

Saturday, 21st April, 1934

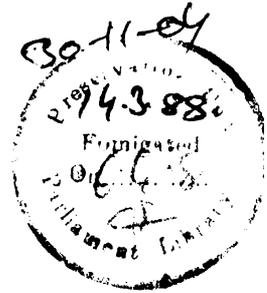
THE  
COUNCIL OF STATE DEBATES

VOLUME I, 1934

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

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SEVENTH SESSION  
OF THE  
THIRD COUNCIL OF STATE, 1934



PUBLISHED BY MANAGER OF PUBLICATIONS, DELHI.  
PRINTED BY THE MANAGER, GOVERNMENT OF INDIA PRESS, NEW DELHI.  
1934.

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## COUNCIL OF STATE.

*Saturday, 21st April, 1934.*

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

### QUESTIONS AND ANSWERS.

#### ECONOMIC CONFERENCE AND RESOLUTIONS RECORDED.

148. **THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE** (on behalf of the Honourable Mr. V. C. Vellingiri Gounder): (a) Will Government be pleased to lay on the table a copy of the agenda of the recent Economic Conference and the resolutions recorded?

(b) What steps do Government propose to take on their own account and by way of help to Provincial Governments as the result of this Conference?

(c) Has any special recommendation been made at the Conference to relieve the pressing problem of rural agricultural indebtedness?

(d) If so, what steps do Government propose to take in the matter? If not, why not?

**THE HONOURABLE SIR ALAN PARSONS:** I would refer the Honourable Member to the reply which I gave on the 17th instant to a similar question asked by the Honourable Maharajahdiraja of Darbhanga.

#### GOVERNMENT AID TO BIHARI EMPLOYEES OF THE PUSA INSTITUTE.

149. **THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE** (on behalf of the Honourable Mr. V. C. Vellingiri Gounder): Will Government be pleased to state whether the Bihari employees of the Imperial Pusa Agricultural Institute have received any help from Government on account of the loss sustained owing to the recent earthquake?

**THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN:** Four have been given advances from their deposits in the General Provident Fund. One hundred and five have applied for an advance of three months pay each and the case is under consideration.

**THE HONOURABLE MR. SATYENDRA CHANDRA GHOSH MAULIK:** Will the Government be pleased to state how many Biharis there are in the Institute?

**THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN:** That is a question of which I would like notice.

**AMOUNT OF LOSS AT THE PUSA INSTITUTE DUE TO THE EARTHQUAKE.**

**150. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE** (on behalf of the Honourable Mr. V. C. Vellingiri Gounder): Will Government be pleased to state the amount of loss at the Pusa Institute due to the earthquake under such heads as damage to buildings, crops and lands ?

**THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN :** According to a rough estimate the cost of repairing the damage to the buildings at Pusa would be Rs. 7 lakhs. No crops and agricultural lands were damaged.

**THE HONOURABLE SAIYED RAZA ALI :** In view of the extensive damage done to the buildings of the Agricultural Institute at Pusa, would Government be pleased to consider the advisability of removing or shifting the Institute from Pusa to some more central place easy of access ?

**THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN :** That is a question worth considering, Sir.

**INVESTIGATIONS AT THE PUSA INSTITUTE IN REGARD TO THE COMMERCIAL POSSIBILITIES OF MANUFACTURING PEARL BARLEY AND OATMEAL IN INDIA.**

**151. THE HONOURABLE MR. JAGADISH CHANDRA BNERJEE** (on behalf of the Honourable Mr. V. C. Vellingiri Gounder): Will Government be pleased to say whether any research has been done at the Institute as regards the commercial possibilities of making pearl barley and oatmeal? If not, do Government propose to ask the Director of the Institute to undertake investigation of these two crops in order to produce a good quality of pearl barley and oatmeal ?

**THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN :** Twenty-four varieties of Indian barley have been tried and numerous hybrids with European types have been raised at Pusa. The possibility of using some of these types and hybrids in the production of pearl barley is being investigated. Investigations on oats have been conducted in the botanical section at Pusa for some years and it is possible that some of the varieties raised might be used for making oatmeal.

**APPOINTMENT OF MUSLIMS AS HIGH COMMISSIONER AND INDIAN TRADE COMMISSIONER.**

**152. THE HONOURABLE KHAN BAHADUR SYED ABDUL HAFEEZ :** (a) Will Government be pleased to state the approximate dates on which the present High Commissioner for India in England and the Indian Trade Commissioner and Assistant Trade Commissioner are due to vacate their respective offices ?

(b) Is it a fact that no Muslim has yet been appointed either as a High Commissioner or a Trade Commissioner or Assistant Trade Commissioner ?

**THE HONOURABLE MR. T. A. STEWART :** (a) The present High Commissioner for India is due to vacate his office in July, 1936 and the Indian Trade Commissioner, London, in April, 1935. There is no Assistant Trade Commissioner but there is a Deputy Trade Commissioner, London. The present incumbent will vacate the post in June, 1934.

(b) Yes, Sir.

PERCENTAGE OF BENGAL MUSLIMS IN THE CUSTOMS OFFICE, CALCUTTA.

153. THE HONOURABLE KHAN BAHADUR SYED ABDUL HAFEEZ : Will Government be pleased to state the percentage of Bengal Muslims in the Calcutta Customs Office in the following classes of posts :

- (1) Collector and assistant collectors,
- (2) Appraisers,
- (3) Preventive officers,
- (4) Office superintendents, assistants and clerks ?

THE HONOURABLE SIR ALAN PARSONS : I regret that the information is not available.

DEMONSTRATIONS OF "GHOSH'S COTTAGE INDUSTRY COTTON SPINNING PLANT" AT THE DELHI EXHIBITION.

154. THE HONOURABLE MR. JAGADISH CHANDRA BANERJEE (on behalf of the Honourable Mr. V. C. Vellingiri Gounder) : Is it a fact that an exhibit at the Delhi Exhibition, "Ghosh's Cottage Industry Cotton Spinning Plant" is giving demonstrations every evening ?

THE HONOURABLE MR. D. G. MITCHELL : I understand that demonstrations were given of some such machine, but the Exhibition is now closed.

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BILL PASSED BY THE LEGISLATIVE ASSEMBLY LAID ON THE TABLE.

