self-Governing Dominions of the British Commonwealth. The Joint Parliamentary Committee, in their memorable recommendation, pointed out:

"It can only, therefore, be assured by an acknowledgment of a convention. Whatever be the right fiscal policy for India, for the needs of her consumers as well as for her manufacturers, it is quite clear that she should have the same liberty".

—Honourable Members will please mark the words, "she should have the same liberty", not that the Government of India should have the liberty,— "she should have the same liberty to consider her interests as Great Britain, Australia, New Zealand, Canada and South Africa". (*Hear, hear.*)

That is the constitutional position accorded to India in the matter of fiscal autonomy. Sir, only two years back, when the question of fiscal autonomy was not directly at issue, it was raised on this side of the House, no doubt, but it was as vehemently contended by the Government that the question of Imperial Preference was not the subject-matter of any express or implied consideration in connection with their Bill, known as the Cotton Textile Industry (Protection) Bill. But, nevertheless, in connection with the discussion on that Bill, some of us raised the question as to whether the voting by the official block would be consistent with the principle and policy of fiscal autonomy vouchsafed to India. The then Leader of the House, the Honourable Sir George Rainy, read a considered statement on behalf of the Government of India which will be found printed at pages 2557-58 of the Legislative Assembly Debates, dated the 27th March, 1930. He made a very frank statement and that frank statement was that the Cabinet had decided that so far, in the matter of fiscal autonomy, India should have the completest control. Let me give the House his own words which are found at page 2558. This is what he says:

"The message of the Cabinet,

—meaning the message of the British Cabinet,—

"has made it clear that the convention applies not only to duties imposed for protective purposes, but also to those imposed for revenue purposes, and from the constitutional point of view that would be an intolerable position. In a sound constitution each organ must discharge its appropriate functions, and the function of one cannot, without grave disorganisation, be transferred to another".

Now, the whole question is, whether we, as the organ of public opinion, are to discharge our function or our function is to be discharged by another organ, namely, the organ of the Government of India subordinate to the Secretary of State. The Leader of the House then said:

"What we are all looking forward to in the near future, Mr. President, is a step forward in the path of India's constitutional advancement. If the Conference in London should result, as it might, in placing the control of the tariff in the hands of those who, in one form or another, were responsible to the Legislature, then it would rest with the Member or the Minister to put forward his proposals, and for the Legislature to accept them, to modify them or to reject them".

Having said that, he then turned to what is the present position of the Government of India, and this is what he said:

"But if the Government of India and the Legislature are not in agreement, what then? Is there no means of resolving the deadlock? None. . ."

That, he said, is the present position under the constitution of the Government of India. Then he further asked that if the Government of India have taken the sense of the Legislature and the Legislature overrules the Government of India, what is the position? The result is, that if the Government of India and the Legislature are not in agreement, the power of supervision, direction and control of the Secretary of State would then be restored. The position, therefore, is this, heads I win, tails you lose. If you agree with us, there is an end of the matter; if you do not, then we go to the Secretary of State, and as he will always agree with us, because we have had a previous consultation, we will carry it over your heads. That is the present absurd constitutional position; and, therefore, I say, is there any reality in this debate? Is there any sense in this debate? And when Honourable Members on the other side of the House proclaim that India has to decide whether she, in the exercise of her undoubted power of fiscal autonomy, shall or shall not agree to the Ottawa Agreement, that, I submit, is a statement made and must have been made with the Honourable Members' tongues in their cheeks, because they know full well that so far the fiscal autonomy convention is a mockery and, as Sir George Rainy pointed out, so long as we have no machinery, so long as we have no effective control over the executive for giving effect to that convention, the convention is not merely a matter of form, but it is an idle mockery. That, I submit, is one of the main questions with which we are at the present moment confronted. The Honourable Sir George Rainy, conscious of the defect of the present procedure, said that he would do all he could to give effect to the letter and spirit of the convention. Now, Sir, I ask the Honourable the Commerce Member, and the Leader of the House and his colleagues on the Treasury Benches, are they prepared really to give effect to the spirit of the convention by withdrawing from the vote the official block? Whatever may be said in favour of nominated representatives of special interests, that reason cannot apply to the official block of 26 Members who sit behind the Government Benches. Are they prepared to work this convention as they said they were prepared to do, by leaving this House to exercise its free vote on this question? That is the question which I raise and which I ask the occupants of the Treasury Benches to ponder over and decide for themselves.

Sir, that is what I have got to say on the question of the so-called fiscal autonomy in the exercise of which we are called upon to give our votes on this most momentous question.

Sir, this debate has gone on for three days and I have no doubt that the time has now come when we should decide one way or the other, whether the motion of the Honourable the Commerce Member should or should not be supported by the popular section of this House. The motion which the Honourable the Commerce Member has brought forward is, to say the least, of a most unprecedented character. The motion involves a decision on the principle of a Bill the text of which is not known to us and which I understand, has been deposited somewhere in a sealed cover not to be opened till this motion is carried by the House.

[Sir Hari Singh Gour.]

In doing so, the Commerce Member is asking us to close our eyes and open our mouths, and that is the situation in which the author of the Resolution has placed us. But Honourable Members on this side of the House will see that if we once accede to the motion of the Commerce Member we shall be ratifying the Agreement; in other words, we shall be accepting the principle beyond which it will be difficult for us to go at a later stage when the legislative measure is brought before us. What we should have liked is to have the Bill as well as the Resolution together, and, in asking the Government to do so, we are not oblivious of the fact that being a fiscal measure, if its details are disclosed, it would lead to anomalies in the sudden rise and fall of the commodity market in this country and elsewhere. But while this objection is undoubtedly sound, Government could have given us an idea as to what would be their budgetary disturbance if the Ottawa Agreement is ratified by this House. I remember the Honourable Sir Alan Parsons yesterday coming to the rescue when this question was suggested in one of the speeches by one of the Honourable Members on this side of the House, and, if I understood him aright, he said that the budgetary position will not be seriously affected even if we confirm or ratify the Ottawa Agreement; but the point upon which the Honourable the Finance Member and the Honourable the Commerce Member were invited to give their opinion was not the point upon which Sir Alan Parsons spoke. The point which has been exercising our minds is that the budgetary position at the present moment is in itself an abnormal one. You have only recently placed a surcharge of $7\frac{1}{2}$ per cent. upon the customs duties. The customs duties themselves have been raised from time to time till they now come up to 30 per cent. and they have been further raised by a surcharge of $7\frac{1}{2}$ per cent. Sir George Schuster, speaking at the Ottawa Conference, at page 66, said:

"To explain shortly what has been done, I may say that, while our normal tax revenue has, since the war, averaged about 75 crores (£ 56 million sterling), I have been forced during the last two years to impose new taxes calculated to yield 34 crores (£ 25½ million sterling), an increase of nearly 50 per cent. Yet, on present indications, even this may prove insufficient if the present low level of prices continues".

Now, the question which arises in this connection is, are we going to standardise this abnormally high expenditure which was voted—not voted at any rate, it was certified—and to which the Government of India stand committed on account of the abnormally low prices of commodities? That is the first question and no answer has been given to this question at all; and, therefore, we do not know to what extent our budgetary position would be affected if we ratify this Agreement. That is a question upon which we are entitled to a reply from the occupants of the Treasury Benches. The second point upon which emphasis has been laid in several speeches on this side of the House, and, indeed, which is the subject of one of the amendments under discussion, is not a point to be disposed of in a cavalier fashion. Let me recall the words of Sir Atul Chatterjee who, as head of the Indian Delegation, speaking at Ottawa, said, at page 56:

"In every case, the protective duty is only fixed after a careful examination by the Tariff Board at a level which will be adequate for its purpose without imposing an unnecessary burden on the consumer. The Government of India and their delegation feel that a policy of this kind, deliberately adopted and found, by experience, to work satisfactorily, should not be discarded on the eve of a great constitutional change".

What answer have they given to this statement made by the head of their own Delegation? Further, later on, he says, referring to the export trade of India:

"Her exportable surplus of certain commodities may, however, exceed—may even greatly exceed—the Empire's present capacity to absorb them. India has to find markets outside the Empire for the great bulk of the exportable surplus of her products, although, in normal years, she purchases a greater proportion of her requirements from within the Empire than from without. These are facts which those, responsible for India's welfare have constantly to bear in mind. The development of her foreign trade generally is one of her primary interests. But it is not in the mind of any of us here. I am sure, that trade could be confined to Empire channels, and it is the hope of the Indian Delegation that this Conference may prove to be an important step towards greater freedom of trade throughout the world".

Now, I should have expected that the protagonists of this Resolution would throw some light upon these two very dark notes of interrogation which have been placed by no less an authority than Sir Atul Chatterjee in his considered speech before the Ottawa Conference but there has been no reply. And apart from what he has said, let me now, within the few minutes at my disposal, pass in review by way of illustration some of the salient features of this Agreement. I would invite the Honourable Members to turn to the Agreement itself printed at page 71; if they look at the classification, they will find that you have Schedule A, Schedule B, Schedule C and Schedule D, and I invite the attention of Honourable Members to these various Schedules in connection with what I am going to say. Honourable Members will find that while in respect of articles mentioned in Schedule C, namely, articles like tea, coir yarn and the rest, India has been given the exclusive preference in the sense that the United Kingdom undertakes, if she enters into an agreement with any other competing country, and should give that additional preference, India will be a participant to that additional preference. That is with reference to tea. But when you deal with articles which are mentioned in Schedule A—agricultural products produced in this country—you find the following statement:

"Wheat grain, Rice, Linseed (*on which a great deal of emphasis was laid by the Honourable Members on the other side*), vegetable oils, such as castor oil, linseed oil, coconut oil, etc."

It has been said that in the matter of oil and linseed India has distinctly to gain by this Agreement. Now, what is the position? The position is given in Article 2 which says:

"His Majesty's Government in the United Kingdom will invite Parliament to pass the legislation necessary to impose on the foreign goods specified in Schedule A, appended hereto, the duties of customs shown in that Schedule in place of the duties (if any) now leviable".

In other words, His Majesty's Government undertake to give India certain preference, but they do not undertake that they will not enter into an equally advantageous agreement with a foreign competing country. Take, for example, Argentine. That competes with India in the matter of linseed. I will give you only one example. There is no undertaking in this Agreement that, while we give you preference in the matter of linseed, we will not give equal preference to Argentine . . .

