

LEGISLATIVE ASSEMBLY DEBATES

THURSDAY, 15th DECEMBER, 1932

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OFFICIAL REPORT



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LEGISLATIVE ASSEMBLY.

Thursday, 15th December, 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.

MESSAGE FROM THE COUNCIL OF STATE.

Secretary of the Assembly: The following Message has been received from the Council of State. It runs as follows:

"I am directed to inform you that the Council of State has, at its meeting held on the 14th December, 1932, agreed, without any amendment, to the Bill to supplement the Criminal Law which was passed by the Legislative Assembly at its meeting held on the 7th December, 1932."

THE INDIAN TARIFF (OTTAWA TRADE AGREEMENT) AMENDMENT BILL.

Mr. T. N. Ramakrishna Reddi (Madras ceded Districts and Chittoor: Non-Muhammadan Rural): Sir, I move:

"That in the Schedule to the Bill, in amendment No. 47, in the proposed Part IX, against item No. 222, for the words 'Two annas and six pies' and 'six pies', the words 'Two annas and one pie' and 'one pie' respectively, be substituted."

The amendment refers to mineral oils standing as Item No. 222. The original rate of duty was two annas one pie per imperial gallon. This mineral oil does not refer to the batching oil used for jute manufacture nor to fuel oil, but is confined only to lubricating oil used for lubrication purposes and the original duty was two annas one pie per imperial gallon. Sir, the Government originally proposed three annas as the standard rate of duty and one anna as the preferential rate of duty to the United Kingdom, thus keeping up the margin of two annas, and now, in the Select Committee, they have seen the wisdom of reducing the duty, because this mineral oil is used for oil engines and other engines which are used for industrial purposes and they have reduced the standard rate of duty to two annas six pies, and the preferential rate to six pies to United Kingdom. My amendment is to reduce the standard rate to two annas one pie as it originally was and the preferential rate to one pie. The reason is this. We are getting most of the lubrication oil from the United States and very little from England. Out of nearly ten million gallons, we get as much as nine millions from the United States of America and about a little over one million from the United Kingdom. My proposal will not reduce the revenue considerably to the Government. I have calculated that if the present importation into this country continues, as it has continued for the last three years, our customs revenues will not diminish appreciably. It will diminish by a lakh of rupees, because,

out of ten millions we get nearly nine millions from the United States of America for which the rate of duty under my amendment, is the same as it exists at present. On the other hand, if the rates of duty, as levied by the Select Committee, are to be approved, then we will get about 17½ lakhs of rupees by way of duties. That means an additional burden of nearly four lakhs of rupees on the consumers. On the other hand, the policy of the Government should be that we have to get this oil at a very cheap rate, because it is used for industrial purposes and we should not increase duties beyond what they are at present. Further, this preferential duty will give advantage to the oils imported from the United Kingdom, because the duty is reduced to one pie—practically nil. Since the purpose of the Government should be to develop the industrial concerns in this country, and since this lubricating oil is used only for industrial purposes, the Government ought to accept this amendment. With these words, I move my amendment.

The Honourable Sir Joseph Bhore (Member for Commerce and Railways): I am afraid I must oppose this amendment entirely on financial grounds. The question was carefully considered in the Select Committee and, in deference to the wishes expressed by the members of the Select Committee, we agreed to reduce our duties which were originally placed at three annas and one anna, respectively, to two annas six pies and six pies, respectively. In making his calculation, my Honourable friend has, I think, overlooked one material point, namely, that with so large a preference as two annas, it is almost certain that there will be a large substitution of British imports for foreign imports, the result being a consequent heavy loss of revenue. On grounds of revenue, I must oppose this.

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

"That in the Schedule to the Bill, in amendment No. 47, in the proposed Part IX, against item No. 222, for the words 'Two annas and six pies' and 'six pies', the words 'Two annas and one pie' and 'one pie', respectively, be substituted."

The motion was negatived.

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural): Sir, I move:

"That in the Schedule to the Bill, in amendment No. 47, in the proposed Part IX, against item No. 225, for the figures and words '30 per cent.' and '20 per cent.', the figures and words '35 per cent.' and '25 per cent.', respectively, be substituted."

Item No. 225 is Boots and Shoes composed mainly of leather. India has now commenced to make boots and shoes of leather and there are very large factories in Cawnpore and other places. The industry is also threatened by outsiders, especially Bata and others, and English boots also compete with Indian-made boots. Therefore, the protection for Indian boots must be substantial, and, for that purpose, I move this amendment.

Mr. President (The Honourable Sir Ibrahim Rahimtoola): Amendment moved:

"That in the Schedule to the Bill, in amendment No. 47, in the proposed Part IX, against item No. 225, for the figures and words '30 per cent.' and '20 per cent.', the figures and words '35 per cent.' and '25 per cent.', respectively, be substituted."

Mr. S. G. Jog (Berar Representative): Sir, everybody knows that in India this industry is on a growing scale, but, at the same time, the preferences that are being given will probably serve as a great handicap to such growing industries. I, therefore, support the amendment moved by my friend, Mr. Jadhav.

The Honourable Sir Joseph Bhore (Member for Commerce and Railways): Sir, I am afraid, my Honourable friend, Mr. Jadhav, begged the whole question when he said that the imports into this country were in competition with the local product. That, I think, is certainly not the case, so far as the information that is available goes and so far as our calculations enable us to come to a conclusion. The imported article is of very much higher value and it is practically non-competitive with the local product in this country. This question was gone into at considerable length in the Select Committee, and, it was on that ground, namely, that the articles were not competitive with the local product that the Select Committee came to the conclusion that, in the interests of the general consumer, the figures should be maintained at 80 and 20 per cent. Sir, I oppose the motion.

Mr. B. V. Jadhav: Sir, I beg for leave to withdraw my amendment. The amendment was, by leave of the Assembly, withdrawn.

Mr. T. N. Ramakrishna Reddi: Sir, I beg to move:

"That in the Schedule to the Bill, in amendment No. 47, in the proposed Part IX, against item No. 229, for the figures and words '37½ per cent.' and '30 per cent.', the figures and words '32½ per cent.' and '25 per cent.', respectively, be substituted."

Sir, this amendment refers to the duties on motor cars. With regard to motor omnibuses, which is next to that item,—item No. 280,—the Select Committee have kept the standard rate as it existed previously and given the preference by a reduction in the duty as it existed. This amendment refers to motor cars. The object, with which the Select Committee retained the 25 per cent. duty as it existed, as the standard duty, and gave preference by lowering the duty, was for giving facilities for the road transport. Motor lorries and motor buses are playing a very large and growing part in road transport, and that is why they have done this. But, with regard to motor cars, the duty itself existed at a very high percentage namely, 37½ per cent., and even as it is, it will be admitted that it is a very high percentage; and, on account of the economic depression prevailing in the country, there are fewer numbers of cars being imported; and at least in order to give facilities for more imports of motor cars, the duty must be reduced. But I base my amendment entirely on another ground,—in fact on the same ground on which they have kept the percentage of duty at 25 for motor buses. Now-a-days even motor cars are being largely used for transport purposes. That is because the licensing fees for motor buses imposed by the Local Boards have been raised to a very high rate, and hence many taxi-drivers are taking to motor cars, because the licensing duties for motor cars are lower. So we find, Sir, that in towns and villages motor cars are being used to a large extent for road transport purposes, and it is the poor people also that use these motor cars as buses. Hence I propose to lower the duty to 32½ per cent., and to keep the preference at the standard rate as it exists for motor omnibuses. Since there are few motor cars that are being imported, the revenue also does not suffer by Government accepting this amendment. Sir, I move.