SECRETARY OF THE COUNCIL : Sir, in pursuance of rule 25 of the Indian Legislative Rules, I lay on the table copies of the Bill to provide for the imposition and collection of an excise duty on matches which was passed by the Legislative Assembly at its meeting held on the 20th April, 1934.

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INDIAN TARIFF (TEXTILE PROTECTION) AMENDMENT BILL—  
*continued.*

THE HONOURABLE THE PRESIDENT : The debate will now resume on the Indian Tariff (Textile Protection) Amendment Bill.

THE HONOURABLE MR. HOSSAIN IMAM (Bihar and Orissa : Muhammadan) : Sir, yesterday, at the end of the debate, I was discussing the replies and representations submitted to the Tariff Board by the Bombay Shareholders' Association. I simply wanted to bring to the attention of the House the meagre reply which the Millowners' Association gave to the specific allegations contained therein. I am referring the Honourable Member to pages 93 to 96 in which the Bombay Millowners' Association has replied to the points raised in that connection. That shows, Sir, that practically no attempt has been made to meet the case by substantiating their own claim that they have been doing a lot for the industry. I shall leave it at that.

[Mr. Hossain Imam.]

Now I come to the *piece-de-resistance*, the Bombay Millowners' Association's Pact with the Manchester Chamber of Commerce, the Mody-Lees Pact. Sir, the Millowners' Association has been in existence since 1885. During its long career, up to 1922, it formed part and parcel of the Bombay Chamber of Commerce whose Secretary used to be *ex-officio* Secretary of the Mill owners' Association. During this period of 1875 to 1923, on twenty-two occasions the Presidents of the Bombay Millowners' Association were Europeans. It was only in 1923 that they separated from the Bombay Chamber of Commerce and had their own secretary. Sir, there is no doubt that every association is judged by what it does for the people whom it represents. The Bombay Millowners' Association can look round and see how little it has helped the industry. The mentality of the managing agents is that they regard everything as their own except that they do not invest money. The basis of this Agreement is that the United Kingdom will maintain the present rate of duty, and for the future, they have said that if the second surcharge is removed, they will then not ask for any protection. My quarrel with the Bombay Millowners' Association is that they were not the people who were directly concerned, and who were directly competing with the English goods. If we turn to the Tariff Board report, we find in paragraph 145 about the production of bleached goods in India. You will see that Ahmedabad is much more interested in these goods than the Bombay Millowners' Association mills. This point has been further brought out in the representation of the Ahmedabad Chamber of Commerce which they submitted to the Government at the conclusion of this Pact. In the Opinion that has been circulated to us, we do not find any refutation of these statements from the Bombay Millowners' Association. That forces us to the conclusion that they are irrefutable. This was sent to the Government as early as 30th December, 1933. It has long been before the public, and if the Millowners' Association of Bombay wished to contradict it, they had ample time and opportunity to do so. In this representation they say that although the protection in textile industry is 25 per cent. from Lancashire it is in effect only 17½ per cent. We must also consider the 12½ per cent. handicap of exchange.

" My Association maintains that there is a wide range of products in which Lancashire offers a serious competition to local industry. It does not consider it necessary to go fully into a detailed analysis of the competition as this is already dealt with in the oral and written evidence tendered before the Tariff Board of 1926 and 1932 ".

From the 1932 Tariff Board report, paragraph 145, we find that the proportion appears to be much higher at Ahmedabad for the eleven months ending 29th February, 1932. The total output of bleached goods was 95.07 million out of a total production of 135.81 million pounds including coloured, in grey and bleached. Out of this, the Millowners' Association estimate 30.26 million pounds as the output of bleached goods containing coloured yarn leaving a figure of 64.86 million pounds or approximately 50 per cent. of the total production as the output of plain bleached goods.

So far as Bombay is concerned we find that they produce only ten per cent. of the bleached goods for the same period while Ahmedabad produces 50 per cent. and yet the people who concluded this pact are those who were least interested. Their main line of business is in grey goods. It is for this reason we find that although there is a difference, the difference between the

specific duty on British and non-British goods is very small. We have four and three-eighths annas for British goods and five and a quarter annas for grey goods. But in the case of bleached goods and whites the difference is between 25 and 50 per cent. So the duty has been halved. My point is that if an agreement of this nature had to be entered into the real persons concerned with it, the Ahmedabad people who are more concerned in whites than Bombay ought to have been asked about it. That is my first charge against this pact. The second charge is that the Government has now plainly stated that they rely on these two agreements and have given the go-by to the Tariff Board report. Now, Sir, I ask to whose advantage has this Agreement been drawn? As far as whites are concerned we know and we have the assertion of the Millowners' Association that it does not serve their purpose. As far as greys are concerned, we heard yesterday a very impassioned speech and a very good case made out for Bombay by our Honourable colleague Sir Homi Mehta. He told us plainly that he does not regard 50 per cent. as an adequate protective duty.

**THE HONOURABLE MR. T. A. STEWART:** May I ask the Honourable Member whether he is referring to the Mody-Lees Pact or to the Indo-Japanese Agreement?

**THE HONOURABLE MR. HOSSAIN IMAM:** I was referring to the Mody-Lees Pact.

**THE HONOURABLE MR. T. A. STEWART:** There is no mention, Sir, of a 50 per cent. duty in that Pact.

**THE HONOURABLE MR. HOSSAIN IMAM:** That is what I am saying. This Mody-Lees Pact concerned Ahmedabad and they have disclaimed it while the Indo-Japanese Agreement is not approved of by the Bombay Millowners' Association. The result is that both the bases upon which you have built this Bill are objected to either by one party or the other.

Now, Sir, I come to the poor handloom weaver. These people are the real backbone of the industry. The number of people who derive their income from handlooms is far greater than those employed in the entire mill textile industry of India. Their output too is sufficiently great to justify them a place in the protective scheme of India. It can be said that the Government has done some good to the handloom industry; I admit that they have done a little, but I aver that that is not sufficient. The Tariff Board in its inquiry found that the handloom weavers are getting a bare subsistence or even less, and therefore the necessity for co-operative effort on their behalf, which the Government say they desire to make, is welcome. But I would ask the Government whether they cannot give us something more than the quarter anna they have promised.