Mr. F. E. James (Madras: European): No, no.

Sir Hari Singh Gour: The only clause that deals with . . .

Mr. B. C. Burt (Government of India: Nominated Official): I would ask the Honourable Member to say if he has read the text of the clause that he is quoting.

Sir Hari Singh Gour: That is exactly the text I have read.

Mr. B. C. Burt: May I read the text of the clause which the Honourable Member is quoting:

"His Majesty's Government in the United Kingdom will invite Parliament to pass the legislation necessary to impose on the foreign goods specified in Schedule A, appended hereto, the duties of customs shown in that Schedule . . ."

A specific duty has been imposed on *all* foreign linseed.

Sir Hari Singh Gour: My friend has not understood me. I quite admit that clause 2 lays down that there would be a differential tariff placed on foreign goods, but there is nothing whatever corresponding to clause 4. And Article 4 deals only with tea, cotton, yarn and the rest of it. These clauses 2, 4 and 6 are inter-dependent, and you will at once see by comparison and contrast the point to which I am drawing the attention of this House. The occupants of the Treasury Benches and those sitting behind them said that the foreign countries were so impressed by the Trade Agreements made with India that they are also asking for preference,—and did I understand 8 or 18 countries had already applied for similar preferential tariffs. Is there anything in this Agreement like clause 4 which deals with tea and other things to prevent the United Kingdom from entering into a similar Agreement with other foreign countries? And what is more, the United Kingdom is only contracting for itself; it is not contracting for the Self-Governing Dominions of the British Commonwealth. Take, for example, South Africa and India. You know very well, Sir, that South Africa is a large producer of tobacco, and, in the matter of production of tobacco, cotton, wheat and other things, it competes in an increasing degree with the products of India. This Agreement does not deal with South Africa at all. It only deals with the United Kingdom and the non-Self-Governing Colonies like Ceylon and the Federated Malay States. Consequently, what has been given with one hand by the United Kingdom might be taken away by South Africa with the other hand. These are the questions which complicate the issues, and my friend on the other side cannot merely get up and say: "Here is a very fine Agreement made by a very fine people and supported by very fine men". What Members on this side of the House say is, that we all very much like to sit in a Committee and ask you these questions, make investigation for ourselves, and if we are satisfied that the nett gain and nett loss will, at any rate, balance each other, we are quite prepared to ratify this Agreement, but blindfolded as we are, we are not in a position at the present moment to give you a *carte blanche* to go ahead with legislation, the nature and extent of which we know not. At least that is what is passing through the minds of Members for whom I speak and Members who sit behind me (Hear, hear), and I cannot understand the intransigent attitude which has been taken by the Honourable Members on the Benches opposite. What objection can they possibly have to a further inquiry on the lines I have suggested? In the September Session, they told us: "Oh, there is a very great hurry, there is the 15th of November". Now they tell us: "Forget the 15th of

November!" There is no hurry to rush on with this measure without giving sufficient time or placing before us sufficient materials, and it is upon that ground that we, on this side of the House, ask Members opposite to once more reconsider their position and yield to the suggestion made. It does not matter whether it is the Committee formulated by my friend, Dr. Ziauddin Ahmad, or any other Committee, but give us a Committee where we shall be able to decide for ourselves after full investigation and inquiry as to whether we should or should not ratify this Agreement. In asking for this, we are only asking for time; in asking for this, we must not be understood to be hostile to the Agreement. The impressions that we have given expressions to might be our first impressions, but they are entitled to some weight, and when we find that we have a phalanx of experience, mature and expert opinion, against the Ottawa Agreement, then you may certainly pardon us if we ask for a little time to consider it in the light of the observations that have been made. It may be that the view you take is right; it may be the criticism to which this Agreement has been subjected is wrong; but you ask us to sit as your jury, you must at any rate give us a chance of considering the whole question,—you cannot ask us to come to a hasty, ill-considered and, it may be, unwise judgment without considering all aspects of the question. This is all that Members on the Opposition Benches ask for at present, and they will not be satisfied with anything less. (Applause.)

Mr. H. P. Mody (Bombay Millowners' Association: Indian Commerce):

Mr. President, this House has not been called upon, ever since the hapless ratio question was decided, to deal with a more momentous problem than the one with which it is confronted today. In view of the very important and complicated issues involved, it would be a distinct disservice to the country, in my opinion, if we were to bring to bear upon the consideration of this question any pre-conceived motions or political prejudices. I have been studying this Agreement ever since it was published, and I can say that, so far as I am concerned, I have approached the issues involved in it with an absolutely detached mind, and with no pre-determination of any sort to find out where and how I can trip the Indian Delegation. Nor, Sir, am I going to indulge in cheap sneers at the representative character of the Delegation. The Delegation may be said to be non-representative only in the sense that it was appointed by the Government of India which is not under the control of this Legislature. But from every other point of view, some, at any rate, of the members of the Delegation, can be said to be fully representative in every sense of the word. Taking that detached view of the Agreement and of those that lent their hand to it, I will apply only two tests. One is, is the Agreement to India's benefit, and the other, what are the possible disadvantages arising from the Agreement?

In order to determine whether the Agreement is to the benefit of India, it is necessary to examine in some detail, the case of the various commodities on which preferences have been given by Great Britain. I would like to preface my remarks on these by a quotation from one of the most recent pronouncements, namely, a lecture given by Mr. H. A. F. Lindsay, Trade Commissioner for India in England. He said:

"India holds one absolute monopoly, namely, jute which is commercially grown nowhere else in the world, and for which no general substitute has yet been found. But, besides jute, there are a number of commodities which, though not monopolies, India produces in greater abundance and more suitably than other countries. Shellac

[Mr. H. P. Mody.]

is one; goat-skins, teak, mica are examples, and yet other instances could be cited. These are essential to many industries of the Western World, but are not wholly produced in the West . . . Indeed, it is a striking feature of this trade picture how little India's exports compete with the native production of Western countries. In this she has a distinct advantage over South Africa, Australia and New Zealand which are also largely dependent on European and American markets but which export much that is distinctly European in character such as meat, dairy products, fruit and wine".

That, Sir briefly is the picture of India's export trade in most of the commodities. Now, let us go a little into figures. Taking the year 1929-30, the total exports of India to the world were Rs. 311 crores. England's share of this amounted to Rs. 67 crores. Out of this, when we consider the implications of the Agreement, we must take away those commodities which have been placed on the free list like cotton, hides and skins, manganese, raw wool, etc., which amounted to very nearly Rs. 11 crores. We must, again, deduct the commodities which were added to the free list at the instance of the Indian Delegation, such as hemp, raw jute, lac, mica, and broken rice. Those accounted for Rs. 8,52,000,000. In other words, when we consider what India stands to gain, we must deduct from Rs. 67 crores, very nearly Rs. 19 crores, leaving only Rs. 47 crores of exports to be considered. Again, out of these Rs. 47 crores, the largest item must be deducted—we will come to that later—namely, tea, which accounts for Rs. 23 crores. Thus, the total figure to be taken into consideration is something like Rs. 24 crores.

Let us now examine the various preferences. I will try to deal with them as briefly as I can. I shall first take the commodities which are included in Schedules A and B, and which are in the nature of new preferences. The first is wheat. The Delegation make the claim that though the question may not be as important to India as to the dominions, still the time may come when with irrigation schemes and the like India would want to participate in the benefit of any arrangement which may be made by Great Britain with the Dominions. That, Sir, is a very far cry. When we produce more wheat, when we produce a really substantial exportable surplus, let us talk of wheat. For the time being, let us take facts as they are and as they have been for ages and ages. And what are the facts? In 1929-30, out of a total of 111 million cwts. imported by Great Britain, she took from India only 140,000 cwts., a most negligible figure; I do not think it really required even mentioning. Those who look into the pages of the sea-borne trade returns will find for themselves that in the last four or five years we had, as a matter of fact, on the balance, imported rather than exported wheat. So, I say that wheat must be absolutely banished from the consideration of this question.

The next item that has been mentioned is rice. India consumes practically the whole of the rice that she produces. Only seven per cent. of her production goes outside the country, and, out of this quantity, Great Britain takes three per cent. The remainder of the requirements of Great Britain is supplied not by Empire countries, but by Spain and the United States of America. Therefore, even if our rice was taxed, we should be in the same position as Spain and the United States, even if we thought that rice was a commodity which we have to take into consideration when dealing with our export trade. (Mr. B. Das: "You forget Burma.") Then take coffee. India's share only amounted to 8½ per cent. Now, there has been on coffee, for a number of years, a preference

in favour of Empire countries. In spite of that, the exports to Great Britain from India have continued to be stationary, while the exports of other Empire countries have gone up. India's share, as I said, is 8½ per cent., the share of the Empire is 45 per cent.; and apart from Central America and Brazil, which are very formidable competitors for the coffee trade in Great Britain, British East Africa is perhaps the strongest of the Empire countries which is our competitor. I was not present here the other day when my Honourable friend, Dr. DeSouza, who should know a great deal more on the subject than I do, expounded the argument that this preference on coffee would be of distinct benefit to India. I say that the benefit is there, but it is rather negligible, and in view of the undoubted fact that India's consumption of coffee is increasing at a rapid rate, I do not think that the coffee trade ought to give us any concern

Dr. F. X. DeSouza (Nominated Non-Official): May I point out, as a matter of personal explanation, that the benefit I indicated was the possibility of capturing the English market to the extent of Rs. five crores.

Mr. H. P. Mody: That is a very tall order, Mr. President; I should be satisfied with even Rs. 50 lakhs! I pointed out that Central America and Brazil export the most, that British East Africa is our strongest competitor among the Empire countries, and that India's sendings have been stationary in spite of the fact that there has been a preference in operation for a number of years. (*An Honourable Member:* "How much?") I could not tell you that straightaway, but it has been in operation since 1919. In view of that to say that we can capture Rs. five crores worth of additional trade is, I submit with great respect to my Honourable friend, a very tall order.