Mr. G. Morgan (Bengal European): Sir, I have every sympathy with the amendment moved by my Honourable friend, Mr. Reddi. I know that the duty has been reduced in the case of the United Kingdom. For a long time I have been trying to get Government to look at this question of import of motor cars from the point of view of utility. I know the revenue position, and the question put to me always was,—“Can you prove that it is the purchasing power which is responsible for the smaller import, or can you prove that it is the duty which is preventing the import of motor cars?” Well, Sir, nobody can answer that particular question. But I asked Government in a question put on the floor of the House as to whether it would not be possible to test it by reducing the duty and definitely find out as to whether it was due to the purchasing power of the people, which was at a low ebb as we all knew, or whether a stimulus might be given by a reduction of the duty. There is no doubt that there is a very strong case for the early reduction of the rate of duty on motor cars at the next Budget time. We all know that motor cars have been run now to the utmost point of utility. In the United States, at the present moment, the production of motor cars is being extended. They are running down very rapidly indeed, and, in the United States of America, the motor car makers have come to the conclusion, which is apparent and no doubt quite apparent to my Honourable friend, the Finance Member, that replacements will have to take place within the next year or 18 months. A car has only a limited life. At the present moment, old cars are using more petrol, and my Honourable friend, the Finance Member, is no doubt getting some extra duty from the use of old cars. But the point is that with this replacement coming along, whether it would not be advisable to reduce the duty still further on the lines suggested in the amendment of my Honourable friend, Mr. Reddi. I do not press for the acceptance of this amendment at the present moment. My object in speaking on this amendment is that, although the duty has been reduced on the United Kingdom all other countries will have to pay 37½ per cent. There is nothing allowed for the British colonies and a very large production comes from Canada. There are lots of works in Canada which are producing cars and they will all have to pay the duty of 37½ per cent. If the Government could see their way to accept this amendment, I should be very pleased indeed; but if they show that it is quite impossible from the revenue point of view that they should accept it, then I personally would not press the point. At the same time, revenue in many cases can be carried too far. My friend has put the case clearly before the House. No doubt there are many Members in this House who know that Mr. Gandhi has always said that we begin at the wrong end. He said we wanted so much money for expenditure and then we turned round to find out where we could get it. As a tax-payer, I am thoroughly in sympathy with that view, and if that was the main plank of the Congress, perhaps I would join it myself being a tax-payer. I do not think I should care to wear the Gandhi cap, but I would be in full sympathy with any suggestion to alleviate the present position of taxation. I put it to the Honourable the Finance Member and to the Honourable the Commerce Member that, if they can possibly see their way that such a reduction in revenue would not make them afraid of the financial stability of the Government of India, I would recommend that they should accept this amendment.

The Honourable Sir Joseph Bhoré: I am sure the House will realise that this is not an occasion for a general lowering of duties. We are merely concerned here with fitting in preferential rates of duties into our existing

tariff system with the least possible dislocation of our financial arrangements and of commerce and industry. I think the House will realise that we have gone a great way in revising our original proposals and in accepting the view of the majority of the Select Committee that the preference should be given entirely by lowering the existing rate. I do not think, Sir, that the House could reasonably expect us to do more than we have already done. I will deal with the other points raised by Mr. Reddi when we come to the next amendment.

Sir, I oppose this amendment.

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

"That in the Schedule to the Bill, in amendment No. 47, in the proposed Part IX, against item No. 229, for the figures and words '37½ per cent.' and '30 per cent.', the figures and word '32½ per cent.' and '25 per cent.', respectively, be substituted."

The motion was negatived.

Mr. T. N. Ramakrishna Reddi: Sir, I persist in moving my amendments. I move:

"That in the Schedule to the Bill, in amendment No. 47, in the proposed Part IX, against item No. 240, for the figures and words '25 per cent' and '15 per cent', the figures and words '15 per cent.' and '5 per cent.', respectively, be substituted."

This refers to cinematograph films, not exposed. Of course, Sir, I admit that even this item also was considered by the Select Committee thoroughly and they have retained the standard rate of duty as it existed previously, though they had proposed originally a higher rate, and have fixed the preferential rate by lowering the existing duties. My submission is that it does not go far enough. In answer to some of the previous amendments, the Honourable the Commerce Member has said that with regard to the raw materials which are used for industrial purposes, the duty must be kept as low as possible. That was his answer. Now, Sir, here is a case in which he has to put his precept into practice. Here is a raw material which is used for the cinematograph films and which ought to have rightly been placed in the duty-free list. Cinema films are not only utilised for entertainment purposes, but they have been extensively used for educative and health propaganda purposes as well. Besides, the cinematograph industry has now become a growing industry in India. I am told that in America this is the second largest industry and there is no reason why in India also it should not grow at least as one of the most important industries. Sir, the reason why I want a reduction of duty with regard to this item is that hitherto only silent films were in vogue in the country, and it did not cost much to produce a silent film. But now we are having talkies everywhere and I am told that its production costs nearly five to six times the cost of producing a silent film. Hence, I suggest that the raw material for that film should be made as cheap as possible. This industry is providing labour for so many Indians and, therefore, the duty should not be kept as high as it is now. The cinematograph industry in India is struggling for its very existence and it is certainly in the interests of the growing industry that the duty should be lowered. The Honourable the Commerce Member said that we are now dealing only with the matter of adjustment of the preferential tariffs and not with the lowering of the tariffs as it had existed up to this time. But, I gather from the report

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of the Delegation that we are free even now to lower the existing duties, but that we should keep the margin of preference intact and it is, on that account, that I venture to move for the reduction of this duty.

Mr. President (The Honourable Sir Ibrahim Rahimtoola): Amendment moved:

"That in the Schedule to the Bill, in amendment No. 47, in the proposed Part IX, against item No. 240, for the figures and words '25 per cent.' and '15 per cent.', the figures and words '15 per cent.' and '5 per cent.', respectively, be substituted."

Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural): Sir, I support this amendment and, in this connection, I would like to draw the attention of the House to the report of the Indian Fiscal Commission of 1921-22. They have said:

"Raw materials required for Indian industry should ordinarily be admitted free of duty. This is an obvious principle of general acceptance in protectionist countries . . . We have recommended, for instance, that there should be as a rule no duties on raw materials. Similar considerations apply to the case of semi-manufactured articles which do not get straight into consumption, but are used in the process of manufacture of any industry in India. Any taxation imposed on such articles reacts on the industries which use them, and, consequently, will either injure those industries or will necessitate the imposition of some compensatory duty."

This applies very much to this new cinema industry that has come into India and that should be protected. I would also read a portion of the report of the Indian Cinematograph Committee where they say:

"There is, however, one tariff concession which we consider the producing industry can legitimately claim. Raw or virgin film is the raw material of the industry. It has been made clear to us that the production of finished films, especially of good films, inevitably involves a very considerable wastage of raw films. Raw film is not made in India, nor is it likely to be so made, for years. That the raw material of an industry should be free of duty is almost axiomatic. . . . We feel that the Government should be prepared to sacrifice this relatively small part of revenue. For the sake of administrative convenience and also for the reason that the import of non-standard cinematograph films cannot be considerable, we recommend that all classes of raw cinematograph films should be put on the free list of this tariff."

Sir, for these reasons I support the amendment.

Mr. B. V. Jadhav: Sir, I rise to support the amendment moved by my Honourable friend, Mr. Ramakrishna Reddi. The film industry has been engaging the attention of the Legislature for a number of years. It was in 1925 that the late Honourable Sir Haroon Jaffer moved a Resolution in the Council of State that in place of the various existing Provincial Boards a single salaried Board be appointed for the whole of India to regulate the import into India of cinema films and to exercise a stricter control over cinemas in general. This Resolution was opposed by the Government and was negatived. Then, in 1925, a question was asked by Khan Bahadur Sarfaraz Hussain Khan in this Assembly, and, in March, 1927, the Honourable Mr. Ramadas Pantulu moved in the Council of State a Resolution recommending to the Governor General in Council to improve the system of censorship and control over cinemas and other public resorts of amusement and to adopt adequate measures to prohibit the exhibition therein of films and other shows which were calculated to corrupt the morals of the people. The then Home Secretary, the Honourable Mr. H. G. Haig, accepted the Resolution and agreed, on behalf of Government, that it was

desirable to improve the system of censorship, but he was not prepared to condemn the work of the Censor Boards which, on the whole, making due allowance for the difficulties, had been carried out very successfully. Elsewhere in his speech, referring to the attempts being made to produce more British films, he expressed the hope that, if more British films were forthcoming there might be some improvement, and went on to say that it seemed to him that a still greater improvement would lie in a considerable extension of the production of Indian films,—showing Indian stories in an Indian setting.

The Resolution was adopted by the House. In 1926, the Imperial Conference passed the following Resolution:

“The Imperial Conference, recognising that it is of the greatest importance that a larger and increasing proportion of the films exhibited throughout the Empire should be of Empire production, commends the matter and the remedial measures proposed to the consideration of the Governments of the various parts of the Empire with a view to such early and effective action to deal with the serious situation now existing as they may severally find possible.”