By the Indo-Japanese Agreement we are promised that our production will find a market and in return therefor we are asked to consume Japanese goods up to 325 million yards. In this connection I wish to find out what is really the position of Government? From the speech in the other place we understood that the Government thought that by fixing a quota the prices of Japanese goods would rise and there would be no incentive to them to reduce prices. This assertion of theirs rather makes us oppose it because as consumers we cannot approve of any action of the Government which increases the price of our day-to-day requirements. But if it is true it also answers the charge by the millowners that by means of a 50 per cent. duty they are being hard hit. I simply want that the Government should clear the situation as to

[Mr. Hossain Imam.]

whether they are going to meet the consumer by cheapening goods or meet the millowners by increasing the prices of the commodities which they sell. If there is any difference of opinion about the Indo-Japanese Agreement it must arise from the textile industry. So far as the cotton growers are concerned I think they are grateful to Government for having drawn this Agreement whereby we have been assured of a market at least for a million bales.

I now come to those parts of the Bill which are not covered by either of these two agreements. I would refer in passing to silk. In connection with silk the Government has embarked on so much differentiation in rates of duties that anomalies have arisen up to which references were made in the other House. There are some items which discriminate between foreign exporters to the disadvantage of the consumers. Although in the other place some alteration was made, we still find that there are several cases left out, of which the Commerce Department have full knowledge. I may also draw your attention to the fact that in the Schedule an item has been included which was covered in the Bill which we passed for safeguarding the industries. I refer to hosiery. I am not going to say anything about it here. I am only making a passing reference. That is a question which we may have to raise. In conclusion I should like to know what the Government's real basis is. If it is a revenue measure they are justified in confronting us with it, but as a protective measure, it is no argument to say that I have entered into a pact with a certain party to do this and to do that. In the case of protection, they have to establish that they have taken steps to make the industry stand on its own legs. The Government has not relied on the Tariff Board's report. The real reason for doing so, which we are able to get at after a perusal of the report, is that the Tariff Board did not want to give Imperial preference. They state in paragraph 147 as follows :

" We have already explained in paragraph 102 our view that the grant of protection to the manufacture of piecegoods from imported cotton is not merely not inconsistent with the conditions laid down by the Fiscal Commission but must be regarded as a logical sequence of the grant of protection to the manufacture of goods from Indian cotton ".

Further on, they have remarked that the most that can be done to give preference is that there should be a specific duty as well as an *ad valorem* duty and the preference should be given in the *ad valorem* and not in the specific duty. They have also given the measure of assistance required per pound as follows :

Plain grey . . . . .	59 pies.
Bordered grey . . . . .	62 pies.
Bleached . . . . .	71 pies.
Dyed and coloured woven and printed goods . . . . .	76 pies.

The minimum specific duties were the real stumbling block which forced the Government to override the whole of the Tariff Board report. May I ask the Government if they make the Mody-Lees Pact as the basis of the protection, are they going to take any steps to put the industry in order, as for instance, to look into the managing agency business, to give facilities for enhancing the industries or helping them in other ways to stand on their own legs? Yesterday we were told by Sir Homi Mehta that with this 50 per cent. they will not even be able to make any headway in the matter of depreciation. If that is a fact I would earnestly request the Government to undertake

another enquiry on the basis of the present conditions and help the industry if it requires help, or to reduce the burden on the consumers if there is no prospect of the industry standing on its own legs.

Sir, with these words, I oppose the Bill.

THE HONOURABLE KHAN BAHADUR DR. SIR NASARVANJI CHOKSY (Bombay : Nominated Non-Official) : Sir, two of the most outstanding features of the present session have been the Lees-Mody Pact and the Indo-Japanese Agreement. Before I refer to these I should like to mention a peculiar tendency prevalent in Indian politics, and that is, that however beneficent a measure may be introduced by Government, it is apt to be looked upon with suspicion, for hidden motives and discussion and criticism start with prejudice against it. This unfortunately has been one of the characteristics of the criticisms that we have heard. Last year when the Ottawa Pact was debated, I said that it was no use prejudging the Pact and that we had to look to the results of its working and then pronounce judgment one way or the other, and not to anticipate troubles which were not in existence. So far as the Ottawa Pact is concerned, the opportunity to pronounce a verdict is very near. As regards the Lees-Mody Pact, it was between two commercial bodies. It has been argued that they had no right to make such an agreement. If my Honourable friend Mr. Kalikar had been present, I would have referred him to some of the recent newspaper reports from Europe from which we glean that various organizations of merchants have taken upon themselves to enter into international agreements in connection with various industrial, shipping and other enterprises in which they are associated today, and if these international agreements between merchants are of any benefit the Governments of the countries concerned implement them in their legislation as in the present instance. Lancashire is already importing more Indian cotton, and cotton fabrics have been made. A special exhibition was held in London and Her Majesty the Queen Empress herself visited the exhibition and made purchases. Again, the increased export of cotton is of very great benefit to the cultivators ; no doubt, Sir, the greater the exports the larger the benefit to the country. With regard to the Indo-Japanese Pact, His Excellency Mr. Sawada said that the Pact will be observed both in the letter and in the spirit, some vague suspicions however arose to the effect that the signing of the Pact was due to the passing of the Tariff Bill in the other House the other day. At the same time it may be noted that Japan is about to undertake arrangements for growing cotton in Manchukuo and Abyssinia. What effect that will have upon the export of Indian cotton no one can foresee.

There is another aspect with regard to Indian cotton. There is want of proper grading. Exporters mix superior with inferior qualities ; they put in extraneous material and they also water the cotton, with the result that the credit of Indian cottons sank very low in some cases. Not only is this the case in cotton alone but with other commodities as well. Exporters complain that exports have fallen off. Is that not due to their own fault ? Because of such practices buyers have lost confidence in the quality of India's products.

Sir, the Tariff Board has exposed the faults and defects in the managing agency system. It has also said at the same time that all the millowners are not alike and there are many honourable agents of outstanding position who never resort to the practices it has detailed. It recommends revision of the Companies Act. The Tariff Board further says that a few even of the first class mills do not now need protection. Five years therefore is a sufficient time for the mills which are lagging behind to put their house in order or to

[Khan Bahadur Dr. Sir Nasarvanji Choksy.]

close down. It has been said that there are 500 mills in India! I presume that all these will be benefitted by the provisions of the Tariff Bill and not Bombay mills only ?