Take vegetable oils. The exports to Great Britain are, even as things stand, increasing and increasing substantially. My anxiety is to present a fair picture, and not to try and damn the Delegation's work, but rather to appreciate whatever they have done which is of benefit to India, and to point out where, in my judgment, at any rate, they have taken a view of the situation which is not warranted by facts. I say that, in the matter of vegetable oils, a preference would undoubtedly be useful, but to what extent it would be useful is a matter for consideration. The Delegation themselves have pointed out two handicaps which have interfered with the expansion of the trade in vegetable oils, and those are expensive packing and high sea freight. The question is whether this particular quantum of preference, which has been given in respect of vegetable oils, will be enough to overcome those two handicaps which the Delegation themselves have mentioned.

The next commodity is magnesium chloride, and it is proposed to have a duty on the foreign article of one shilling per cwt. Sir, the House should know something about the magnesium chloride industry in India, because it dealt with the question of protection only a short while ago. With great respect, I would laugh out the possibility of India being able to export magnesium chloride to any extent. In spite of the protection which was proposed by the Tariff Board and accepted by Government, the House may remember that I moved and carried an amendment that if, in spite of the protection, foreign competitors dumped their goods in India, the Government of India should without reference to the Legislature,

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increase the duty correspondingly. Sir, that amendment was accepted by the House. That shows that even with protection, the magnesium chloride industry is not capable of holding its own, but for the power which the Government of India have in their hands of imposing an additional duty without reference to the Legislature in the event of powerful foreign combines, particularly German, dumping magnesium chloride in the Indian market. So, I say, magnesium chloride ought to be ruled out altogether.

The last of the six commodities in Schedules A and B, is linseed, and I must again admit that here the preference would certainly be of advantage to India. But we have to consider how far that advantage would go. There has been no doubt that India has been losing ground to Argentine, and it is a question whether a 10 per cent. preference would be enough to overcome the competition from the Argentine. I think there is considerable disparity in price, and the question that we have to consider is—is the preference, which has been proposed, enough to make us level, so to speak, in competitive capacity with the Argentine in the matter of linseed? (*An Honourable Member*: "Not unless production is increased.") Exactly. The Delegation say, it is necessary apart from the preference that the production of linseed should increase, and they mention a figure of two million acres. Is that within the bounds of practical politics today? You can do it in a number of years, but, after all, this Agreement is to be operative only for a very short time. Do you expect within that time, that linseed would benefit to the extent to which, you think, it will, by bringing into the acreage as much as two millions more. I say, Sir, that that, in my opinion, is an estimate wide of the mark.

While I am on linseed, I would say that if Great Britain had offered a preference to cotton seed it would have been of distinct advantage. I would repeat that the preference is useful, in spite of the competition of Argentine. My only point is that it may not prove so very effective as the Delegation and my friends over there seem to imagine. In cotton seed, however, we are experiencing a great deal of competition from Egypt, and if, it had not been put on the free list and had been given a preference, India would undoubtedly have stood to gain.

That finishes Schedules A and B in which fresh preferences have been proposed. Now, Sir, let me go on, unfortunately the time at my disposal is limited, (*Honourable Members*: "Go on"), to the preferences which are retained. The distinction that I would like to draw is that here there is no question, of India having lost her ground. India has not lost her ground. She has managed to retain it, even to strengthen it, but the point is that we are told now that if we do not ratify this Agreement, much of the ground which India has retained could no longer be retained, because Great Britain would give preference to the rest of the Empire countries and leave India out in the cold. Let me preface this part of my remarks with a general statement. The United Kingdom's share in India's import trade amounted in pre-war years to 63 per cent. In 1927-28, it was 48 per cent., in 1928-29, 45 per cent., in 1929-30, 43 per cent., in 1930-31, 37 per cent., until in 1931-32, it came down to 35 per cent. That is to say, from 63 per cent. in pre-war years, England's share in the import trade of India dwindled to 35 per cent. What is the other side of the picture? And that illustrates the point which I am trying to make, namely, that so far as conditions are what they are, India's position in the markets of Great Britain is

secure. The corresponding figures of export are 25 per cent., 25 per cent., 25 per cent., 21 per cent., 22 per cent., 22 per cent., and 28 per cent., in 1981-82. The fact is that India's position today is secure in the markets of Great Britain. Having made that general observation, I pass on to some of the important items, I have selected such of those as would rather prove my Honourable friend's case. Take tea. There is not the least doubt that this is the most important of all the commodities which are affected by this Agreement. I do not hold with those people who say that the capacity of Ceylon or of Java is limited. I think they are talking absolutely without the book. I do not also hold with those who say that because it is British capital, therefore Great Britain will not discriminate against it. What is wrong with British capital? I have no prejudice of any sort against it. What is there to prevent my Indian friends from buying tea shares? The monopoly in jute was in Scottish hands for a number of years and today the largest holders of jute shares are Indians. In the same way the time may come when we may have a larger and larger share in the tea trade. So I dismiss that argument also. What I would point out is that it is undoubtedly true that if this preference of 2d. which has now been given to Empire tea under the last Budget, and not, mind you, under the Import Duties Act, if that were done away with, and Ceylon continued to enjoy preference, there is no doubt that we should lose a great deal of our trade to Ceylon. Perhaps we should lose a part of our trade also to Java and Sumatra. The only point is, what are the possibilities of such action being taken? While I admit, that if the preference were done away with, there would be a very considerable injury done to the tea trade, I think England will think ten times before it seeks to do away with this preference of 2d. Why? For the simple reason that India is the largest supplier of tea to the United Kingdom, and if she was put on the same footing as foreign countries, the duty of 4d. against Indian tea would determine the price of tea to the consumer in Great Britain. That is an economic fact, which I would like to see any of my Honourable friends challenge. So I doubt very much whether action would be taken against Indian tea, in view of the fact that the price of tea would be raised all round, and the consumer would be hit very hard. Do not let us forget that tea was free of duty and that it was for budgetary and

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We shall next take jute manufactures. While India gains by the proposed preference, as against India would the Dundee jute industry, we must remember that Great Britain only takes six or seven per cent. of the total exports from India to various countries. If preference were not given, it may be that our exports to Great Britain might diminish to a certain extent, but do not forget that as regards jute manufactures, we have the whip hand in the sense that we have a monopoly of the production of raw jute, and if a duty were imposed upon jute manufactures, it could be counterbalanced by an export duty on raw jute. I am not saying that, it would be done, but there is the possibility. Now let me take teak. The industry exports about ten per cent. of her total output and supplies more than half of the British market's requirements. If preference were eliminated, Indian trade would be affected to a certain extent, but I do not know to what extent that would be, because no figures are given. I am sorry to have to go on at this length, but I hope, Sir, you will give me a little indulgence, because I have made a study of this subject.

Some Honourable Members: Go on, go on.

Mr. H. P. Mody: Next let me take pig lead. The largest export is to the United Kingdom. Here the retention of a preference, I will admit, would be of advantage, but, again it is not possible for us to say what the advantage would be. Here I want to make a general complaint against the Report of the Indian Delegation. We were given the report on the 18th of October. But the detailed facts and figures which are absolutely essential for a study of this question have not been supplied. Only general statements are made, sometimes backed up by a few facts and figures, and we have had to wade through blue books and works on economics in order to determine how far the statements which are to be found in the report can be substantiated. Therefore it is that while I admit that in the case of pig lead and tank a preference would be of distinct advantage, I am not in a position to assess what that advantage would be in the absence of the figures which are required.

Next we have spices. They are a negligible item in so far as the value of the export to Great Britain is concerned, and I do not think they ought to have been made a song of in the Report of the Delegation.

Then, take tobacco. I shall not weary the House by attempting to go into details, but I will say this as regards tobacco. In Great Britain, the tastes and habits of the people are changing, and today a very considerable amount of cigarettes is being consumed—a great deal more than any other kind of manufactured tobacco. India does not produce enough of cigarette tobacco yet. Such tobacco requires skilful blending: and if India were to produce such tobacco in appreciable quantities tomorrow, there is a great deal of the country's own consumption to look after. Cigarette factories are springing up fast in India, and you will find, Sir, that if India, were to increase her production of cigarette tobacco, it will all be absorbed by the home market.

The other side of the picture is what would be the possible disadvantages to India if this Agreement were ratified. Now, the first general feature which strikes one is the extraordinary range of preferences given. My Honourable Leader, Sir Abdur Rahim, pointed this out yesterday. What I want in this connection to do is to draw Honourable Members' attention particularly to the Report of the Fiscal Commission of which you, Sir, were the distinguished President. I do not know how many times the Report has been quoted—I wonder if you quite like it!—but I must quote paragraph 25 of the Report:

"In our view, it is clear that if preference is to be given, it must be confined to a comparatively few commodities and cannot take the form of a general preferential tariff. The commodities selected must be as far as possible those in which British manufacturers already hold an important part of the market and in which the grant of a preference is likely to develop rapidly the portion of the market which they will command so that the burden on the consumer, if any, will be removed at an early date".

Sir, I have examined, somewhat hurriedly the whole Schedule of the articles on which India is to give a preference. In respect of a few items, the test laid down by the Fiscal Commission is satisfied, in that England holds a great part of the Indian market, and if we were to consider mutual preferences, it would be right and proper that we should give preference on these articles. Then, there is, another class of articles where the trade of Great Britain is so very small that to give preferences to Great Britain by raising the duty on the foreign article would be to raise the

price to the consumer on all those articles; and they are the most numerous of the whole lot. By all means give preferences if we have to enter into a Trade Agreement, but give it on those articles in which Great Britain holds an important position, so that the burden on the consumer may be eliminated at a certain date, but do not give it on an enormous number of articles in such a way that it becomes a general measure of preference. What would be the consequence of that apart from the considerations which I have mentioned? The case of Indian industries was mentioned in the course of the last two or three days. I do not see that our major industries are going to be affected, but do not forget that in the last year or two a great many small industries have sprung up—cement, paint, painters' materials, aluminium circles and sheets, earthenware, porcelain, electric lighting accessories, safes, strong boxes, boots and shoes, etc. Only the other day, I came across a small factory for the manufacture of plugs and switches. If you are going to give preferences all round, you should consider the effect on such nascent Indian industries that are rapidly, under the stimulus of Swadeshi, springing up in this country. (Applause.) The other disadvantage would be an increase of the burden on the consumer or a loss of revenue. Great Britain gets a preference either by a reduction of the duties against her products, or against foreign products by a raising of the duties. In the one case there will be a loss of revenue, and in the other case a burden on the consumer. In view of all this, I submit that this Agreement requires the most careful examination. We ought to know what the other part of the arrangement is: in what way are all these preferences, which are to be given to articles of British manufacture, worked out in the Tariff Bill. Another general consideration has been urged. Many critics have said that there will be retaliation. I am not of that view. Sir, in matters of economics, there is no place for sentiment, either of hatred or of love (Hear, hear), and unless some of these Professors are able to establish to my satisfaction that it is possible for foreign countries to retaliate against India, I am not going to accept that argument. (Hear, hear.) But I am going certainly to advance another argument and that is this, that if only a limited trade is going round, and you fitch a portion of it from foreign countries, it does not mean that you enlarge your trade. It means merely that the trade has been diverted from one channel into another. I shall give you what was stated only very recently by His Majesty's Senior Trade Commissioner in India and Ceylon. He says:

"Apart from the working of economic laws, there has been for many years a tendency all over the world for a country to purchase its imports from those countries which are the most important customers for its own produce".