The “remedial measures proposed” were those suggested by the Economic Sub-Committee and were as follows:

- (1) Effective customs duties on foreign films, whether accompanied by a change in the basis on which duties are payable or otherwise;
- (2) Ample preference or free entry for films produced within the Empire;
- (3) Legislation for the prevention of “blind” and “block” booking;
- (4) The imposition of requirements as to the renting or exhibition of a minimum quota of Empire films.

It, therefore, became incumbent on India in common with other parts of the Empire to consider whether or not she should take any steps to give encouragement to British Empire films.

On the 14th September, 1927, the Home Member, the Honourable Mr. J. Crerar, moved the following Resolution in the Legislative Assembly:

“That this Assembly recommends to the Governor-General in Council that he be pleased to appoint a Committee to examine and report on the system of censorship of cinematograph films in India and to consider whether it is desirable that any steps should be taken to encourage the exhibition of films produced within the British Empire generally and the production and exhibition of Indian films in particular.”

A Resolution in identical terms was moved in the Council of State by the Home Secretary, the Honourable Mr. Haig. In both the Houses the Resolution was carried.

On the 6th October, 1927, the Government of India appointed a Committee, over which Diwan Bahadur T. Rangachariar, C.I.E., presided. He is at present a Member of this Honourable House and I regret his absence from his seat on the front Opposition Bench on this occasion, as it deprives us of the sound knowledge of this industry which he acquired before and during the investigations of the Committee.

The Committee submitted their report and it came up for consideration before this House. For reasons known to themselves Government thought it fit not to accept the recommendations of the Committee and opposed the Resolution in this House, and in the voting there being a tie, the motion was negatived by the casting vote of the Chair, following the Parliamentary practice.

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It was due to the propaganda made by the Federation of British Industries including the Film Industry of England, the whole Press of England, and by the publicists and writers and almost everybody of importance there, who clamoured for markets for British entertainment films—an industry which was just rising—that led to the Resolution of the Imperial Conference and, consequently, the appointment of the Committee by the Government of India, and, as recommendations of that Committee did not propose any preference to British films, this might have led to the rejection of the recommendations by Government. It is a matter for congratulation that for the preference to be given to the manufacture of British raw cinema films this question has again been brought before this House by Government.

I must state here how I began to take interest in this industry. As Minister to the Government of Bombay in charge of Industries, the film industry attracted my attention, and I was watching its progress. I was also watching the progress of the industry in Kolhapur, which is my home, and which has, from the very beginning, taken a leading part in its development; and I am very proud to say that both the silent pictures and the talkies produced there have been pronounced to be the best yet produced in India. I have had many opportunities of watching the shooting and this has convinced me of the importance of this Indian industry, both from the educational and entertainment and economic points of view. I shall refer to this point again.

The importance of the cinema is very well-known. I cannot do better than by quoting from the report of the Indian Cinematograph Committee, which, in its paragraph 4, says :

"In its aspect as an instrument of education, the cinema has been the subject of various national and international conferences, and has engaged the attention of the League of Nations. It can be used educationally, in the limited sense of the word, as a mode of supplemental instruction in schools and colleges, and for illustrating certain scientific and technical processes. It has, however, a special value as a medium of education in the wider sense; for the purpose of propagating ideas or information among the masses on such subjects as public health, hygiene, improved agricultural methods, civics and a variety of other matters. And in this connection it has a special interest for India with her vast illiterate population."

In Europe and America, the population being generally literate and educated, the need of the cinema was first felt as a means of entertainment. After the war, its use for spreading education began to be realised in Europe. Russia is a country which is full of illiterates depending upon agriculture which was carried on under the old crude methods, and down-trodden by the strong government of the Czars run under the old feudalism, and, therefore, poverty-stricken. The Soviet Government under Lenin saw the potentialities of the Radio and the Cinema in educating the masses, and, since then, other countries in Europe and America have also begun making use of it for education. But, in Russia, the films are mainly intended as educative and only the second place is given to the entertainment side; on the contrary, other more advanced countries look upon the entertainment side as of the first importance. In this connection, I may be permitted to quote what Mussolini, the Dictator of Italy, recently said to Emil Ludwig, the famous German publicist, who pointed out to the Duce that Italy did not make much use of the film for propaganda :

"There the Russians have set a good example. We will also spend more money for it. The film is today the most powerful weapon for propaganda and education."

Mussolini has also persuaded the League of Nations to start the famous International Educational Cinematograph Institute at Rome. This institution has been engaged from the past four years in international educational film problems, such as establishing an international educational film library and compiling a register of educational films. The other countries of Europe and America have also recognised the importance of education through the cinema, and I may point out that the American Government have, at their own expense, produced films representing agricultural operations, hygiene, mining, metallurgy and other trades and offered them to educational institutions, private clubs and cinema shows, free of charge.

I shall now try to narrate before the House a short history of the film industry in foreign countries. Although the invention of the cinema is credited to Edison, who materialised the idea first about half a century ago, the real fathers of the modern cinema, acknowledged by the scientific world, are the Lumiere Brothers of France who invented the projector and made a public exhibition possible in 1896. Sweden, France and Italy first took up the industry, but, during the War, America developed the industry and attained the first position in it. In about three or four years after the War, Germany, France, Italy and Russia took up the industry and England came in the line in about 1925. To what extent the development of the cinema industry in America has reached will be shown from the following figures published in the Film Almanac of 1932 as collected by the Chamber of Commerce, Washington:

"The total number of theatres is about 20,000, out of which nearly 2/3 are wired for talkies. They are visited every week by 65 to 90 million people. The total capital invested in that industry is over two milliard dollars. The cinema industry supports a huge army of 276,000 persons, out of whom 27,000 are engaged in production, 9,000 in distribution and 240,000 in exhibition. Besides this, the industry spends over 70 million dollars in advertising, out of which nearly 55 million go to the newspapers and magazines, ten millions are spent in posters and five millions in miscellaneous advertising charges."

In this connection, I may state that the total number of cinema houses in the whole world is 61,551 according to the latest statistics collected by the Society of Motion Picture Engineers of America, out of which only about 650 are in India.

Now, a few words as to the history of the film industry in India. The pioneer of the Indian film industry was Mr. Phalke who started the production of entertainment films in 1913 first in Bombay, and then in Nasik. He was followed by a few other adventurous spirits amongst whom, I feel it my duty, to mention the name of Baburao Painter of Kolhapur who, about the year 1918, when he could not get a cine camera, manufactured one for the use of the Maharashtra Film Co., who made a name in the film industry of our country. The camera was actually seen by me in operation and contained many improvements over the model which was copied. The industry took deeper root in the City of Bombay, in Kolhapur, in Calcutta and Rangoon. Adventurous spirits in other places are also starting studios of their own and, I hope, by degrees, that their efforts will be successful and they will make a name in this connection.

In the meantime, in 1927, the first talkies were introduced in America, and India did not like to lag behind. The first talkie that was exhibited by the Imperial Film Co., of Bombay was in March, 1931. A great hit was made next year by the Prabhat Film Co., of Kolhapur whose film "The King of Ayodhya" was exhibited in Bombay continuously for four

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months and it was then acknowledged as the most popular film. But the record has now been broken by the Saraswati Cinetone of Poona whose production "Shyam Sunder" is being screened continuously for 18 weeks and is still running and is expected to run for a few weeks more. There are also other film companies who have achieved considerable success, and I should not fail to mention the name of the Ranjit Film Co., of Bombay. It is worthy of note that although there are no training institutions in this trade in the country and although some of the producers had not even the advantage of higher education, still their genius has triumphed over all the difficulties and they have succeeded in producing really creditable talkies which is a highly developed technique and in which, in western countries, only experts are employed. In this connection, I may quote from the Report of the Indian Cinematograph Committee the following:

"By these remarks it is not our intention to cast any sort of reflection on the Indian producers; on the contrary, we consider that much credit is due to them for having achieved without the advantage of any thorough training the measure of success which has been obtained, and for having advanced the Indian production so rapidly within the last few years."

I may mention here that Burma is also showing much energy in this venture and they are making good progress both in silent pictures as well as in talkies.