Sir, the Honourable Sir Homi Mehta referred to the capital invested in the Bombay mills. The original capital was Rs. 80 crores ; in 1931 it had become reduced to Rs. 13 crores and in 1934 it is still less ! Is it contended that the millowners have appropriated the difference of Rs. 70 crores and looted the people ? I deny the charge, Sir. In India, the production of yarn costs 60 per cent. and of cloth 300 per cent. more than in Japan. While a Japanese girl worker looks after 20 to 30 looms, the Indian male worker resents handling even three or four. It is very surprising that none of the previous speakers have even alluded to the important factor of labour in India, nor said anything about the grave disadvantages under which India suffers. In every department of the mill more labour is employed than in Japan or Lancashire : it works longer hours and its production is less than that produced by a smaller complement working for lesser hours. Rationalization has been objected to on the plea that it increases unemployment. It must be admitted that it is true. Wherever mechanization has been introduced upon a large scale, especially in American industry, the number of workers have been greatly reduced and in some of the huge concerns in America where the factories formerly employed thousands of operatives, they now employ a few hundreds only. That, Sir, is due to the march of science ; it is probable that the progress cannot be stopped ; measures have however been devised in America to alleviate the conditions of those who are thrown out of work.

The Honourable Sir Homi Mehta also referred to the Japanese industry. The whole industry is worked by female labour and as he said they are housed and fed within the premises. They are also taught domestic arts, reading and writing, etc., during the time they are under employment. Their salary is about 30 yen as recently stated by Mr. Findlay Shirras in the *Times of India*. They spend half of it on food and personal necessaries, part of it is sent to their parents and part saved which accumulates with interest with the millowners. After about three years they leave with a snug little sum which is in fact their dowry and immediately they are replaced by another set. There is no slavery there as implied and the girls are well looked after by women supervisors. Japanese mills work in two shifts.

As regards Indian labour, I do not wish to enter into details having regard to the times we are passing through. Those Honourable Members who take an interest in the subject can profitably consult Mr. Arno Pearse's book. His opinion is most disheartening when he says that under no circumstances would Indian labour come up to the efficiency of the Japanese. Not only is it discontented with what it has, but it has been reported that it is encouraged to put forth fresh demands, e.g., that labour and capital should control mill management and there should be a profit-sharing scheme. Those who encourage such ideas have no conception of the conditions under which such arrangements can be made. Well, Sir, what next ? Perhaps the time will come when labour will ask millowners and shareholders to walk out and give over the mills entirely to the control of the workers to become their property !

Sir, I support the Motion for the consideration of the Bill.

THE HONOURABLE MR. T. A. STEWART (Commerce Secretary): Sir, from the general tenor of the debate I take it that the majority, in fact all

Honourable Members who have spoken, are prepared to accept the Bill on the whole. There is no need, therefore, for me to enter on a defence of the Bill as such and I shall merely answer a few of the more important criticisms that have been offered in the course of the debate. In doing so, I find that the criticisms divide themselves up naturally into groups and I take first of all the Indo-Japanese Agreement. The Honourable Rai Bahadur Lala Mathura Prasad Mehrotra very plaintively said that in view of the fact that the Agreement had only been initialled two days ago this Honourable House had not had sufficient time to consider its terms. The Agreement, Sir, was published on the 8th of January. The Honourable Rai Bahadur Lala Jagdish Prasad expressed his doubt—a doubt which has arisen, I think, from his misreading of a newspaper paragraph whether the most-favoured-nation clause had been dropped from the Agreement. I am not in a position to say what was or was not contained in the diplomatic document that was initialled two days ago but I can say that the essentials of the Agreement which was published on the 8th January, 1934 (which forms partly the basis of this Bill) have not been departed from.

A very pertinent inquiry has been made by the Honourable and gallant Major, who asked, "What does India get out of this Agreement"? What benefit is there in the exchange of 400 million yards of piecegoods for one million five hundred thousand bales of cotton? Well, I suggest to the Honourable Member who made that query that, when he has a little spare time, he should get a pencil and a piece of paper and work out the figures, and he will find that the value of the raw cotton is three times the value of the piecegoods.

The Honourable Sir Homi Mehta, as I expected, is not altogether pleased with the Indo-Japanese Agreement. He said that a rate of 50 per cent. *ad valorem* will do no more than help the industry to keep its head above water. He has, I think, failed to, or perhaps has not tried to, appreciate what will be the effect of the restriction in quantity of imports. As I anticipated, the Mody-Lees Pact called forth more criticism. Mr. Kalikar objected on constitutional grounds. He indicated that to give recognition to this Pact was an abdication of power by Government. In spite of the fact that Government reserved to themselves the right to make any alteration it wished in that Agreement—and it has made an alteration in it before putting it into the Bill—in spite of the fact that that Agreement, so far as it is incorporated in the Bill has been before both Houses of the Legislature, Mr. Kalikar still holds that this is an abdication of power. I am afraid it is impossible to see how he arrives at that conclusion and if he has an objection on the ground of constitution, I suggest it is not the constitution of the country but it is a matter that must be entirely personal to himself. It has been argued that one party to the Agreement—the Millowners' Association, Bombay—is not representative of the industry, and in support of that proposition two sets of facts have been adduced. There have been quoted to us a number of associations and chambers of commerce who have protested against the acceptance of the Agreement. Now, I hope that the Honourable Mr. Kalikar will excuse me if I do not place the same importance on representations of that sort as he apparently does. It has been my experience in the past year that, if in the neighbourhood of say, Cape Comorin, a Chamber of Commerce has a grievance against Government, it frames its grievance and circulates it to Chambers of Commerce in Calcutta, Peshawar, Bombay and so on and on one and the same day there comes a flood of telegrams, each of them identical, each of them pressing on Government the grievance of Cape Comorin. I do not think it does them very much good and it does not help us, but my Honourable friend

[Mr. T. A. Stewart.]

Mr. Mitchell no doubt makes something out of the telegrams. The Honourable Mr. Hossain Imam put forward a more material argument. He said, in other words, that the Millowners' Association of Bombay had sold the pass for Ahmedabad and in support he quoted what was the proportion of certain goods manufactured in Ahmedabad and what was the proportion in Bombay. Well, it is easy to prove anything by proportions and by percentages. But suppose we take the figures of actual production. Let us take the production of the finer counts in Bombay and in Ahmedabad.