Unless the world level of prices rises, and unless we get out of this trough of depression, what we shall experience will be that the foreign countries which will be driven out of our markets in respect of those commodities on which we have given preference to Great Britain will, on that account, buy less of our products; their capacity to pay for our produce to that extent is bound to be diminished. I say, Sir, these are rather important considerations, and they ought to be very carefully examined.

Let me turn for a moment with the arrangements with the Colonies. Kenya, Uganda, Zanzibar and Nigeria and some others have been left out of the picture; Ceylon and the Malaya State are there. Even in respect of Ceylon, what do we find? There is a clean-rice trade of India which Ceylon will not give preference to. Ceylon, of course, has a right

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to consult her economic interests, but this is the sort of arrangement we have got with the Colonies. Kenya, Uganda, Zanzibar and Nigeria and other Colonies get preferences without any return, because they are said to be precluded by treaty arrangements from giving us preferences. In British East Africa, for instance, there is a large trade in textiles and India would have been benefitted considerably if a substantial measure of preference had been given to her textiles. British East Africa does not do so. It chooses to take her cloth from Japan; thus we are giving preference to a country which chooses to buy her requirements from a foreign country in preference to Empire countries. That is the sort of arrangement which we have come to with the Colonies.

Let me end with an appeal to my Honourable friends. After all, we have only had this report for a month. Very few figures, as I have said, have been given and we have had to wade through blue books and various publications. It is all very well for the British Parliament to get the necessary legislation through in no time, because after all Parliament represents the will of the nation, and it is a National Government that is in power. This position does not exist in India. We have besides, only one side of the case before us, and we do not know what will be the effect on the revenues of India or what will be the burden on the consumer. I will say to the Government: You forced down the throat of India the ratio, and even you have realised that it was an evil day when you used your majority for the purpose of ramming the ratio down our throats. (Applause from Non-Official Benches.) While I do not deny your technical right to use the votes you have got, I say, it will be an even more evil day if you use them after a four days' general discussion of this character to force this Agreement down the throat of India. Let us give it an examination by a Committee of the House. My Honourable friend, Dr. Ziauddin Ahmad's amendment may not be possible of acceptance; we may not be able to co-opt experts, and to have their report in time; but do let us have at least a Committee of this House and give it an opportunity to examine the Agreement. I for myself promise that I shall import no political bias into the consideration of the question. I shall look at it as a strictly business proposition, and if you convince me that the Agreement is to the benefit of India, I shall be your strongest supporter. (Applause.)

Mr. F. E. James: Mr. President, I am sure, the whole House will congratulate Mr. Mody on one of the ablest speeches on purely economic lines to which we have listened during this debate. I cannot, however, help observing that it is refreshing to find Mr. Mody himself in a new role, namely, as a champion and protector of the consumer. (Applause from Official Benches.) May I apply to him some words written by *Punch* in connection with Sir Herbert Samuel's resignation and make this appeal to him?

"Long since he had his chance to make

A fiscal sacrifice for unity;

He might have starved for Free Trade's sake

But chose to miss the opportunity;

Why now deny himself the fat

In which for months and months he's wallowed?

Why strain at Ottawa's paltry gnat

After the camels he has swallowed?"

Mr. H. P. Mody: May I tell my Honourable friend that it is one thing to put a burden on the consumer in order to help your industrial development and quite another when industrial development is not in question. I invite my Honourable friend to read the report of the Fiscal Commission on that point.

Mr. F. E. James: I should not have dared to address the House without having most carefully read and pored over the Report for which you, Sir, were so largely responsible.

Now, Sir, Mr. Mody has addressed himself to the general argument as to whether this Trade Agreement is or is not definitely beneficial to India. I would like to remind him, as I would like to remind the House generally, that there are two sides to this question. Those, who are readers of the papers, will have observed in the House of Commons the very strong opposition voiced to the preference proposed on linseed for India and I have in my hand an extract from a letter which was recently received from a well-known British manufacturer who is a keen supporter of the Labour Party. With your permission, Sir, I would like to read one or two extracts from this letter, merely to point out to Honourable Members that there is another side to this picture. Just as the Honourable Members are criticising the Agreement here, so there are communities in my own country who criticise the Agreement from exactly the opposite point of view. This is the extract from the letter:

"This Trade Agreement is definitely beneficial to India, but its results are not so obviously beneficial to Great Britain. Indian pig-iron will undercut the workers of Scotland and South Wales. How will they regard the matter when they lose their jobs through the entry of a subsidised Indian article? We are offending the Argentine by giving a new and handsome preference to Indian linseed. India gets preference on tea, rice, coffee, vegetable oils and many other important products. What do we get? Preference on a long list of articles most of which do not amount to a ha'pence of beans. No assistance to piecegoods, no assistance to other goods which you have shut out by high protective tariffs, and not only that, but the right to get protection on even any of the goods to which preference is given to us, so that they can be removed from the Schedule. But the crowning scandal (*this is from a British manufacturer*) of the whole thing is that there is no period to the Agreement. It can be repudiated at six months' notice in whole or in part. Now, what the hell is the good of an Agreement like that? Your Delegates were clever devils. (*My Honourable friend, Mr. Shanmukham Chetty, will appreciate the compliment.*) They pulled the bluff alright".

That, Sir, is the opinion of a British tax-payer on the Indian Agreement. Now, Sir, my Honourable friend, Mr. Mody, has given us a detailed examination of the Agreement itself. He has done so by two methods. First of all, he has reduced, as far as possible, in anticipation, the advantages to Indian exports which are likely to accrue. He began by making a very large deduction. He spoke of the export trade of 47 crores of India which might be considered and then said, "We will take away from that 24 crores which deals with tea and we will deal only with 23 crores that are left".

Mr. H. P. Mody: Taking these separately.

Mr. F. E. James: He then proceeded to take article by article and, on no foundation of fact whatsoever, he proceeded to decry the advantages which might accrue. He took up the question of coffee. Now, Sir, you will find, as my Honourable friend, Dr. DeSouza, has already pointed

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out, that, as a matter of fact, the new preference or the increased preference given to coffee is, and will be, of very great advantage to coffee producers, provided, and this applies to the case of every single article of Indian export which is benefited under this Agreement, provided the producers concerned take advantage of the new preference given. Why do I say, Sir, that a preference on coffee is to be of great value? My Honourable friend would have found the answer in the body of the report itself; and may I say, in passing, that the answer to practically every criticism levelled on the floor of the House against the Ottawa Agreement is found in the body of the Report itself. You will find the answer here.

"The Preference will now be increased to 9s. 4d. a cwt., and, as most of the foreign coffee imported into the United Kingdom is of the mild type and similar to good quality Indian coffee, it is reasonable to expect that the consumption of Indian coffee in the United Kingdom will increase substantially".

That is the answer to my Honourable friend's argument.

Then, Sir, he dealt with the question of magnesium chloride. I am simply picking out a few of these to demonstrate that his arguments are entirely fallacious and not based upon the practical considerations of the situation. In fact, I am surprised that being a good businessman, he used this argument. A good businessman is one who seizes every possible advantage of expanding his industry and of expanding its exports. My Honourable friend on the other hand is taking every possible opportunity of decrying the advantages that are given in this Agreement.

Mr. H. P. Mody: Will the Honourable Member explain the advantages?

Mr. F. E. James: I will now explain the question of magnesium chloride. My Honourable friend, Mr. Mody, says that there is no future for this industry as an exporting industry even if preference is given. Why then is it that only last week the interests concerned in the United States of America have appealed to the American Government to use the provisions of their antidumping legislation to protect their market against the import of magnesium chloride from India?

Then, my Honourable friend spoke of linseed. Fortunately he had little to say about linseed. All he said was that he did not expect that it was within the capacity of India to increase her production within six months by two million acres.

Mr. H. P. Mody: Within a measurable distance.

Mr. F. E. James: Surely, it is within the capacity of India to increase her production reasonably quickly and that is all that the Delegation ever recommended. I may point out once more that the value of these preferences to India in the matter of linseed is proved by the opposition that has been raised in England against this particular preference by the interests concerned.

Now, Sir, I will deal with two other articles. I will deal with the question of tea. And here, I would like to congratulate Mr. Mody upon the broad-minded view which he has taken of that industry and I welcome,

with all my heart on behalf of the industry, which in part I represent, his kindly references to British capital in this country. But looking into the matter from a purely economic point of view, there are two arguments which have been advanced during the course of this debate, the first argument is that Great Britain will never forgo preferences on tea or never remove preferences on tea as that might injure the British planters here.

Mr. H. P. Mody: Probability, I said.

Mr. F. E. James: There is the probability. But I should like to remind my Honourable friend that in 1929, Mr. Winston Churchill, as Chancellor of the Exchequer of a Conservative administration, reduced and then removed the preference on tea which India had enjoyed. Those of us who are interested in the tea industry have as little reason to be fond of Mr. Churchill as my Honourable friends on the other side of the House, though perhaps on different grounds. But, what was the result of the removal of this preference? In 1928, the Empire supplied to Great Britain 93 per cent. of her consumption of tea, whereas Sumatra and Java supplied seven per cent. After the preference was removed in 1929, in 1930 the Empire supply of this product in the United Kingdom had dwindled to 80 per cent., whereas the supply from Java and Sumatra had increased to 19 per cent. As soon as the preference was removed, repeated efforts were made, not only on behalf of the interests involved in this country, but also, I believe, at the instance of certain of the Provincial Governments, for a restoration of the preference on tea, but it was repeatedly refused. In 1931, it was refused last, and in 1932, this preference was granted. What was the immediate result? Since 1st April this year, during the last six months, the exports from Java and Sumatra have gone down by nearly four million lbs., as compared with 1931 and there has been a corresponding or a nearly corresponding increase in the export to the United Kingdom of Indian tea.