It will interest the Members of the Assembly to realise the economic importance of the film industry in India. The present few companies that are working provide employment to a very large number of people and it is estimated that not less than 13,000 persons are employed only in the production, distribution and exhibition branches of the industry. Besides this, work is provided to allied industries such as printing presses, newspaper business, electrical industry, etc. The total capital invested in all the three branches of the industry, according to a modest estimate, amounts to over two crores of rupees. The industry has another good point in its favour. It is quite free from any communal, religious or sectional bias. We have seen Muhammadan actors in the role of Krishna and Harishchandra, and Parsi actors in similar roles. The Anglo-Indian community also gets its share and, among the distributors and exhibitors, there are persons of every caste and creed.

Then, as regards the difficulties which the film producers have to contend against. The chief difficulty the Indian industry has to contend against is want of finance; and the market is very much restricted on account of the small number of theatres compared with other leading film countries of the world. In the case of talkies, there is another difficulty of the language and the field is still more limited on that account. The poverty of the people and the consequent low purchasing power is also a great obstacle to its development. But this is not all. Not only the cost of raw materials has increased by the heavy customs duty, but they have to pay also an exorbitant import duty of 50 per cent. on Radio valves and other electrical goods required for the recording and reproducing apparatus and lighting equipment.

The Archaeological department too is not very willing to grant permission for photographing historical places to be used as background, and the Railway Companies have not yet recognised the claim of film producing companies for concession rates when they go in the country for outdoor shooting.

Although the military authorities stated before the Rangachariar Committee that their help would be available at reasonable rate for filming war scenes, it is found on experience that this help is not readily available.

Now, I should like to bring to the notice of the House the financial gains to the Government. The industry is contributing a substantial amount to the income of the Government, both Central and Provincial, in various ways. The industry may be divided into three sections—the production, distribution and the exhibition. The producers have to import raw films, machinery, equipment and photographic goods, and customs duties are received from all these. Besides the customs revenue, the Central Government get income-tax on the profits of these concerns as well as from the highly paid actors and persons engaged in the production section. The distributors pay the customs duties on the exposed films imported and also pay income-tax. The exhibitors also pay income-tax to the Central Government and entertainment tax to the Local Governments, besides the customs duty on machinery required for exhibition of both silent as well as talkies. All three contribute a substantial amount to the local bodies in taxes and cesses.

With regard to imports, I may state here that raw films of the total length of 1,23,72,093 ft. valued at Rs. 5,89,355 were imported in 1927-28. In succeeding years, there has been a gradual increase and, in 1930-31, for which figures are available, the total footage had more than doubled and stood at 2,88,90,211 of the value of Rs. 11,07,665. Bombay Presidency alone takes about 75 per cent. of this. This will show the income from the import duties at 25 per cent. *ad valorem* which Government receive from the producers. I may here point out that the raw film is the raw material on which this industry works. It is a canon of fiscal policy that the raw materials of an industry should not be taxed. The report of the Indian Fiscal Commission 1921-22 under the distinguished chairmanship of yourself, Sir, lays down:

"Raw materials required for Indian industry should ordinarily be admitted free of duty. This is an obvious principle of general acceptance in protectionist countries (para. 113) We have recommended for instance that there should be as a rule no duties on raw materials. Similar considerations apply to the case of semi-manufactured articles which do not get straight into consumption, but are used in the process of manufacture of any industry in India. Any taxation imposed on such articles react on the industries which use them, and, consequently, will either injure those industries or will necessitate the imposition of some compensatory duty."

The report of the Indian Cinematograph Committee appointed by the Government of India in paragraph 156 says—I need not read all that because it has already been referred to.

Another item of profit to Government is the customs duty on exposed films which, in the year 1930-31, amounted to Rs. 6,00,500.

Whilst the Government are making lakhs simply from the customs duty collected on raw films, machinery, equipment and photographic goods and a large amount from income-tax, of which figures are not available, it is very painful to observe that Government have not recognised the necessity of doing something for the fostering and encouragement of this industry whose potentiality in nation-building and in giving employment to hundreds of thousands are very well recognised. I am afraid that I may be confronted with about two lakhs spent on the Indian Cinematograph Committee, whose report has been shelved and not paid much attention to.

[Mr. B. V. Jadhav.]

Besides this, the Provincial Governments pocket the entertainment tax and make no return to the industry. In this connection, I may point out that from reports heard, the Government of Bombay in these days of stringent finance did not scruple to take away from the Bombay Board of Film Censors 2-3rds. of their accumulated savings amounting to about Rs. 60,000, to which they had no just claim in law, as the Board is not an official body. As a Sanskrit poet says:

"Bubhuzshitah kim na karoti papam!" which means,

"What sin will not a famished man commit!"

Although Government are very eager to appropriate funds in the shape of taxes and duties, they do not care even to collect the necessary statistics and do not realise the responsibility of supplying them to public men and those in the trade. A friend of mine approached the Government of Bombay for the annual figures of entertainment tax collected from the Cinema houses and theatres in the Presidency and the reply was:

"Figures are not readily available and Government cannot undertake to collect them."

It is worth mentioning that the tax is collected in only five districts and could have been ascertained by only five letters addressed to the various collectors. Similar requests to other Provincial Governments were also turned down. It is, however, to the credit of the Government of the new Frontier Province, who do not levy any entertainment tax, that they readily supplied the information about the number and location of the cinema houses.

I may point out that in America the Department of Commerce gets statistics not only for their own country, but also for foreign countries. When the Motion Picture Society of India wanted to know the number of cinema houses in India and failed in their attempt to get the necessary information from official sources, they had to refer to the statistics collected by the Department of Commerce, United States of America, and found the figures for the complete year 1931. I am afraid, such figures and statistics about this industry may not be available here at all, and in the voluminous report, "India in 1930-31", this paying and important industry has been dismissed with a paragraph of about eight lines.

There is no doubt that the industry deserves help and encouragement from Government. In this connection, it will not be out of place to see what other Governments have done and are doing in this direction.

In Germany, the Reich Government have invested a large amount in the share capital of well-known companies. The Prussian Gov-
12 Noon. ernment, I learn, have issued a decree that all educational institutions and schools should be provided with cinema projectors and this has given a great impetus to the production and distribution of educational films in particular and other films in general, and, under a rule, educational films are exempt from the payment of any entertainment tax. In order to encourage the home cine industry, the Reich Government imposed from the 6th of September last import duties on unexposed raw films of 600 RM. per 100 Kgs., whilst the duty on exposed and developed positive

films is 2,000 R.M. per 100 Kgs. It is noteworthy that the import of the exposed and developed negative is allowed duty free. This high tariff on the exposed positive film and exemption of the negatives from that duty encourages the distributors to import foreign negatives and give work to the established German printing laboratories.

Italy also under a law gives substantial subsidies to the producers of good films and films which have typical national tendencies. Accordingly, it was reported in the press in April this year that amounts of 2,048,000 lire and 43,664 lire were given as premiums to two prominent companies in Italy. In this connection, I may mention that these two big amounts were taken from the funds of the entertainment tax collected from the prize of these two film companies selected and approved of by a special Committee and exhibited in the Italian theatres. Under the fostering care of Signor Mussolini, the industry has developed to such an extent that there are about 3,900 cinema theatres with a seating capacity of about 400,000. The entertainment tax collected by the State amounted to 58,000,000 lire in the year 1931. 772 films were passed by the Board of Film Censors out of which 403 were talkies, and the length of these films was 570,400 meters.

Germany, Italy, France and other countries as well as England encourage home industry by what is called the quota system. On the 25th October of this year, Mr. Runciman, President of the Board of Trade, when interpellated in the House of Commons, stated that raw cine films, to the value of £160,000, were imported in 1929, and the same article in 1931 was imported to the value of £202,000. Exposed positive which was imported in 1929 of the value of £195,000 fell down two years later to £189,000. The most remarkable fall occurred in the exposed negatives which in 1929 was imported to the value of £797,000, but in 1931 it fell down to £133,000. Thus it will be seen that England is importing less and less exposed positive and negative films, but is not unwilling to import raw films besides the huge quantity they manufacture themselves in the country. Under Government encouragement by the quota system the film industry in England is getting stronger and stronger, and India, if properly helped, will show equally good results.

I may here bring to the notice of this House the importance of bringing into operation many of the useful proposals made by the Rangachariar Committee, most of which have not been accepted by Government. I here offer my congratulations to Government for accepting a recommendation of that Committee that rebate of the customs duty will be granted in respect of films of definite educational value. I was really surprised to read in "India in 1930-31", on page 348, the following statement:

"Before accepting another recommendation made by the Committee that raw films should be exempted from duty, the Government of India have decided that it is advisable to wait until the industry has developed further."