**THE HONOURABLE MR. HOSSAIN IMAM :** From what are you quoting the figures ?

**THE HONOURABLE MR. T. A. STEWART :** The figures I am quoting have been extracted, I think, from the cotton spinning and weaving statistics. I frankly admit I am not quoting from the original document. Bombay in 1931-32 produced 42 million pounds of the higher counts against which Ahmedabad produced 34 million pounds. In 1932-33, despite a very large restriction of production in Bombay, 44 million pounds of the higher counts were produced, and Ahmedabad produced 39 million pounds. I do not wish to say anything which would be taken to mean that I have not the greatest respect for the go-aheadness of Ahmedabad, but at the same time, one must recognize the facts, and the facts are that Bombay even yet produces more of the finer counts than Ahmedabad.

Mr. Kalikar, as an argument against the acceptance of the Pact, referred to the attitude that had been taken up by the Manchester Chamber of Commerce in their evidence before the Joint Select Committee. Now, I do not wish to do Mr. Kalikar an injustice, and if I am wrong in my supposition, I shall certainly withdraw. But from what he said, Sir, it appeared to me that he had derived his information at second-hand, not at first-hand. He said that after the signing of the Mody-Lees Pact, the Manchester Chamber of Commerce put such-and-such a memorandum before the Joint Select Committee. Now, if he had read the proceedings of the Joint Select Committee he would have realized that when the first question was put to the first Lancashire witness, his reply was that he was unaware of the terms of the Agreement that had been effected in India. Mr. Kalikar also gave the most sinister interpretation to one claim of the Lancashire delegation which he, I believe, wished to suggest was characteristic of their whole attitude. I would again refer Mr. Kalikar to the original documents and if he reads the questions and answers that were exchanged before the Joint Select Committee, he will find that the Lancashire delegates were very highly complimented for their moderation, not by Lord Derby, not by Sir Samuel Hoare, but by the Indian delegates on the Joint Select Committee.

There has been considerable talk about the managing agency system and I conceive that there has been much misconception about it and its relation to this Bill. It is true that the Tariff Board carried out an enquiry regarding the managing agency system, but it is equally true that the recommendations of the Tariff Board that protection should be given to the industry and in respect of the measure of protection—though we had to reject the measure of protection they recommended—had nothing to do with the managing agency system. Whether or not it had existed, these recommendations would have been made. At the same time I may say that the Government

of India are not unmindful of the necessity of proceeding with the amendment of the Indian Companies Act, and I may say that the managing agency system will at the same time as other defects in the Act come under scrutiny.

The Honourable Rai Bahadur Lala Mathura Prasad Mehrotra put to me two questions. He asked, "What will be the revenue effect of this measure?" That was the first question, and it is a question which it is very difficult to answer. The measure is not in the first place a revenue one. In fact, it is possible—it so often happens in the case of a protective measure—that it may have a deleterious effect on our revenue. But so far as I remember, in the first year of its operation, it will mean a fairly considerable increase in revenue on the group of commodities which are included in the Bill. But I think it must be anticipated that in the future the revenue returns will drop off. The Honourable Rai Bahadur, thinking of his recent experience in respect of sugar, has asked me whether I have an excise duty up my sleeve. Sir, I assure him there is no excise duty here. Mr. Banerjee, in his speech, confessed to two dislikes, the Bombay millowners and this Bill. But while he attributed his dislike of the Bombay millowners to such mysteries as the abuse of block capital and things of that sort—I do not know what they mean, Sir,—his main objection to the Bill was its name. I am sorry, Sir, that he and the Legislative Department do not see eye to eye in this matter, but he must forgive me if I prefer the advice of our Legislative Department. Mr. Hossain Imam does not like the Bill either. I have learnt this about him that when he gets up we must look for some shrewd blows. We were not disappointed on this occasion. But he was quite impartial. It did not matter whether it was the Government of India or the Commerce Department or the Bombay millowners or the Agricultural Department; he laid about him. But the cruellest and unkindest cut of all was the one he dealt to the Indian Central Cotton Committee. He professed ignorance that any investigations were being carried on by that body. He almost denied even its existence when he said that nothing was being done to encourage the expansion of the growth of long staple cotton.

**THE HONOURABLE MR. HOSSAIN IMAM:** I am sorry, Sir, if I gave that impression; I meant, Sir, that sufficient was not being done—that sufficient efforts are not being made.

**THE HONOURABLE MR. T. A. STEWART:** I am sorry, Sir, if I misunderstood what the Honourable Member said.

Well, I shall leave the Bombay millowners to look after themselves, but I must repudiate the suggestion that we have suppressed the evidence that was laid before the Indian Tariff Board. We are not responsible for the publication of that evidence. We never have published the evidence. It has invariably been published, in its own good time, by the Tariff Board. So far as I have been able to find out, on no occasion on which a tariff Bill based on a Tariff Board report has been introduced into the Legislation has the evidence of the Tariff Board been available. I do not think that on any occasion it has been quoted in the course of debate, and in case the Honourable Member may think that I have an unfair advantage of him, let me say that even the proofs of the evidence have not been in our hands until a week or so ago. I personally have not read them.

The Honourable Mr. Hossain Imam proceeded to discuss the question whether the textile industry had fulfilled the conditions which are prescribed by the Indian Fiscal Commission. The first one he admitted was fulfilled. As regards the second one, so far as

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I could make out after listening to him for a long while, I do not know that he came to any conclusion, but he certainly made it a peg on which to hang his views on the Bombay mill industry. Sir, I am not here to offer any remarks as regards their efficiency or inefficiency. The Honourable Member however claimed more categorically that the third condition was not fulfilled and his claim I think is based on a misconception of what the Fiscal Commission meant. He apparently claims that when a Tariff Board reports it should be in a position to say that on such and such a date protection must be determined and if the industry is not fit to carry on then, no more can be done for it. I think experience has shown, I think commonsense would indicate, that it is impossible to predict what are going to be the precise economic conditions of the next three, four, five or ten years. It is impossible to fix a final period with the exactitude that is demanded by the Honourable Member. The Tariff Board was reluctant to commit itself to such a date. But when it came to the conclusion that this industry required substantive protection and had established its claim thereto, it was inherent in that finding that the Board had come to the conclusion that the industry could within a reasonable time dispense with protection.

I think, Sir, in these remarks I have reviewed the more important of the criticisms that have been offered, and I trust that Honourable Members will still be of opinion that the Bill is worthy of acceptance.

**THE HONOURABLE THE PRESIDENT :** The Question is :

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

The Motion was adopted.

**THE HONOURABLE THE PRESIDENT :** We shall now proceed with the next stage of the Bill dealing with clauses. We cannot in this Bill deal with clauses till we have got the Schedule fully disposed of. I will therefore proceed with the Schedule.