Then, Sir, another argument has been advanced—I have mentioned this argument before, but I want to put in another plea—the argument was advanced that the people of Great Britain would never agree to an act which would injure the Indian tea industry. My Honourable friend has never had the advantage of addressing a meeting of the Labour Party in Great Britain. When, at the time of the last General Election, a friend of mine was standing for the British Parliament, one of the arguments he was advancing for his candidature was that he supported a general scheme of Imperial Preference, and some one said: "What about tea?" He suggested: "Let us put a duty on foreign tea to save the ruin of the business of your own countrymen which they have established in India". The answer came quick from the audience: "What do we care about the interests of the industrialists in other countries? Give us cheap tea".

Mr. H. P. Mody: That was my whole point.

Mr. F. E. James: My whole point is this. My Honourable friend advances the argument that preference is something which matters little to tea. I have pointed out, it matters a great deal. The other argument is that the British Government will never go back on that principle. I have pointed out that, not only have they gone back upon it before, but they will go back upon it again, unless the principle of preference is enshrined in the form of an agreement.

Mr. H. P. Mody: I should like to interrupt my Honourable friend. I did not talk of preference. All that I said was that it is unlikely that England wished to do away with preference in the sense that there would be a duty of 4d. per lb. on Indian tea, because Indian tea, holding the position as it does in the British market, the price thereof would be raised all round and the British consumer would not allow it, including the labourite.

Mr. F. E. James: If the duty was reduced, there is still the principle of preference and my argument would still hold good in those circumstances.

Mr. R. K. Shanmukham Oshetty (Salem and Coimbatore *cum* North Arcot: Non-Muhammadian Rural): What is likely is that in the interest of the British consumer the Labour Party will decrease the duty on foreign tea by two-pence and equalise it with Indian tea.

Mr. F. E. James: I pass on to another article which Mr. Mody in his wisdom somewhat lightly skated over and that is the question of tanned hides and skins in which there is a matter of seven crores involved. India, under the Agreement, gets preference on the manufactured or semi-manufactured article and continued free entry for the raw material. You will remember that in recent discussions in Great Britain the tanning industry has strongly recommended a ten per cent. duty on all tanned hides and skins. If there had been no Agreement, there would have been today or, at any rate, from 15th November, a duty of ten per cent. on tanned hides and skins from India. Take that into consideration with the raw product which gets free entry equally with the raw hides of other countries and you will see that a tremendous value accrues to the tanning industry in this country from this particular Agreement.

Mr. Rahimtoola M. Chinoy (Bombay City: Muhammadian Urban): May I know how much of these hides and skins that go from India is consumed actually in the United Kingdom?

Mr. F. E. James: I have not the figures immediately at hand, but no doubt the Commerce Department can supply that information. Now, Sir, the further argument has been advanced that if this particular Agreement is ratified by the Assembly, there would be an immediate and damaging retaliation on the part of the foreign countries. Well, Sir, the first point was taken by Dr. Meek yesterday, and I do not wish to dilate on that point, in which he proved that retaliation never does pay and that a country will not retaliate unless it suits its trade to do so. But what have other countries done as far as India's export trade is concerned, in recent years? If you will examine a few of the articles concerned, you will find that in France the duties on linseed oil, groundnut oil, hides and skins, coffee and jute cloth have been raised tremendously. The duty on coffee, for example, is £5-13-4 for a two hundredweight bag. Take Holland,—increased duties on jute cloth and groundnuts. Take Germany,—increased duties on linseed and coffee. Take Japan which is so often quoted in this House,—a prohibitive duty on pig-iron and a total prohibition on the import of rice. Take America,—large increases all round in tariffs against Indian exports of recent years. I have already mentioned the special action which it is desired to take in connection with magnesium ore.

Then, Sir, what is the immediate effect of the Ottawa Agreement as far as the United Kingdom is concerned? One of the immediate results is that there have been from all the Scandinavian countries, from Germany, from Holland, from the Argentine, Trade Delegations sent in order to come to reciprocal arrangements regarding tariff arrangements between those countries and Great Britain. In other words, the first result of the Ottawa Agreements, after they were published, has been that other countries have desired to come into similar arrangements whereby there may be reciprocal lowering of tariffs. And that brings me to my last and main point. I stand here as a free-trader, in theory. I believe that the freer the trade, the bigger the trade. I believe that the principle of national sufficiency and the principle of even Imperial self-sufficiency is a wrong one and will lead ultimately to an economic wilderness. India wants more trade; India will get that trade only if general trade throughout the world recovers. You will find, Sir, in the Report, in the speech of Sir Atul Chatterjee the following sentences. I quote this speech, because it illustrates the spirit in which the Indian Delegation went to Ottawa and made their Agreements:

"India has to find markets outside the Empire for the great bulk of the exportable surplus of her products, although in normal years she purchases a greater proportion of her requirements from within the Empire. These are facts which those, responsible for India's welfare, have constantly to bear in mind. The development of her foreign trade generally is one of her primary interests. But it is not in the mind of any of us here, I am sure, that trade could be confined to Empire channels, and it is the hope of the Indian Delegation that this Conference may prove to be an important step towards greater freedom of trade throughout the world."

That, Sir, was said by the Leader of the Indian Delegation before the Ottawa Conference began. What was the result? Largely, I believe, as a result of the influence of the Indian Delegation at that Conference, there was a Resolution on Trade Agreements in general passed unanimously by that Conference in which the following appears:

"That by the lowering or removal of barriers among themselves provided for in these Agreements the flow of trade between the various countries of the Empire will be facilitated, and that by the consequent increase of purchasing power of their peoples the trade of the world will also be stimulated and increased;

Further that this Conference regards the conclusion of these Agreements as a step forward which should in future lead to further progress in the same direction and which will utilise protective duties to ensure that the resources and industries of the Empire are developed on sound economic lines."

The whole point of this Agreement, the main argument in favour of this Agreement is that, first, it will result in expanding India's export trade and, secondly, it will lead to a general lowering of tariff values throughout the whole world. Those who vote against the Agreement definitely vote against a chance of increasing India's export trade which is not likely to recur again in another generation. Those who vote against the Agreement also vote against the first practical step which the countries of the world have been taking, the first practical step to bring about a general world recovery. One more moment and I have finished. My friend, Mr. Mody, at the close of his speech, appealed in a very sincere and moving manner for time for consideration of this Agreement. Now, we have before us, at the moment, an amendment of the original Resolution moved by Dr. Ziauddin Ahmad, but as far as we are concerned, we cannot accept that amendment as it stands. We feel strongly that time should not be wasted; we feel strongly that the matter is urgent. But we are

[Mr. F. E. James.]

prepared, if a proposal were forthcoming on the floor of this House, to support some suggestion whereby, without delay and without further complication, this House would have an additional opportunity, through a Committee, of examining the actual implications of this Agreement. But there is nothing before the House at the moment. My last word is this: that whatever we do on the floor of this House, whatever conclusion we ultimately arrive at, let that be a conclusion which is in the interests of India's best economic advantage, and through her best economic advantage, in the interests of world trade as a whole.

Mr. B. S. Sarma (Nominated Non-Official): Mr. President, there is a cablegram this morning in the *Statesman* as to what happened in the House of Commons regarding Assembly proceedings on the Ottawa Debate. Mr. Lansbury asked if this sort of Agreement was to be carried by the votes of Nominated Members; to which Sir Samuel Hoare replied that it was the ordinary procedure and, if it was departed from, the Labour Representative would be debarred from voting. I am afraid that both the suggestion of Mr. Lansbury and the reply of the Secretary of State were most unfortunate and irrelevant, because it is likely to create an impression that the Nominated Members of this House have already been pledged to support this Agreement and that we go into the lobby at the order of the Government. It is not so; and let me say this as a Nominated Member that the Government of India have no right to give any such dictation nor is there any obligation on the part of the Nominated Members to obey that dictation even if given. I am saying this for two reasons; unfortunate impression may be created by the publication of this cable at home and, also, if this Resolution is carried, the Opposition may go and say that the Government carried it with the votes of the Nominated Members. If some of the Nominated Members like me happen to vote for the Resolution, it is because we feel that this Agreement ought to be ratified. (Interruptions.)

I do not mind interruptions: I have been accustomed to interruptions in this House and I have often times hit back also. But today, even if I am interrupted, I am not going to be aggressive or use a harsh word, because I find from this morning an atmosphere of sweet reasonableness and conciliation pervading throughout the whole House and the lobbies and I do not want to say anything or do anything which might in any way interrupt that. I must say that we are always bringing to bear an independent mind and judgment on issues of this character. To demonstrate that, let me at once say that my sympathies are entirely with the amendment of Dr. Ziauddin Ahmad subject to the alterations implied and suggested by my friend, Mr. James. It is not because that I do not like the provisions of this Agreement; on the other hand I entirely agree with the main Resolution and the provisions contained in the Ottawa Agreement. We do not understand what all these learned pundits have been saying for the last three days, upon linseed, cotton, aluminium and all that sort of thing. Many of us are laymen; but we do understand from a cursory study that 55 per cent. of our imports are unaffected by this Agreement.

Twenty-two per cent. is subject to examination by the Tariff Board; and this supposed preference covers only about 22 per cent. of our

imports and, even there, our protected industries are not touched. Taking these figures we find from the reciprocal preference as was explained yesterday by Mr. Shanmukham Chetty, the balance of advantage is entirely in our favour. And the other reason why I support this Agreement is a purely—you may call it very narrow—provincial and personal reason: the provincial reason being that the two provinces which immediately stand to gain by this Agreement are Madras, the province of my birth, and Bengal, the province of my adoption. Of course the province that does not stand to gain so much is the province of Bombay, from where this agitation has been engineered against the Agreement. The second personal reason is this: in any document if you find the signatures of men like Sir Atul Chatterjee or Sir Padamji Ginwala or Mr. Shanmukham Chetty and if the same is supported by a man of the proved patriotism of Sir Joseph Bhore, I do not think any patriotic Indian should have any objection to support it. If ever the day comes when people like these prove false to India, I say, then, good bye to all prospects of this country ever becoming free.