I admit that I fail to appreciate the logic of the opposition. It is in the infant stage of an industry that some concession by Government is required. When the industry has sufficiently developed and is able to stand on its own legs, such encouragement may be not of much use. But here Government refuse to give any help in the infant stage, but say that it is advisable to wait until the industry has developed. "Verily to him that hath more shall be given and from him that hath not shall be taken away what little he hath."

[Mr. B. V. Jadhav.]

Under the present circumstances, on exposed films an import duty of 87½ per cent. is payable on the value calculated at 4½ annas per foot, but, out of this, ¾ or 87½ per cent. are refunded if any foreign film is returned to the country of origin within two years. So it will be seen that out of about 20 pies tax per foot, Government only retain less than 2½ pies per foot, whilst duty on raw film comes to more than four pies per foot. It has to be borne in mind that in taking films, there is a good deal of wastage which sometimes comes up to about 50 per cent. Therefore, the duty really on the finished Indian film works to about eight pies per foot, i.e., more than three times the duty imposed on exposed foreign films.

I am very grateful to the Honourable the Commerce Member for not enhancing the import duty as originally intended to 30 per cent. from 25 per cent., but he has consented to keep the duty at 25 per cent. and take off the preference to English films of 10 per cent. out of the 25 per cent. present import duty. By this concession the *status quo* of the industry will be preserved. But, as I have just pointed out, the industry is suffering an injustice under the tariff laws and, instead of getting an advantage over the foreign manufactured films, the Indian film has actually to pay more than three times the duty levied from foreign entertainment films. This is a serious competition which the Indian film industry has to meet and I, therefore, urge that Government ought to accept and bring into operation the recommendation of the Cinematograph Committee that raw materials of this new industry should be admitted duty free. But, I realise the difficulty of Government that, as the raw films are included in the Ottawa Agreement, England is entitled to a preference of 10 per cent. In order to respect that Agreement, I have worded my amendment making provision for this 10 per cent. to which the import duty on raw films should be reduced.

Mr. President (The Honourable Sir Ibrahim Rahimtoola): Order, order. I hope the Honourable Member realises that the House is getting very impatient.

Mr. B. V. Jadhav: I realise it, but I think I have to teach the House to be patient and pay more attention to industrial subjects.

Mr. President (The Honourable Sir Ibrahim Rahimtoola): Please go on.

Mr. B. V. Jadhav: I admit that the loss in such a case will amount to about Rs. 165,000. I make myself bold to suggest to the Finance Member a method of recouping this loss. Under the present system, the period for returning foreign exposed films is two years. I submit that it is too long a period. The distributor is entitled to a rebate only if the film is rejected by the Censors or becomes useless for exhibition owing to damage in transport or imperfect printing and processing. The time for discovering these defects need not be so long and if the period of two years is curtailed to six months, very few films will come up for rebate and Government will easily more than recoup the loss due to the acceptance of my amendment. This reduction of the period for rebate from two years to six months can, I think, be brought into force by an executive order without consulting this House.

At this proposal vested interests in the country, by which I mean the American film distributors and their parent concerns, the film producers in Hollywood, will, I am aware, raise a finger and call this an anti-American measure inasmuch as 75 per cent. to 80 per cent. of the exposed films, i.e., entertainment films, come from U. S. A. This I can imagine from the attitude of the film press of that country, against which almost all the European countries have enacted quota laws to give a fillip and protection to the rising home industry from the keen foreign competition. Here I particularly draw the attention of these alien vested interests to the fact that the European countries in question place for the requirements of their film industries very small orders for raw cinema films, machinery and other equipment as they are industrially advanced countries and, therefore, self-sufficient in that respect. In the case of our country, it is quite different. Our film industry have been purchasing from U. S. A. from the beginning the major portion of their unexposed films—raw material for the industry and costly machinery, such as cine cameras, printing machines, recording and lighting equipments, etc., for the cinema studios, and silent and talkie projectors and other costly accessories and equipment necessary for exhibition in cinema theatres. Having considered this fact, we will tell the foreign critics to remember the well-known proverb "Live and let live". These people cannot expect to have it both ways. The shrewd foreign businessmen will not, I am confident, object in the least to this or similar suggestions that might come forward for the protection of the Indian film industry.

To sum up, the Indian film industry deserves encouragement at the hands of Government, as it is a great national asset. It is giving opportunities to all sections of the community to show what they are capable of doing, and it is providing profitable employment to a large number of people and promises to help larger numbers as it develops and expands. It has been the policy of all self-governing countries to give the necessary help and encouragement to the industry and I trust that the Government of India and this House will not lag behind and will pass the modest amendment I have the honour to support. (Loud Applause.)

Mr. S. G. Jog: Sir, I rise to speak on this occasion as the Chief Whip of the Nationalist Party and not on behalf only of the members of my Party, but I hope I shall have the support of the whole House. I must congratulate my friend, the Honourable Mr. Jadhav, that he has so very exhaustively dealt with the subject,—to such an extent in fact that he has not only exhausted himself, but exhausted also the patience of this House. (Laughter.) Sir, he has treated the subject from all points of view. He has given a historical retrospect. He has also made certain instructive suggestions. He has also realised the difficulties of the Commerce Member, and he has made certain other constructive suggestions. He has practically left nothing which he has not touched upon. (Hear, hear.) This film industry, Sir, particularly is a matter of great pride to me, as the originator of the film, as disclosed by my friend, is Mr. Phalke, a man from Maharashtra. The industry has been developing since then, and I am not prepared to tire out the patience of this House, but I will only bring to the notice of this House that in 1921 the number of cinemas was 148, in 1927 it rose to 300 and in 1932 it rose to 675. But although it appears that there is a gradual and slow growth in the increase of the film industry, this growth in the volume of the industry as compared with that in other countries is quite insignificant and negligible, and we are

[Mr. S. G. Jog.]

lagging far, far behind other countries. For the sake of information of the House, I shall briefly state as to what is our status, so far as this film industry is concerned. In America, the population is 120 millions, but the total number of cinemas is 20,000. . . .

Mr. President (The Honourable Sir Ibrahim Rahimtoola): Does not the Honourable Member recognise that the fullest statistical information for the whole world has already been given to the House?

Mr. S. G. Jog: I quite appreciate the remarks of the Chair, but I think by mistake or by oversight my friend has omitted to mention this fact. (Laughter.) Sir, realising the necessity of being brief, I shall, with your permission, point out that in the case of India, with a population of 350 millions, our proportion is just the reverse. (*Some Voices:* "Shame. shame.") In America, Sir, the number of cinemas is 20,000, in England it is 4,850, whereas in India, with a population much more than that of other countries, our total number of cinemas is only 675. (*Ironical cries of "Hear, hear."*)

Mr. President (The Honourable Sir Ibrahim Rahimtoola): Order, order.

Mr. S. G. Jog: I do not want to tire the House. (*Ironical cries of "Hear, hear."*)

Mr. President (The Honourable Sir Ibrahim Rahimtoola): Order, order.

Mr. S. G. Jog: Sir, in the remarks, that have been made in the Select Committee Report, I find it stated:

"We have felt throughout our discussions the need for complete statistics of industrial production, giving detailed information regarding the various indigenous industries which might be affected by the proposals contained in the Bill."

Sir, I think this remark at least will not hold good in the case of the particular industry which is under discussion now before the House. I think in the case of other industries the Select Committee has suffered from lack of information whereas in this case I think it is just the reverse—there is a case of over-information. However, I must congratulate the Motion Picture Society of India, the representative body of the film industry, that they have collected all the necessary statistics and information and have placed the matter in the hands of some of the Members to enable them to deal with the subject. It is no doubt true that if the other industries follow suit and place sufficient material in the hands of Members, that will much facilitate the Ottawa Agreement and its operations later on. At present I must make the remark that there are many other industries which are not doing their proper duty by not giving proper information. There is much scope still for the growth of this film industry, and I think it is the duty of the Government to look into the matter and although it cannot exactly fit in our suggestions from the point of view of the present financial position, still, I hope, when the whole thing is in operation, probably after a few months, it will be agreed that it will be advisable to make a fresh survey of the whole thing so as to give the film industry the necessary encouragement in the shape of rebate or some other process acceptable to the Honourable the Commerce Member. Sir, I support the amendment.