Items 1 to 8 of the Schedule were added to the Bill.

**THE HONOURABLE THE PRESIDENT :** The Question is :

“That item 9 stand part of the Bill”.

**THE HONOURABLE MR. T. A. STEWART :** Sir, at this stage might I make a suggestion for the consideration of the Honourable Mr. Hossain Imam? In looking at his series of amendments they appear to me, and I hope he will correct me if I am wrong, to be all of the same nature. I suggest to him that it might be possible that on the first of those amendments the discussion of points of principle might be concluded and the moving of the subsequent amendments should be merely a formality.

**THE HONOURABLE MR. HOSSAIN IMAM :** I intend to do that, Sir. I rise to move :

“That in the Schedule to the Bill in Amendment No. 9 for item No. 158 the following be substituted, namely :

158 Cotton Twist and Yarn, and cotton sewing or darning thread—			
(i) of counts above 50's.	<i>Ad valorem</i>	.	5 per cent.
(ii) of counts 50's and below.	<i>Ad valorem</i>	.	5 per cent. or 1½ annas per pound, whichever is higher.”

Sir, as the Honourable the Commerce Secretary has rightly gauged, all these amendments with the exception of the last two are based on one and the same principle. In this I have claimed that there should be no Imperial preference. The reason for my opposition to Imperial preference is not that I am actuated by any malice towards Britain or that I do not wish to establish friendly relations with Great Britain or that I do not wish to co-operate with the British Government and British industries. The only thing which prompts me to bring forward this amendment is that the Government has not shown what we are getting in exchange for this concession. We have been promised that Lancashire will make efforts to popularize Indian cotton. That is a very indefinite and, if I may say so, worthless promise. At the time of the Ottawa Agreement we discussed Imperial preference from a different point of view than the one from which we are discussing it today. There we had before us the figures of the goods in which we have given preference and their values for one year. In the same way we had before us the values of the goods in which we will give preference to England and so could judge on material facts and see how far we are gaining or losing. If Government wish to stop foreign goods from coming and if they wish the industries internally to prosper, then there should be a high tariff wall against all foreign goods; if they wish to serve the consumers and believe in free trade, there must be low tariff walls and they should be of the same height against everybody. We know that in matters of commerce, prices are regulated not by what is the actual cost but how the majority of the goods consumed in the markets are priced at. If we find that 75 per cent. of our requirements is available at a certain figure, say Rs. 3 a pound, then all who want to compete and enjoy our custom have to sell it at Rs. 3 a pound. That is not a figure applicable to yarn; I have only taken it as an illustration. If therefore we give preference to England, it means simply that we are giving them so much as bounty; otherwise they have to reduce their prices or keep out. Government have not supplied us with any information to show the amount of yarn which is coming from Great Britain and which will get this preference and what is the amount of cotton which we have exported in excess of what we did during the last financial year 1932-33. I am told that at the moment the preference given is of very great value. If we rely on the figures of 1929, it comes to an enormous amount. If we even take the value of the goods imported during the last calendar year, we will find that we are giving preference on a large number of items and of great value. By bringing forward this amendment, I simply wish the Commerce Department to state what *quid pro quo* we are getting for the preference we are giving. I am not satisfied with suppositions that this will happen and that will happen. I want it in black and white.

Sir; I move this amendment.

THE HONOURABLE MR. T. A. STEWART: Sir, I rise to oppose this amendment. My reasons for doing so are as follows. I would suggest in the first place that the Honourable Member is in error in calling the amount of difference between the duties on non-British goods and the duties on British goods a preference. This, Sir, is a differential duty and differential duties have been in existence in our tariff for some considerable time before Ottawa was conceived. It is I think an essential part of the policy of discriminating protection, when it is possible, to impose differential duties. If the competition from two different types of articles is not identical, then it is inherent in the policy of discriminating protection that the consumer should not be penalized by the imposition of an unnecessary duty on any one of these articles. But even if it were granted that this is a preferential duty, even if it were

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admitted that the grant of a preference is undesirable, I would still resist this amendment. And the reason is this, that in our belief the duties which are now proposed to be applied to goods of foreign origin are not sufficient. I understand of course that my Honourable friend would, but for constitutional difficulties, prefer to put the duties the other way round. He has asked, what is the *quid pro quo*? He has explained his ignorance of the volume of trade that is passing backwards and forwards. He says, "How do I know how much yarn is coming from the United Kingdom and how much from the other countries?" I would commend to his attention a useful publication called the "Accounts relating to the Sea-borne Trade and Navigation of British India", which is published monthly. I do not know whether he receives a copy.

**THE HONOURABLE MR. HOSSAIN IMAM :** We do not.

**THE HONOURABLE MR. T. A. STEWART :** In that case I would refer him to the Library where there is a sufficiency of copies which will give him all the information he requires. In the circumstances I have no option but to oppose his amendment.

The amendment was negatived.

**THE HONOURABLE THE PRESIDENT :** I do not know under the circumstances if you propose to withdraw your amendment No. 4.

**THE HONOURABLE MR. HOSSAIN IMAM :** I do not wish to make a speech. When I gave notice of this amendment, I was not in possession of all the facts. I did not know what was the opinion of the Millowners' Association and of the textile industry. I now know that they want even greater protection than what the Government has given. Therefore I do not intend to move my amendment No. 4. I do not also intend to move my amendment No. 5.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS (Punjab : Non-Muhammadan) :** Sir, I rise to move the amendment which stands in my name and which reads thus :

"That in the Schedule to the Bill in Amendment No. 9 in the second column of the proposed item 158-E. in sub-item (i) after the word 'pongee' the words 'Canton Satins, Paj, Gauze and Ghatpote' be added and in sub-item (ii) after the words 'Fuji, Boseki and corded (excluding white cord)' the words 'Canton Crepes' be added."

Sir, in moving my amendment I must confess at the outset that the task of those who formulated the Textile Bill was a most difficult one. The Honourable the Commerce Member deserves therefore our sympathy as much as his merited mead of appreciation. If the Bill however, like other human institutions, is imperfect, it is not because the Honourable the Commerce Member and his colleagues laboured less to remove its imperfections but the task which confronted them bristled with complexities and difficulties. If I have been encouraged to bring forward my amendment, Sir, it is not because I wanted to add even by an iota to the difficulties of the Honourable the

Commerce Member, but because I wanted to afford him the opportunity of rectifying a most serious injustice which in spite of his best efforts has crept into the Bill and is likely to influence most seriously the trade between India and a country which has continued to be a friendly neighbour for centuries—I refer to China.