With regard to the suggestion about supporting this amendment, if you will permit me, Sir, I will move an amendment to Dr. Ziauddin's amendment with alterations on the lines suggested by my friend, Mr. James. After the word "report" we may say "within a week", and then (interruptions)—I am only making a suggestion and it is for the President to accept it: and then delete the words about co-opting not more than six specialists for one simple reason: if the gentlemen who have signed this Agreement, Sir Atul Chatterjee and Sir George Rainy and Sir Padamji Ginwala and Mr. Shanmukham Chetty are not experts, where are the experts in this country who can compare with these people? In view of this, I suggest, with your permission, Sir, an amendment to this Resolution and I have no doubt that the Commerce Member will have no objection to accept it.

Mr. President (The Honourable Sir Ibrahim Rahimtoola): The Honourable Member may be in the confidence of the Commerce Member but the Chair requires the amendment to be handed over to it for consideration. Honourable Members are aware that in terms of the Standing Orders two days' notice is required for every amendment to be moved. The Chair has the power of suspending the Standing Order and allowing an amendment to be moved at any stage of the debate; but in order that the Chair may be able to consider whether at this stage such an amendment should be allowed without notice, it is necessary that the Honourable Member should hand over in writing the amendment which he proposes to move.

Mr. R. S. Sarma: May I say a word of personal explanation? I am not in the confidence of the Commerce Member, but I thought that in view of the reasonableness of my suggestion together with the support that Mr. James gave to it—there will be little difficulty on the part of the Government to accede to it. If you want, I shall write it out, Sir.

Mr. President (The Honourable Sir Ibrahim Rahimtoola): Yes, you may write it out and send it to me.

* **Sirdar Harbans Singh Brar** (East Punjab: Sikh): Mr. President, a lot has been said on this subject from a commercial point of view and I

*Speech not revised by the Honourable Member.

[Sirdar Harbans Singh Brar.]

need not detain the House on that issue. My only reason for intervening in this debate is this: I have to see the Agreement purely from the agricultural point of view, whether it benefits the hundreds of millions living in the countryside or whether it does not. If any protection or any additional market to the agricultural produce of Northern India is there, I am for it; if there is not, I am against it. It is clear from the terms of the Agreement that cotton is given no additional protection, and, our main buyer of cotton being Japan, if we have to give preferential duty on English cloth, then Japan will naturally retaliate and refuse to buy our cotton. Agriculture will, by that means, suffer. As far as this four annas protection on wheat goes, when we cannot compete with Australian wheat in our own country, and when the freight charges between Australia and Calcutta are cheaper than the freight charges from Punjab to Calcutta, we can hardly expect to compete with Australia and much more with Canada in the British market. That being so, no protection or additional export trade for the agricultural produce can be expected; and there being more duties on the imports which the agriculturist has to pay he suffers a double loss. He is neither provided an additional market for his produce, nor is he given the benefit of buying his goods which are imported into this country from the cheapest market. Under these circumstances, I feel that, representing as I do a purely agricultural constituency, I will not be well advised, until and unless I could be satisfied that some additional protection to agricultural interests and some more additional margin for agricultural interests are accorded, to vote for this Resolution. I have only these words to say.

Khan Bahadur Mahdum Syed Rajan Bakhsh Shah (South West Punjab: Muhammadan): (The Honourable Member spoke in Urdu a translation of which will appear later as an Appendix to these debates.)

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadan Rural): Sir, for the past three days I have been carefully listening to the debate on this very important Resolution. I came here with an open mind, and I keep my mind open still. I must say that I am still unconvinced as regards the necessity for this Resolution, and I am not convinced that this Ottawa Agreement will be of any benefit to my country. In view of the fact that there are many Members on this side of the House who are of the same opinion as mine, and who have not been able to come to any conclusion on the matter even after hearing the various speeches delivered on the subject on both sides, it seems that the suggestion of my friend, Dr. Ziauddin Ahmad, is a reasonable one and Government should accept it. After all, what does the amendment ask? It asks for a little more time to consider the matter fully with the aid of experts. That is the very least thing that the House can accept.

With regard to the amendment of my friend, Mr. Sarma, he says . . .

Mr. President (The Honourable Sir Ibrahim Rahimtoola): That amendment has not been moved.

Mr. Amar Nath Dutt: I think my friend, Mr. Sarma, suggested that the time for consideration should be very short. Probably his idea is that it should be considered within a week or so. I have also gathered from the lobby conversations that the idea of Government is that it should be

hurried, and if there should be any Committee it should report within a week or a fortnight at the most. Sir, I submit that it will be very unreasonable to ask the Committee to come to any conclusion within the short space of a week or a fortnight, because volumes of literature will have to be studied and several blue-books will have to be waded through including numerous figures, and we will also have to try to understand the expert point of view. That being so, the only alternative left to me is either to oppose the Resolution or to support the amendment of my friend, Dr. Ziauddin Ahmad. Sir, I am myself a landholder and, as such, my interests are intimately bound up with the interests of the agriculturists. Members who come from Bengal will bear me out that we have all been hit very hard by the economic depression, and especially by the fall in the prices of agricultural produce in our province. My friend, Mr. Sarma, lays a special claim to speak for Bengal, and he says that is a land of his adoption. I do not deny him the honour, but, at the same time, I think he will not deny that I have a greater right to speak for Bengal than my friend over there. One Honourable Member suggests that he is an adopted son but, even in that case, he can claim the rights of a son according to law. But I do claim to be a true son of Bengal having settled for about a thousand years in the province, after our ancestors migrated from Kanyakubja to the province at the request of King Adisura, who invited five Brahmins and five Kayasthas to Bengal. We are landholders and enjoy Permanent Settlement, and as such our interests are intimately bound up with that of the tillers of the soil. That being so, I think my friend, Mr. Chetty, whom I do not see here, will not sneer at me by saying that I am also a super-patriot if I speak on behalf of the agriculturists as well as the landholding class with whose interests the interests of the agriculturists are intimately connected. In fact, I do think that no benefit will accrue to the agriculturists from the Ottawa Agreement or to the landholding classes of Bengal. Therefore, unless we are convinced of the other advantages to our countrymen, we cannot support this Resolution, and the most we can do is to support the amendment of my friend, Dr. Ziauddin Ahmad.

Dr. R. D. Dalal (Nominated Non-Official): Mr. President, in giving my wholehearted support to the motion moved by my Honourable friend, the Honourable the Commerce Member, I desire to refer to one or two points in respect of the Ottawa Agreement. Sir, coming as I do from a distinguished mercantile family in Guzerat, Western India, I have all my life taken a deep interest in commercial matters, so I should be failing in my duty if I did not make a few observations on this important subject. In view of the changes in the Fiscal Policy of the United Kingdom which have taken place as a result of the Import Duties Act, it must be conceded that great losses would accrue to India's export trade from the imposition of the new British Tariff, so the Government of India are in duty bound

1 P.M. to subserve the welfare and interests of India and to enter into reciprocal Trade Agreement with the United Kingdom. India cannot afford to be indifferent to her own prosperity, and I am sure that the House is not so bankrupt of solicitude for the good of the country that it will throw away this chance. If India will not accept this Agreement, it is but natural that India would run the risk of losing her trade in respect of certain commodities. To cite an illuminating instance, tea is the largest item of India's export trade. If India refuses to accept the Ottawa Agreement, a terrible disaster will overtake the tea industry

[Dr. R. D. Dalal.]

in India—it would mean a disaster to British capital, Indian capital, and Indian labour. If, as a result of actual experience during a certain period, the expectations of India in respect of growth of trade are not realised, and if the losses are greater than the benefits derived from the Agreement, it will be open to India to terminate the Agreement at six months' notice. I feel confident that the efforts of the present Government to ratify the Ottawa Agreement will be attended with success; but it is just possible that the future Government may terminate the Ottawa Agreement. In view of that contingency it behoves us to look far ahead. India's export trade in respect of tea amounts to £20 millions annually. Sir, in this connection, with your permission, may I address one word of warning to tea planters and tea merchants? I am really at a loss to understand why tea planters and tea merchants scramble for foreign and American markets? Why do they not recognise that they have a most splendid market at their own doors and that they have millions at their own gates? I earnestly hope that tea will become the staple drink of the Indian worker in place of spirituous drinks. If I were a tea planter, I would leave no stone unturned to bring home to all India the advantages of drinking tea as compared with the suffering, misery, and ruin brought on thousands and tens of thousands of families by spirituous drinks. The Government of India and the Indian Delegation have fully safeguarded the economic and fiscal policy of India. For what they have achieved at Ottawa the Indian Delegation deserve great credit; and I feel peculiar pleasure in giving vent to expressions of congratulation to the Leader and Members of the Indian Delegation, and I will go further and say that the Indian Delegation have laid India under an obligation which will not soon be forgotten. So far as I understand the Ottawa Agreement, the position is this—by accepting the Ottawa Agreement India and England will come closer together in a spirit of mutual helpfulness; but by rejecting this offer of reciprocity, India and England will drift apart—what is more, the diversity of views and interests, political and otherwise, will grow acute and will continue to grow more acute, unless something is done to reverse the current, and that something is the ratification of the Ottawa Agreement. Sir, it cannot be expected that this business Agreement affecting many different interests in different ways can commend itself to everybody. But I earnestly hope that this great experiment in promoting economic co-operation will have the warm approval and support of this Honourable House.

Mr. Bhuput Singh (Bihar and Orissa : Landholders): In order to discuss the Ottawa Agreement, a few words are necessary to explain the dramatic change in the economic policy of Britain, from free trade to protection, as well as of the British demand for Imperial Preference in recent times. First, the steady decline of British imports into this country in recent years which fell from 64·2 per cent. in 1918-14 to 34·4 per cent. in 1931-32. Next, the Congress boycott of British goods has played not an insignificant part in reducing Britain's share in our imports during the past two years. Over and above this, for causes which were beyond our control, British exports to all countries have been declining for many years past. Britain is thus losing her industrial leadership, which she enjoyed undisputed for a little over a century after the industrial revolution. This has, therefore, been a very serious matter for the United Kingdom, also for the rest of the British Empire; because the United Kingdom, as the Indian

Fiscal Commission described it, is the "heart of the Empire", on whose strength depends the strength and cohesion of the Empire. The strength of the United Kingdom is bound up with the prosperity of its export trade. The conclusion, therefore, follows that "unless the United Kingdom maintains its export trade, the heart of the Empire will weaken, and this is a contingency to which no part of the Empire can be indifferent". From the point of view of India particularly, this is a frightful contingency which must not be allowed to happen. Our responsibility in the matter is all the greater, because India is one of the greatest potential markets for British goods.