The Honourable Sir Joseph Bhore: Sir, I hope my Honourable friend, Mr. Jadhav, will forgive me if I do not follow him through all the intricate details of his most exhaustive and encyclopædic treatment of the position of the film industry in this country. I may say, Sir, that a few days ago, I was waited upon by a Deputation representing the film industry in this country, and I can give this assurance to the House that the representations which I had from them on that occasion will receive our most careful and, I hope, sympathetic consideration. (Hear, hear.) I confess to a considerable amount of sympathy with a good deal that has fallen from Honourable Members who have spoken on this subject and I hope they will accept this assurance that I have just given, though it is not possible for me to accept this amendment. The House will realise that the Select Committee considered this matter and, as a result of our deliberations, it was possible for us to bring the preferential rate of duty down to the figure at which it stood up to 1931. That, I think, is a considerable achievement and I hope the industry itself will be satisfied with what it has gained from this revision of the rates. Sir, I oppose the amendment.

Mr. T. N. Ramakrishna Reddi: Sir, in view of the assurance given by the Honourable the Commerce Member, I wish to withdraw my amendment.

(Leave to withdraw the amendment was refused.)

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

"That in the Schedule to the Bill, in amendment No. 47, in the proposed Part IX, against item No. 240, for the figures and words '25 per cent.' and '15 per cent.', the figures and words '15 per cent.' and '5 per cent.', respectively, be substituted."

The motion was negatived.

Mr. T. N. Ramakrishna Reddi: Sir, I beg to move the amendment standing in my name which runs thus:

"That in the Schedule to the Bill, in amendment No. 47, in the proposed Part IX, against item No. 245, for the figures and words '45 per cent.' and '37½ per cent.', the figures and words '35 per cent.' and '27½ per cent.', respectively, be substituted."

Sir, this is the last of the amendments that have been moved on this Bill. I am sure, it will at once be conceded, that this is one of the most important of the amendments that have been moved so far. Sir, this amendment refers to an article of poor man's consumption, namely, betelnuts. The importance of this article has been perceived even by the Delegation which went to Ottawa and, from their Report, we find that they have given a preference of 7½ per cent. to Britain as against 10 per cent. preference with reference to all other articles of import except motor cars for which preferences were allowed. This is one of the two items which have got only 7½ per cent. preference to the United Kingdom in contrast to uniform 10 per cent. preference in other goods. Hence you find that it is an article of very great importance in the economy of consumption in India. The present duty is as high as 87½ per cent. It was only last year that the Honourable the Finance Member moved for the increase of this duty on this article to the present rate and, even then, I opposed the increase of duty on the ground that it was an article of poor man's consumption. The Honourable the Finance Member then said that in those days of economic depression even the poor man had to contribute something and so he pressed for this increase of duty. Now,

[Mr. T. N. Ramakrishna Reddi.]

I find that the situation has, to a great extent, eased and I am informed that the position of the Customs revenue has also been very much improved. Hence the circumstances that existed when this high duty was levied do not exist now. I also find from the Report of the Select Committee that they have given preferences to the United Kingdom on some articles, e.g., cinematograph films, motor buses and others, by keeping the old rate as the standard rate and by giving preference entirely by the reduction of the present rate of duties. To my surprise, I find that with regard to betelnuts, they have given that preference to the United Kingdom, not by lowering the rate of duty, but by increasing the rate of duty over foreign imports. On the other hand, one ought to have found that they would have given this preference by reducing the rate as it existed at present. Sir, with regard to betelnuts, I am sure that my friend on my right would certainly oppose me, because even last year when I opposed the increase in duty he supported increased duties.

Mr. K. P. Thampan: How do you know?

Mr. T. N. Ramakrishna Reddi: That is why I naturally expected that he will oppose me, but I am glad to get an assurance from him that he will now support me. Sir, I admit that agriculturists would certainly suffer or rather would not get higher prices for their produce if any reduction of duty is made, but the growing of betelnuts is confined only to two or three districts in my Presidency. On the other hand, the consumers of the whole of India have to suffer on account of the raising of this rate of duty. And, as I said before, this is an article of poor man's consumption. At present India is not supplying the wants of the whole country and we are extensively importing from two places, namely, Ceylon and Straits Settlements. From the statistics which are available up to 1930-31, we find that 1,69,000 cwts. to the value of Rs. 31 lakhs of these betelnuts were imported from Ceylon and 10,00,000 cwts. to the value of 151 lakhs were imported from Straits Settlements. It will thus be seen that nearly the whole of the article has been imported from other countries. So, I contend that the duty, as it is at present levied, is very high and that it should be decreased and relief should be given to the poor consumers.

Sir, I move my amendment.

Mr. President: Amendment moved:

"That in the Schedule to the Bill, in amendment No. 47, in the proposed Part IX, against item No. 245, for the figures and words '45 per cent.' and '37½ per cent.', the figures and words '35 per cent.' and '27½ per cent.', respectively, be substituted."

Mr. K. P. Thampan (West Coast and Nilgiris: Non-Muhammadian Rural): Sir, I do not want to disappoint my friend, Mr. Reddi, in his anticipation that I would be opposing him in this amendment. Naturally, I would not have touched this Bill with a pair of tongs after the defeat I have had yesterday on copra, but my friend has drawn me out. Representing as I do, the agriculturists of Malabar and South Kanara, which produce the major portion of betelnuts that is grown in this country. I will be failing in my duty if I remained quiet without protesting against this proposal. Sir, I have already acquainted the House with my views on this matter on a previous occasion and I oppose it.

Mr. S. G. Jog: Sir, I must congratulate the Indian Commerce Member on having put betelnut as the last item—No. 245. I do not know whether it is purely an accident or a deliberate programme. I think the Commerce Member knows very well the Indian customs. Betelnut plays a very important part in social gatherings and after giving sweets, if you want a guest to go, you simply offer him betelnut and it practically amounts to a mild hint or notice for the visitor to quit. I think the Commerce Member having come to the end of his troubles now probably wants this House to quit and by putting this betelnut as the last item he gives us a hint that the House should disperse quickly. We, on this side, take that mild hint and friendly hint of the Commerce Member and we shall follow it and terminate the proceedings quickly. My friend, Mr. Ramakrishna Reddi, has made out a good case for this amendment. Betelnut plays a very important part in our social customs: it is the poor man's hospitality and I think no more burden should be placed on it. With these words, I support the amendment of my friend, Mr. Reddi, and finally accept the last item of betelnut offered by the Commerce Member.

The Honourable Sir Joseph Bhore: Sir, I am sorry I cannot accept the suggestion of my Honourable friend, Mr. Jog, and distribute betelnuts to this House, because, I am afraid, supplies are not readily available at the present moment, and even if they were, you, Sir, might have something to say about it. My battle has been fought for me by the stalwarts of the West Coast represented by Mr. Thampan; but there is one point I would like to make and that is, that the statement of my friend Mr. Reddi, that betelnuts are grown in merely two or three districts is not correct. On the West Coast, it is grown in Travancore, Cochin, Malabar, North and South Canara, Coimbatore; in Bengal, it is grown in Backergunje and Noakhali; in Assam it is grown in Sylhet and Cachar; and it is also grown in Burma

Mr. T. N. Ramakrishna Reddi: But we import large quantities also.

The Honourable Sir Joseph Bhore: I frankly admit that we do; but, at the same time, the cultivation of betelnut is on a fairly extensive scale in this country. As the House knows, our recommendation to retain the standard duty as the preferential rate and give the preference entirely upward was dictated by two considerations: firstly, revenue, and, secondly, the desire to assist the cultivation of this particular agricultural product. Sir, I oppose the amendment.

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

"That in the Schedule to the Bill, in amendment No. 47, in the proposed Part IX, against item No. 245, for the figures and words '45 per cent.' and '37½ per cent.', the figures and words '35 per cent.' and '27½ per cent.', respectively, be substituted."

The motion was negatived.

The Schedule was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

The Honourable Sir Joseph Bhore: Sir, I beg to move:

"That the Bill further to amend the Indian Tariff Act, 1894, for certain purposes, as reported by the Select Committee, be passed."