In the other House, Sir, when a suggestion similar to that incorporated in my amendment was made to the Honourable the Commerce Member by Mr. Thampan, the Honourable the Commerce Member pleaded his disability to accept or to reject his suggestion since he had not had sufficient time to consider it. He, however, gave the assurance that in case the suggestion was placed before his Department he would give it the most careful consideration, and if he was convinced that the occasion called for action he would take the first opportunity of amending the Bill. Sir, I have no doubt his Department has had ample time to consider the relevant facts and figures relating to the injustice implied in my amendment and that Government will seize the opportunity I have offered them for amending the Bill.

The position briefly stated, Sir, is this. In order to afford protection to the sericulture industry in India which during recent years has had to meet terrific competition from foreign countries, the Tariff Board recommended amongst other things the imposition of an *ad valorem* duty of 83 per cent. on all silk piecegoods imported from outside countries. Government for reasons explained by the Honourable the Commerce Member in the other House preferred to impose an *ad valorem* duty of 50 per cent. and a specific duty of Rs. 2 per pound on all silk piecegoods. In amending the recommendations of the Tariff Board Government may have obtained certain advantages for the Indian manufacturer, but they have certainly created serious anomalies which deserve to be rectified unless it is the intention of the Government to pass a most imperfect measure. That this is not the intention of Government is obvious from the fact that Government accepted in the other House an amendment of Sir Cowasji Jehangir which was based on identically the same reasons which it is my privilege today to advance in respect of those piecegoods which are included in my amendment.

Sir, it happens that Japanese silk piecegoods are very much lighter in weight, finer in quality and higher in price as compared to Canton silk piecegoods which are heavier in weight, coarser in texture and lower in price. The Canton silk piecegoods according to the Tariff Board are of waste ordinary dupion silk and do not compete directly with Indian silk. I also understand that India does not produce any silk piecegoods of a competitive quality. Consequently the nomenclature accepted as part of the Bill is arbitrary and does not refer to any specific or standard quality of silk piecegoods. The result is that a duty on weight, quality and price between Canton silk piecegoods and Japan must necessarily weigh heavier on fabrics from the former country and would obviously operate as an injustice against China. I have before me, Sir, a table\*, which I need not read but which I lay on the table for the information of Honourable Members, which shows that under the present rate of assessment the incidence on Canton silk piecegoods would be approximately 96 per cent. at the average whereas in the case of Japanese silk piecegoods it shall be 73½ per cent. at the average. Why, I ask Sir, should there be a difference of as much as 22½ per cent. between goods from the two countries? Is not China entitled to say that this is discrimination, however much we might make professions to the contrary? While this table shows

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\*Reproduced as an Appendix at the end of these debates.

[Rai Bahadur Lala Ram Saran Das.]

the general position for the benefit of the House I would like to give a few comparable examples which are sure to prove illuminating :

Measurement.	Price.	Weight.	Ad valorem		Total duty.	Percent- age.
			duty at 50 per cent.	Specific duty at Rs. 2.		
	Rs. a.	lbs. oz.	Rs. a.	Rs. a.	Rs. a.	
1. Paj (Jap.) 27" × 25 yds. .	6 8	0 9	2 3	1 2	3 5	75
„ (Canton) 27" × 26 yds.	6 2	2 0	2 0	4 0	6 0	150
2. Paj (Jap.) 36" × 26 yds. .	9 0	0 11	3 0	1 6	4 6	75
„ (Canton) 36" × 25 yds.	7 12	2 8	2 9	5 0	7 9	147
3. Satin (Jap.) 27" × 25 yds. .	28 0	2 2	9 5	4 4	13 9	70
„ (Canton) 27" × 25 yds.	27 8	3 13	9 3	7 10	16 13	91

I have here a number of samples of comparable silk piecegoods from China and Japan which, if the Honourable the Commerce Secretary or other Honourable Members like to see, I can lay on the table. It will be seen from the above samples that Paj of the same length and breadth and selling at the same price weighs nine ounces in the case of Japan and two pounds in the case of Canton. The specific duty on the former being Rs. 1-2-0 per pound and on the latter Rs. 4 per pound. Satin of the same length and breadth and of the same price weighs two pounds two ounces in the case of Japan paying a specific duty of Rs. 4-4-0 per pound, while it weighs three pounds thirteen ounces in the case of Canton paying a duty of Rs. 7-10-0 per pound. I ask, Sir, could there be a more glaring example of injustice? I realize, Sir, that my amendment does not place China and Japan at par and that Canton silk piecegoods would still have to pay a higher duty than Japanese silk piecegoods. If I have not suggested a more radical change to equalize the position it is because I do not desire to seriously upset the arrangement resulting from the Bill. If my amendment is accepted the result would be merely, Sir, that while at the average Japanese goods will continue to be assessed at 73½ per cent. the averages of incidence on Canton silk piecegoods would be reduced to approximately 80 per cent. I realize, Sir, that in accepting my amendment Government may point to one formidable difficulty, namely, a drawing of a distinction between Canton silk piecegoods and other silk piecegoods. I however, find, Sir, that for purposes of tariff Canton silk piecegoods have been distinguished for several years in the Tariff schedule as is obvious from Schedule No. 2 of the Indian Customs Tariff and Table 113 of the Statutory Schedule. My amendment therefore does not make any departure from an accepted precedent. But I am prepared, Sir, if the principle of my amendment is accepted, to agree to any other reasonable alternative that Government might have which can eliminate the injustice considerably if not wholly which has found reference not only in this House but also in the other House and in the

Select Committee. But in the absence of any constructive proposal on behalf of Government they have no alternative but to accept the amendment I have proposed unless they desire to create the impression that India has special considerations for Japan and that India does not desire to encourage the import of Chinese goods. Sir, I know I will be told that in Sir Cowasji Jehangir's amendment in the other House two qualities of silk piecegoods predominantly come from Japan and two from China. Sir, this was a fallacious plea and if the Honourable the Commerce Member had known the full facts I am sure he would not have made it. The silk piecegoods which the Honourable the Commerce Member suggested come from China and form part of Sir Cowasji Jehangir's amendment, only technically come from that country because they all come from Shanghai which is an international port and are mostly manufactured in Japanese factories. Sir, if the Honourable the Commerce Member had not assured us that he was as keen as we are to prevent any discrimination or injustice against or to any country I would have pressed for the acceptance of the recommendations of the Tariff Board and the imposition of an *ad valorem* duty. But in view of the assurance of the Commerce Member I feel encouraged in the hope that moved as we all are by the same single motive of justice and fair play the Honourable the Commerce Member would have no hesitation in accepting my proposal, or in the alternative of putting forward an equally constructive proposal, the object being to eliminate the injustice to which I have made reference and which Government themselves feel is implicit in the Bill. I roughly calculate that by accepting my amendment Government may lose a lakh and a half but in the position as it emerges from the Bill they might lose much more if the imports of China stop or decrease. This will mean a loss of Rs. 12 lakhs.