We have statistics to show that in 1903 approximately 43 per cent. of our exports went to the British Empire, the average share of the British Empire in our exports during the quinquennium 1927-28 to 1931-32 was 38.4 per cent. Thus, at the present time, a little more than 61 per cent. of our exports find a market in foreign non-British countries. Our exports have successfully competed in foreign markets more by reason of their cheapness rather than for their quality and kind, and in this respect there has been no change for the better during the last thirty years. The steadily rapid decline of British exports since 1920-21 has started the cry for strengthening the heart of the Empire and attempts have now and then been made to that purpose. The recent Ottawa Conference is the ultimate desperate attempt in that direction, and the patent object of Imperial Preference is to exclude imports into India from the countries of Great Britain's rivals. Such being the case, the success of the policy will be judged by the extent to which Great Britain is enabled by this means to recover her lost market in this country. But it is a significant fact that both as regards the volume and the value of the trade, the whole British Empire imports less from India than it exports to that country. In other words, India's trade with the countries intending to join the Imperial Preference system is pronouncedly passive. It stands to reason, therefore, that this circumstance cannot hold out much inducement to Indians to grant those countries additional advantages now in the shape of special preference, because it is vitally important that India should not lose the large trade she is now doing with the rest of the world outside the British Empire.

So, as I have observed already, at present not more than 40 per cent. of her exports goes to the British Empire, while the remaining 60 per cent. is absorbed by other countries and her trade with the latter countries is, to a great extent, active. Commending on this notable fact that the British Empire buys far less from India than it sells in the markets of the countries under the British Empire, the Department of Overseas Trade has made the following remark:

"It is of great potential source of weakness that the United Kingdom should normally take from India a much less value of goods than the exports to India. Apart from the working of economic loss there has, for many years, been a tendency all over the world for a country to purchase its imports from those countries which are the most important customers for its own produce."

The exclusion of the foreigner from the Indian market will reduce his power of purchasing our raw materials. For example, Japan at present utilises something less than half of our exports of raw cotton. It is reasonable to presume then, that Japan will buy less of our cotton if we make it impossible for her to sell her cotton goods in this country. The Imperial Preference would naturally provoke retaliation, in which event the loss of the Indian market abroad will inevitably lead to a reduction in the

[Mr. Bhuput Sing.]

demand for Indian raw materials. I may just mention here in passing that Lord Curzon's Government regarded the danger of retaliation as real and potential when the question of Imperial Preference was once mooted here during his Viceroyalty. Imperial Preference will impoverish the Indian consumers by raising the prices of manufactured goods and it will also impoverish the Indian growers of food stuffs and raw materials by reducing the foreign demand for our exports. Where is the guarantee that as the demand of our exports to foreign countries will decrease as a result of possible retaliation the loss occasioned to us thereby will be made good by a corresponding increase in the demand of the Empire? A country that exports largely food stuffs and raw materials and imports largely manufactured goods can grant preferences of substantial value but receive none of any great value for itself. Take, for example, our wheat exports. The quantity exported in 1931-32 was a little over 20,000 tons valued at 15 lakhs, but in 1924-25 we exported over one million tons of wheat valued at 17 crores of rupees. Will any one show how Imperial Preference will revive our wheat export? Imperial Preference should not, therefore, be acceptable to India as it is a policy conceived wholly in the interests of Britain as it means protection for British manufacturers at the expense of Indian consumers and producers. It really means our political subjection on the one hand and economic disorganisation on the other. Then, again, the Imperial Preference decision arrived at Ottawa has been an one-sided affair so far as this country is concerned. Do we receive any sort of reciprocation from the arrangement? Do we get the free right to immigrate into and colonise the Dominions and Colonies by way of inducement in return? No, there is nothing sanctioned anywhere to that effect. We should, therefore, reject such a selfish and one-sided Agreement which aims at our ultimate economic subjection without conferring on us any tangible benefits, direct or indirect, present or future.

Sir, with these words, I beg to oppose the Resolution.

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

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. President (The Honourable Sir Ibrahim Rahimtoola) in the Chair.

Mr. S. O. Mitra (Chittagong and Rajshahi Divisions: Non-Muhammadian Rural): Sir, I do not know the attitude of the Government as regards the several amendments that have been moved and discussed these four days. I think that the Government may be agreeable to accepting the amendment of my friend, Dr. Ziauddin Ahmad, with some alteration, but I am not yet sure whether they have finally agreed to accept that amendment. In any case I think there is no chance of the amendment of my Honourable friend, Mr. Das, being accepted by this House, because I found as if there was a tacit agreement amongst the Members not to refer to the political aspect of this great question. (Sir Muhammad Yakub: "Quite right.") My Party have also decided that they will judge this issue from the economic point of view only. But that is no reason why I should not put forward my personal views on this subject. I think it is agreed that political pressure is the only weapon in the armoury of a subject nation that can be effectively applied to correct the wrong

attitude of the ruling nation and I do not know on what consideration we Indians should, of our own accord, deprive ourselves of this great right. Sir, it has all these years been said that this question of Imperial Preference should only be considered when India has got responsible Government. As a matter of fact, an agreement implies two independent parties who have the free will to exercise their discretion. A consensus of opinion can be expected only from free people. Here of course the Agreement has already been arranged between the British Government and the Indian Government, but its ratification is essential to show that this Agreement is shared by the respective nations. There is no hurry, because it has been admitted by the Honourable the Commerce Member himself that the 15th of November is not now the crucial date. So I do not know what other arguments Government can have not to accept the amendment of my friend, Dr. Ziauddin Ahmad.

From the economic standpoint, even laymen can see that India's export trade with Great Britain is only one-half of that of her trade with other countries. The latest figures show that only 35 per cent. of the export trade is with England, while the remaining 65 per cent. is with other countries. The only reason that has been urged why we should be forced to accept hastily this Agreement is, that, because of the British Import Duties Act there may be a danger of our sustaining losses in respect of the 35 per cent. of our trade with England, but if that be so, I think it applies doubly so far as the other 65 per cent. of our trade with other countries is concerned. The same argument, that because of the British Import Duties Act we may suffer in respect of 35 per cent. of our export trade, doubly applies as regards the 65 per cent. of our trade with other countries. I know my Honourable friend, Mr. Mody, has said that the question of retaliation is not a serious question, but I find, on the authority of a great expert on International trade and finance, Sir Arthur Salter, and he says this, speaking on the Ottawa Agreement:

"Other countries will certainly resent the increased preference in some cases and may translate their resentment into action. Take the case of Canada, for example. She has the closest trade relations with America, and much American capital is invested in the Canadian money market. . . . The new preferences must be mainly at the expense of these customers. An American Bill to introduce a new differential tariff against countries with a depreciated exchange to compensate for the so-called exchange dumping has already been threatened once. But the chances of some such proposal being renewed are obviously increased by the new preferences."

So I think that the question of retaliation from other countries is not a remote possibility when I have it on the authority of such a great International expert and that it may be a probability. So we cannot entirely exclude the idea of our export trade with other countries—which is 65 per cent. and almost double of that with England—suffering and that factor must not be lost sight of.

Then the Honourable Dr. Meek said that these privileges that we are having with England have worked now for the last eight months, and the Honourable Mr. Chetty suggested that the "super-patriots" of Bombay care certainly at least for their self-interest. Now, Sir, if these preferences that we are getting for the last eight months had been really of any benefit, we could certainly have expected our business men, our merchants and our traders running to the Honourable the Commerce Member for his assistance to get this Agreement accepted by this House. But instead of that we have found in this great House that it is only the two gentlemen who have been parties at Ottawa, and our friends, the Members of the

[Mr. S. C. Mitra.]

European Group, and Government are only anxious to get this Agreement ratified by the House without any response from the Public. No anxiety from those people who, for the last eight months, are supposed to be getting advantages, appears to be evinced, although it is threatened that unless we accept this Agreement they will be deprived of this great advantage. Now the trade people are certainly guided not by any malicious spirit to spite the Government. They are certainly expected to look to their own interest, and the very fact that there is no anxiety on the part of these people shows to my mind at least that a *prima facie* case has not been made out that it is of such great benefit as has been suggested here from the Government side and the European Group. Further, it has been said that 16 other countries—not the Dominions—but other countries are most anxious to enter into this ring in order to get the advantages. Now, if the ring is enlarged to that extent, then I think the little benefit claimed will be much reduced. Now it is really clever of the British Government, who are now finding the worst competition from outside, to put some pressure on other countries to secure better terms for their own trade that this Pact has been agreed to and not for any advantage to India.

Sir, there has been no contraction for the demands of our produce in the world, nor has there been any unfairness or severity of competition from our rivals for our produce. Our difficulty is really the disastrous fall in commodity prices in India. So, the main argument that we will get a better or wider scope for our exports is really not a point at issue. Further, it is not a fact that we have a surfeit of goods. Increased facilities for the export of raw materials may prejudice the economic development of this country. We have starving millions in India. It is really very doubtful if India will derive any benefit by exporting all her foodstuffs and other raw materials which should really be detained in India for the development of Indian industry and supplying food for her starving millions.

As regards the economic issue, any differential tariff really means a loss to the Government revenue and in this financial stringency this loss of revenue will mean an additional taxation on the people at large or the tariff is to be raised to that extent if the Customs revenue is to supply that deficiency in the Budget. In that case, the consumers shall have to pay ultimately this additional taxation. I think the Honourable the Finance Member said that it would not affect the financial condition in the Budget because of this differential duty. What he expects perhaps is to raise the duties to a certain extent and he contends that if the differential duty of 10 per cent. is maintained, it may not be that the whole amount of this differential duty will affect the finances to the whole extent. That is certainly correct. But it only means that a part of the loss will be met from raised tariff and the other part from the consumers in the shape of higher prices of these commodities.