Mr. President (The Honourable Sir Ibrahim Rahimtoola): Motion moved:

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

Sir Abdur Rahim (Calcutta and Suburbs: Muhammadan Urban): Sir, I oppose this motion. In this attenuated House all that I can do at this stage is to record my protest against this Bill which has been introduced and is about to be passed in order to implement the Ottawa Scheme of preferential tariffs. I am afraid, the House is already very tired and it will serve no useful purpose for me to take up much of its time. But, after having read the Report of the Select Committee on this Bill, I am convinced all the more that the whole scheme is a pure gamble and that the Government are not justified in persisting in this measure at the instance of the British Government. I do not propose to discuss the merits of the detailed proposals in the Tariff Bill, but I wish to point out one very significant admission in the Report of the Select Committee that there are no proper statistics available of the industries of the country. They put it in very mild words, that there is no complete information available as regards our industries. Sir, in the Special Committee on the Ottawa Agreement I asked the officials who were assisting us to supply us with a list of industries in the country that may be affected. But we never received that list and, apparently, no such list and no information is available as to what are the indigenous industries growing or about to grow which are likely to be affected by the tariff proposals under the Bill. The Industries Department has been in existence for a long time and I should have thought that one of their primary functions was to collect facts and figures and all the information available as regards the progress of industrial development in India. It is a strange commentary on our present system of Government that no such information should be available to the country or to this House. What is the use, then, of an Industries Department? How can the industries of this country be looked after when we have no information whatever as to how many industries there are, what is their nature, what are their prospects, to what extent they are contributing to India's economic development and how they can best be protected? This is an omission on the part of the Government which the Select Committee took notice of and made a recommendation that steps should be taken at once to collect all necessary information on the subject. I should have thought that having regard to the economic position of the world and the need which, I do hope, the Government of India also feel that India cannot subsist merely upon agriculture, that India must develop suitable industries, that India must herself utilise as much of the vast resources which nature has placed at her disposal as possible and, if they have realised this even now, surely the first thing they ought to do is: they should set about in earnest to have an industrial survey of the entire country and make out a proper plan for the development of our industrial resources. That is the least they can do and, I hope the recommendation of the Select Committee is not a mere pious wish but that the Government will seriously act upon it and act upon it without further delay. I am sure, the Honourable the Finance Member will realise that India cannot possibly go on for long in this way; the finances of India are bound to break down unless India considerably develops her industries and increases her resources.

Sir, some individual industries have been dealt with in this Report, but I should have thought that the Select Committee would have had placed before it at least that list which was given by Professor Vakil whom we

examined in the Special Committee appointed to deal with the Ottawa Agreement. That list, if I remember correctly, contained 24 industries likely to be affected, and those of us, who signed the Minority Report, also named a number of articles which were likely to be affected by these preferential proposals, but even that list is not given here, and all that we are told is that the Select Committee have done their best to arrive at an equitable adjustment by which the various interests affected would be safeguarded. Now, Sir, look at the magnitude of interests, the variety of interests that are likely to be affected by these proposals, and I really do not find in this Report any real attempt to deal with these important matters. I do not suggest any shortcoming on the part of the Members of the Select Committee. I have had experience of one, and I know that under the circumstances with the materials at their disposal they were absolutely helpless, they had not the time, they had not the material, and, I take it, the British Government must have been asking the Government of India to hurry through the matter and let them have the Tariff Act at once. If they had the time and the opportunity, they could have embarked upon a proper examination of this important subject and then dealt with the various questions affecting the interests of the consumer, the industries and the public revenue. Now, Sir, upon the materials at our disposal, all that we can say is that such extensive alterations of the Tariffs are bound to affect either the consumer or the industries or the public revenue or some or all of them. Has any estimate been made, could it indeed be made in the circumstances? Could it possibly be ascertained how these various interests would be affected? I think the answer was given in anticipation, that is, we must make the experiment and then alone we can know how the various interests will be affected. So far as I am concerned, I consider, and, I am sure, there are a large number of people in the country, if not the entire country, who will consider this as a very light way and very insufficient way of treating a subject of such vast magnitude and importance.

The Government's case is, let an experiment be made for three years, let us see what the results are. *Prima facie* if you enhance the tariff, consumers are likely to suffer. It is all very well to say that in some cases the loss will fall on the producer, but, in the normal course of things, the consumers, the poor millions of India are bound to suffer. If, on the other hand, the tariff is lowered by giving preference to England by ten per cent. or five per cent., then that preference will be of no avail to Britain unless she is enabled thereby to compete not only with foreign exporters, but also with the indigenous industries of the country. I should have liked very much to know how the British list of preferences was drawn up. Surely competent persons must have advised them to the effect: if you have preferential treatment in these particular classes of goods, then you will be able to compete with the producers of similar classes of goods who sell them in the Indian market. Those must include the Indian producers also. That is the natural result, and that cannot be brushed aside by a few general remarks that "we have done our best". I have no doubt the Committee have done their best, but that is not the question. All of us are in the dark as to what the consequences will be. Surely the United Kingdom would not have asked for any preference unless she felt she was on sure ground of being able to capture a large portion of the Indian market—at the expense of the industries of this country and of the foreign countries. That must be the object, and that is why preference is sought.

[Sir Abdur Rahim.]

Now, as regards the revenues, I feel almost sure that my Honourable friend, Sir George Schuster, will assure the House that the revenues will not be affected, but he will pardon me if I say that I cannot accept this dictum at once. Even with him this must be more or less a matter of conjecture. Surely, if the duties are reduced by ten or five per cent., to that extent revenues will suffer, unless my friend is in a position to state to the House that the imports to India will increase proportionately; only in that case the loss can be made up. Now, we have no means of calculating, and, even with the Finance Member, who certainly is more familiar with the subject than any of us in this House, it must be more or less a matter of conjecture, to use popular language. We do not know what the next Budget will be like, we do not know whether we shall have proposals for further taxation or not, we have still another month or two before we know what the Budget proposals will be, but surely none can realise the difficulty of making an estimate more keenly and vividly than the Finance Member himself. When I read his statement at the Ottawa Conference, I was struck very much with the almost desperate position in which the finances of this country are at present. We all wish that the tide will turn and that we shall see the silver lining in the cloud; but it is all in the future, and with this reshuffling of the entire system of customs revenue by the present tariff proposals, surely the financial position of the Government of India must be still more uncertain than ever. I do not wish to go into details as I have said already, but I do feel and feel very strongly that the Report of the Select Committee on the Tariff Bill does not reassure us to any extent whatever. The position remains as obscure and as full of risks, real risks, to the public revenues, the public at large, the consumers, and to whatever industries we have in the country. On these grounds, I oppose the motion.

Mr. B. Sitaramaraju (*Ganjam cum Vizagapatam*: Non-Muhammadian Rural): Sir Abdur Rahim, myself and a few other Honourable Members were always opposed to the principle underlying this Bill, and the present measure embodies the stipulated margin which was recommended by a motion of the House which was accepted the other day. Sir, on the third reading of this Bill, if I propose to say a few words, it is in the nature of writing an epitaph on what I consider to be the grave of our opinions in this matter. Sir, we were told that we were misled, in fact we were told that we were duped by ignorance. We were duped according to our friends. The economists who agreed with us were duped; the business and commercial houses who agreed with us were also duped. The whole country which was with us was also duped. The only gentlemen who were not duped were my Honourable friends to the extreme right and to the extreme left! We know we are beaten, badly beaten, but I would like to say, not by Mr. Chetty, nor even by the Honourable the Commerce Member, but we feel that we were beaten by those people who, under a misguided policy, have boycotted this House. The majority of our colleagues had great hopes that they would be able to safeguard the interests of the consumer, to promote the interests of the agriculturist, and to protect the industrialist. Sir Abdur Rahim has already dealt with that part of the Select Committee report which stated that it was found impossible in several cases to reconcile the conflicting interests. It would have required some supermen in the Select Committee to reconcile those interests, but the Honourable Members of the Select Committee were only ordinary human beings and

they could not do a miracle. There was another difficulty which I pointed out yesterday, and I do not propose to go over that except to remark that it was a great handicap that information from the indigenous industries was not forthcoming to the extent desired to safeguard properly their interests. There are, for instance, in this Bill a number of articles on which are imposed a duty of 80 per cent. in the case of foreign imports and 20 per cent. in the case of United Kingdom imports, but a perusal of the list would show that the United Kingdom was not important in the Indian market in those commodities. The supplies of the United Kingdom were very few indeed when compared with the supplies from foreign countries, and, therefore, when we come to the question of the burden on the consumer, we have got to take into account the fact that several foreign countries are large suppliers of materials like copper, brass, aluminium and things like that, that the higher tariff will govern the general price level in the Indian market and that consequently it would operate as a burden on the consumer. Similarly, it is very difficult for us to say with any assurance in several cases notwithstanding the assurances given by the Leader of the Nationalist Party the other day, that we could do much to safeguard the interests of the consumer in the Select Committee. We tried our level best to safeguard, as far as possible, but the limitations, which I enumerated yesterday, made that almost impossible. Even in the Majority Report, it was admitted that there would be a diversion of trade from foreign countries, and it is impossible to believe that the foreign countries would take all this scheme lying down. They may retaliate, and if that retaliation were to come, a heavy responsibility would lie upon this House for creating such a situation. This is all that I would like to say at this stage. With a voice of protest against this measure, I conclude by remarks.

Mr. O. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): Sir, I should not have spoken ordinarily after the speech of the Honourable the Leader of the Independent Party, who did not go into the Select Committee, because he did not agree with the principle embodied in the Ottawa Resolution—and carried out in the Tariff Bill—the principle of reciprocal preference. In each and every item that we examined, we endorsed that principle, we put our signature to that principle. The Honourable the Leader of the Independent Party would not reconcile himself to the principle. I could understand his attitude today on the floor of the House, but it is very difficult to understand the rather low, almost inaudible, most certainly ununderstandable “voice of protest” from an Honourable gentleman, sitting behind the Leader of the Independent Party, who just spoke. He put his signature to the Select Committee Report, with all the implications that a signature has

Mr. B. Sitaramaraju: The Select Committee cannot discuss the principle of the Bill.

Mr. O. S. Ranga Iyer: Yes, a Select Committee cannot discuss the principle of a Bill. The Honourable Member has been sufficiently long in this House, and, I believe, in a Provincial House, to know that a Select Committee endorses the principle of a Bill, and the Select Committee on the Ottawa Resolution and, subsequently, on the Ottawa Bill, carried out in each and every respect the principle of that Bill. He walked into that Select Committee, not like a blinded beast, not with eyes tied up. But, like an enlightened gentleman, he walked with eyes open into an illuminated room. It is too late now to say that we have not accepted the principle. Any one who signed that Report accepted it

Mr. B. Sitaramaraju: The Assembly may have accepted the principle of the Bill when it referred the Bill to the Select Committee, but it is something different from saying that every one of the Select Committee accepted that principle.

Mr. C. S. Ranga Iyer: The Committee recommended to the Assembly and the Assembly will today further endorse the principle which was originally endorsed in the Resolution. The Honourable gentleman said that we were writing something in the nature of an epitaph on the grave of our opinions. He was almost lugubrious in tone; he was sepulchral in outlook. (Laughter.) I do not share that funereal, that sepulchral

1 P.M. attitude. I can only say that the opportunity which sincerely and earnestly the Leader of the Independent Party wanted in regard to the industrial survey will be provided by the Assembly Committee which was, I considered at the original stage and still consider, to be a very valuable instrument. It will be a really useful weapon in the hands of this Legislature if only the Legislature knows how to use it. (Applause.)

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): After the acceptance by this House of the Ottawa Agreement, I think the scope of this Bill was very limited and all that this House or the Select Committee could do was to give effect to the ten per cent. preference to the British goods and to the Colonies. I join issue with Mr. Ranga Iyer on the constitutional point that everybody who goes to the Select Committee is bound to accept or has accepted by implication the principle that has been passed by this House.

Mr. C. S. Ranga Iyer: Not by implication, but by action, by signature.

Mr. S. C. Mitra: Let him read the constitution of the world outside. There are in many countries distinct and definite parties. The Opposition on almost all occasions votes against the principle of the Bills that are introduced. In the Select Committee, there are members of all the parties. As a matter of fact, the Select Committee in the British Parliament represents the whole House in miniature in proportion to their number. Because the Opposition and other parties entered the Select Committee, therefore, they are committed to the principle, it is a very odd constitutional idea to be expressed and emphasised by my friend, Mr. Ranga Iyer. I had been a member of the Select Committee and I have not committed myself to the principle of the Bill that ten per cent. preference should be given to British Empire countries or the Colonies, but in spite of our protest when the House accepts it, it is accepted on behalf of India and the effort of the Opposition in the Select Committee is to minimise, according to their own light, the demerits that are inherent in those proposals. So, I maintain that it is not in any way inconsistent with my friend, Mr. Raju's position as a member of the Select Committee. As regards the sepulchral outlook that he apprehended, time alone will judge. It is no use being jubilant or being very sanguine at this moment. The future will speak for itself as to whether we were right or the other Members. But that question is neither here nor there. As regards the one point on which all the 19 Members of the Select Committee who were present and also my friend, the Honourable Mr. Sadiq Hasan, who was the only absent member, are all agreed is about para. 2 of the Select Committee's

Report. I should like to conclude my speech by merely quoting that para. My Leader, Sir Abdur Rahim, made it clear that the Industries Department failed to give us the figures of Indian industries which were absolutely necessary to definitely settle about this ten per cent. whether it should be added to or subtracted from. We, in the Select Committee, were not in the position of a Tariff Board. The accepted policy of the Government of India about discriminating protection is the ruling principle. We were there only to distribute this ten per cent. preference. In the second para., the Select Committee unanimously says:

"Within the limitations imposed on us by the stipulated margin of preference we have endeavoured to reconcile, as far as possible, interests which may, in many cases, appear to conflict, namely, those of the primary producer, the manufacturer, the consumer and the taxpayer. We have felt throughout our discussions the need for complete statistics of industrial production, giving detailed information regarding the various indigenous industries which might be affected by the proposals contained in the Bill. Since the rates of duty proposed by the Government were published, a certain number of representations have been received from Indian industries regarding the manner in which they expected the application of those rates to affect their interests, and in a very few cases personal representations have been made to us. In the majority of cases, however, we have had no other material to guide us than the information which the Government Departments concerned have been able to place before us."

I must point out here that the Department of Industries has lamentably failed in supplying us with up to date facts and figures about the development of indigenous industries on which alone we could properly deal with the problem before us. The Committee further says:

"That information was necessarily incomplete, and we recommend that, as far as may be practicable, steps should be taken to collect and compile the statistics to which we have referred."

The Honourable Sir Joseph Blore: I do not wish and, I am sure, the House would not wish me to reopen and revive the controversy which has occupied us in this House for so many days. My Honourable friend, the Leader of the Independent Party, and those, who think with him, have found it necessary to reiterate their position, but I take it, Sir, that that is rather with the intention of emphasizing their adherence to the views they had already expressed and not with any intention of endeavouring to convert the House by argument or appeal at this stage. There is nothing in the speech of my Honourable friend, the Leader of the Independent Party, which has not been traversed and replied to already and it would be needless and unnecessary iteration on my part to repeat arguments which have been repeated on the floor of this House more than once. There is only one point I should like to refer to and it is my Honourable friend's concern in regard to the financial consequences of the adoption of this policy of preference. I would only in this connection repeat to him the figures which I gave to the House in my opening speech. I pointed out that no less than 55 per cent. of our imports were entirely outside the scheme of preference, that 22.4 of the remaining 45 per cent. were covered by preferential duties. How long those preferential duties will remain and what they will eventually be, will depend entirely upon the reports of the Tariff Board on the cotton textile and iron and steel industries. The preferences that we are now giving apply to only 22.6 per cent. of our imports and, so far as it has been possible for our experts to calculate, the preferences that we are now giving will cause little or no

[Sir Joseph Bhole.]

change in our financial position. Sir, I am afraid we must differ on the question of principle and, if so, let us agree to differ, because I think neither my Honourable friend opposite nor I can at present claim the joy that comes from the sinner that repenteth, but I am sure, at any rate I hope that my Honourable friend and others who went into the lobby against us when we voted on the Resolution will realise and admit that if we fought and fought strenuously on that occasion, it was because we were inspired with the honest conviction that what we were doing was the best interests of India. Sir, there I think the House may allow the controversy to rest for the present.

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

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

The motion was adopted. (Loud Applause.)

The Assembly then adjourned *sine die*.