Sir, I do not like to go into these individual items. The very fact that Britain refused to accept any duty on raw cotton shows that they are certainly anxious to have their raw materials at the cheapest rate and are not very anxious to help Indian agriculture or Indian industry in any way.

Now, Sir, I wish to say just a word or two about the procedure that the Government should adopt as regards the voting on this Resolution. My friend, Mr. Raju, gave notice of a short question to find out whether the Official Members will take part in the Division. I understand that the Honourable the Leader of the House refused to answer it and he wants a regular notice for this question which he would answer after ten days when this matter is likely to be concluded. (Mr. Gaya Prasad Singh: "That is a clever subterfuge.") But if the Leader of the House wants a precedent for the Non-Officials alone to take part in a voting, I can only refer him to the election that takes place for the Public Accounts Committee. In that election, only the Non-Official Elected Members of the House take part in voting and this has been provided by the rules and regulations and the Public Accounts Committee is a Statutory body. So, if the only difficulty of the Honourable the Law Member is to find a precedent for such a procedure, I would invite him to look to the procedure of the election of the Public Accounts Committee.

Mr. B. Sitaramaraju: May I interrupt the Honourable Member? In today's papers I have seen that the Secretary of State has said that he is not leaving the matter to the vote of the Non-Official Members of the Assembly.

Mr. S. C. Mitra: I am thankful to the Honourable Member for mentioning that fact. I think the Secretary of State is anxious that the Nominated Members who represent in this House labour and other interests should not be deprived of their privilege. I fully agree with him and I shall be the last person to suggest to deprive the Nominated Members of this right.

Sir Abdulla-al-Māmūn Suhrawardy (Burdwan and Presidency Divisions: Muhammadan Rural): But the Nominated Labour Member is already on the high seas.

Mr. S. C. Mitra: My friend, Sir Abdulla Suhrawardy, says that the Secretary of State was so much interested in the Nominated Labour Member that he has invited him to England and thus deprived him to exercise his vote here. In any case, my point is that the official block, which represents no body, may not take part in this Division.

Lastly, I would like to say one word about Mr. Chetty's remarks about the Bombay magnates. He said that they were all interested in this affair. I know that the Honourable Mr. Shanmukham Chetty is not in any way interested in these affairs, because yarn is not an article mentioned in this Agreement, nor is sugar mentioned in the Agreement which makes the position of Seth Abdoola Haroon free, though, I understand, he has ordered for certain machinery from Germany and thus he proposes to do full justice to the Pact. But I have authorities of other experts from my part of the country, men like the President of the Bengal National Chamber of Commerce and other gentlemen, but I do not like to quote their views today, because I understand that Government are in a mood to accept Dr. Ziauddin Ahmad's amendment and, for the present, I think we should keep an open mind before we come to any decision.

Sir Hari Singh Gour : Sir, I crave the indulgence of the House, with your permission, to move the following amendment :

"That for the original Resolution the following be substituted :

"That the Trade Agreement made at Ottawa between the Indian and British Delegations be referred for scrutiny and report to a Committee of the Assembly consisting of the Honourable Sir Joseph Bhore, the Honourable Sir Alan Parsons, Mr. R. K. Shanmukham Chetty, Seth Haji Abdoola Haroon, Mr. F. E. James, Mr. Muhammad Yamin Khan, Dr. F. X. DeSouza, Mr. B. Das, Mr. C. S. Ranga Iyer, Sir Abdur Rahim, Mr. H. P. Mody, Dr. Ziauddin Ahmad, Mr. B. Sitaramaraju, Sir Zulfiqar Ali Khan, and the Mover, with instructions to report by the 21st November, 1932, and that the further consideration of the Resolution moved by the Honourable Sir Joseph Bhore on Monday, the 7th November, 1932, be postponed until the report of the Committee has been presented to the Assembly."

Mr. D. K. Lahiri Chaudhury (Bengal: Landholders): May I ask whether experts will be consulted?

Mr. President (The Honourable Sir Ibrahim Rahimtoola): That will arise when the amendment is put before the House. The Chair understands that the leading Members of the Assembly have put their heads together and are asking the Chair to grant permission to Sir Hari Singh Gour to move the amendment which he has just read out. I take it that it is the general wish of the House that the proposed amendment should be allowed to be moved and the Chair grants permission to the Honourable Member to do so.

Sir Hari Singh Gour: I shall require very few words to commend my amendment to the acceptance of the House. One of the Honourable Members on my side of the House interjected a query and asked whether experts will be consulted. In fact, it is for the purpose of summoning and hearing experts that we have consented to sit on this Committee, because we are anxious to hear both sides of the case and to thoroughly examine the question in the light of the books that we have read and the examination of experts whom we propose to summon.

Mr. D. K. Lahiri Chaudhury: That is all right.

Sir Hari Singh Gour: At the same time, we are naturally anxious that our enquiry should conclude as expeditiously as possible and, therefore, we have fixed the date as the 21st November, 1932. With these few words, I commend my amendment for the acceptance of the House.

Mr. President (The Honourable Sir Ibrahim Rahimtoola): Further amendment proposed :

"That for the original Resolution the following be substituted :

"That the Trade Agreement made at Ottawa between the Indian and British Delegations be referred for scrutiny and report to a Committee of the Assembly consisting of the Honourable Sir Joseph Bhore, the Honourable Sir Alan Parsons, Mr. R. K. Shanmukham Chetty, Seth Haji Abdoola Haroon, Mr. F. E. James, Mr. Muhammad Yamin Khan, Dr. F. X. DeSouza, Mr. B. Das, Mr. C. S. Ranga Iyer, Sir Abdur Rahim, Mr. H. P. Mody, Dr. Ziauddin Ahmad, Mr. B. Sitaramaraju, Sir Zulfiqar Ali Khan, and the Mover, with instructions to report by the 21st November, 1932, and that the further consideration of the Resolution moved by the Honourable Sir Joseph Bhore on Monday, the 7th November, 1932, be postponed until the report of the Committee has been presented to the Assembly."

The Honourable Sir Joseph Bhore (Member for Commerce and Railways): Sir, during the course of the debate

Mr. President (The Honourable Sir Ibrahim Rahimtoola): The Honourable Member is not replying to the debate.

The Honourable Sir Joseph Bhore: I am making merely an explanation. Sir, during the course of the debate, it has, I think, become fairly clear that there is a considerable section of this House that is not opposed to the principle of the Ottawa Agreement. They desire some further time for consideration of its implications, its consequences and its results. There seems to be a general feeling that the House would be greatly assisted if a Committee of this House will sit and examine these results and implications. In so far as we are concerned . . .

Mr. President (The Honourable Sir Ibrahim Rahimtoola): The Chair does not wish to interrupt the Honourable Member. It would be better if the Honourable Member merely stated that Government would accept the amendment. I will give the Honourable Member a chance, at the conclusion of the debate, to reply and he can then explain his position in full.

The Honourable Sir Joseph Bhore: The Government accept the amendment. (Cheers.)

Mr. President (The Honourable Sir Ibrahim Rahimtoola): If no other Honourable Member wishes to address the House, I will call upon Sir Joseph Bhore to reply.

The Honourable Sir Joseph Bhore: I thank the Chair for the courtesy in giving me this opportunity, but I have nothing further to say at present.

(At the suggestion of the Honourable the President, with a view to maintaining *status quo* by the time the Committee reports, Sir Hari Singh Gour altered his amendment so as to postpone the original Resolution and all the amendments moved thereto until the Report of the Committee has been presented to the Assembly.)

Mr. President (The Honourable Sir Ibrahim Rahimtoola): The question is:

"That for the original Resolution the following be substituted:

"That the Trade Agreement made at Ottawa between the Indian and British Delegations be referred for scrutiny and report to a Committee of the Assembly consisting of the Honourable Sir Joseph Bhore, the Honourable Sir Alan Parsons, Mr. R. K. Shanmukham Chetty, Seth Haji Abdoola Haroon, Mr. F. E. James, Mr. Muhammad Yamin Khan, Dr. F. X. DeSouza, Mr. B. Das, Mr. C. S. Ranga Iyer, Sir Abdur Rahim, Mr. H. P. Mody, Dr. Ziauddin Ahmad, Mr. B. Sitaramaraju, Sir Zulfiqar Ali Khan, and the Mover, with instructions to report by the 21st November, 1932, and that the further consideration of the Resolution moved by the Honourable Sir Joseph Bhore on Monday, the 7th November, 1932, and the amendments moved thereon be postponed until the Report of the Committee has been presented to the Assembly."

The motion* was adopted.

Mr. D. K. Lahiri Chaudhury: Sir, I want a ruling on one point. After the publication of the report by the Committee that is to be appointed in

*On the 15th of November, 1932, with the consent of the House, the form of the motion was changed (*vide* L. A. Debates of that date).

[Mr. D. K. Lahiri Chaudhury.]

pursuance of the amendment carried by the House just now, will the same Honourable Members who have already spoken on the Resolution be allowed to speak again?

Mr. President (The Honourable Sir Ibrahim Rahimtoola): The Chair does not wish to commit itself at present as to what will be done at the time. It will all depend upon the new matter which may be introduced in the report of the Committee. The new matter so introduced will certainly be allowed to be fully discussed by the House.

STATEMENT OF BUSINESS.

The Honourable Sir Brojendra Mitter (Leader of the House): With your permission, Sir, I desire to make a statement as to the probable course of Government business in the week beginning Monday, the 14th. As at present directed by you, Sir, the House will sit for the transaction of Government business on Monday, the 14th, Tuesday, the 15th, Wednesday, the 16th, and Thursday, the 17th. On Monday motions will be brought forward to take into consideration and pass the Bill to supplement the Bengal Suppression of Terrorist Outrages Act, 1932. It has been brought to my notice that copies of the Bengal Act are not yet available in the Library and I have accordingly made arrangements to have copies distributed to Members. The next item which it is hoped to take up before the conclusion of the week is the motion to take into consideration the Bill to amend the Criminal Law, as reported by the Select Committee. I have only to add that on Wednesday, the 16th, the report of the Public Accounts Committee will be presented by the Honourable the Finance Member.

The Assembly then adjourned till Eleven of the Clock on Monday, the 14th November, 1932.