With these few words, Sir, I put forward my amendment for the favourable consideration of the House.

THE HONOURABLE RAI BAHADUR LALA JAGDISH PRASAD (United Provinces Northern: Non-Muhammadan): Sir, I rise to support the amendment of my Honourable friend Rai Bahadur Lala Ram Saran Das. Sir, the position regarding Canton silk piecegoods which my Honourable friend has disclosed certainly gives one the impression that a serious injustice is likely to be done to China against Japan if the mistake is not rectified in the Bill. The assurance given by the Honourable the Commerce Member in the Lower House is proof of the fact that Government themselves are cognizant of the disparity to which reference has been made by the Honourable the mover of the amendment. The object of the present protection is to protect Indian manufacturers from cheap imports coming from countries with a depreciated currency. I have seen figures for the last several years to show that so far as China is concerned the Chinese dollar has considerably appreciated during recent years and therefore the question of a depreciated currency does not arise in the case of China. But besides the advantage which Japan gets under the present Bill in respect of it, the depreciation of its currency will give it another advantage over China, and Japanese manufacturers will doubly benefit at the expense of the Indian consumer and Chinese manufacturers without Government gaining anything in the bargain. China, Sir, has been a friendly neighbour and is a purchaser of large quantities of Indian cotton. While we are entitled to give the fullest protection to our Indian manufacturers, we should certainly see that nothing is done which should be interpreted in the nature of discrimination against Chinese goods. In any case we should not allow the manufactureres of Japan to have unfair advantage over the manufacturers of another friendly country. The facts and figures disclosed

[Rai Bahadur Lala Jagdish Prasad.]

by the Honourable Rai Bahadur Lala Ram Saran Das are sufficiently convincing to show that a serious disparity exists under the Bill between Japanese and Chinese silk piecegoods. The amendment of my Honourable friend if accepted does not completely eliminate this disparity but it certainly goes a great way towards equalizing the position between the two countries. I have no doubt Government will accept the amendment and thereby remove a serious imperfection which is contained in the Bill and which I understand Government also tried on their part to remove both in the Select Committee and in the Legislative Assembly.

THE HONOURABLE MR. T. A. STEWART: Sir, I would express my appreciation of the very reasonable terms in which the Honourable mover of the amendment has supported his Motion. It is evident that he fully realizes the difficulties which have confronted us in framing the scale of duties for silk piecegoods. It is with the more regret, therefore, that I feel myself obliged to oppose the amendment. But I would have him believe that if I oppose his amendment on this occasion, it does not mean that the justice of the case that he has represented is now being denied. It may be perfectly true that the particular qualities of silk to which he has made reference are disproportionately hardly treated by our proposals. But I would assure him that it is quite impossible to examine the validity or invalidity of his thesis at the present time and the most I can do is to reiterate the assurance which was given by the Honourable the Commerce Member in another place, namely, that we will make it our duty to investigate any such anomalies as he has now brought to notice. But might I offer one word of warning? The necessity for it has been suggested by two remarks that have been made in this Honourable House. Yesterday the fact that the Honourable the Commerce Member promised to investigate the propriety of the proposed duties on heavy weight vests was translated by one Honourable Member into an "implied admission of error". A few minutes ago, the Honourable Rai Bahadur Lala Jagdish Prasad made a remark which if not in the same words suggested that the Honourable the Commerce Member's readiness to investigate the case of Canton silk was again an admission of an error. I wish to emphasise, Sir, that in no ways is that promise to be construed as an admission of error. It is an admission of open-mindedness and of readiness to investigate and to take a decision after the investigation is complete.

Again, Sir, I regret that I must oppose the amendment.

THE HONOURABLE THE PRESIDENT: Do you wish to press your amendment?

THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS: Sir, in view of the assurance given by the Honourable the Commerce Secretary, I do not wish to press my amendment.

The amendment\* was, by leave of the Council, withdrawn.

THE HONOURABLE THE PRESIDENT: Honourable Mr. Hossain Imam, I presume that for the same reasons you will not move Nos. 7, 8 and 9?

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\*Vide page 820, ante.

**THE HONOURABLE MR. HOSSAIN IMAM :** Also No. 10, Sir. I only wish to move No. 11. In this connection, I should like to have your ruling whether in this Bill we can include item No. 158-O because during this session we have already passed a Bill in which this cotton hosiery formed a part. I want a ruling whether we can in this Bill include cotton hosiery or not, because during this session we have already passed a Bill in which this formed a part. According to Standing Order 30,

“ a Motion must not raise a question substantially identical with one on which the Council has given a decision in the same session.”

**THE HONOURABLE THE PRESIDENT :** Yes, but this is an item in this particular Bill and I therefore do not think that the Standing Order applies.

**THE HONOURABLE MR. HOSSAIN IMAM :** Then, Sir, I move my amendment :

“ That in the Schedule to the Bill in amendment No. 9 in the second column of the proposed item No. 158-O after the word ‘ stockings ’ the words ‘ excluding fleecy shirts ’ be added.”

The reason why I have brought forward this amendment is to ask the Government to rectify an error which has crept into the Bill inadvertently. As far as I can understand from the Tariff Board's report, the Government had no intention of penalizing these fleecy shirts. But, as has often been pointed out, our tariffs are so old and so many things have been included under one head that it makes it difficult for Government to rectify the position with regard to single items. When it was only a question of revenue duties it was good enough to have one heading for several things and say these goods pay two and a half and these five and these ten per cent., and so on. But under protection it is a different matter and everything cannot be lumped together like that. Here the case before the Tariff Board was for summer vests, socks and stockings. These fleecy shirts are produced mostly from waste cotton and there is practically no industry worth the name which is manufacturing these goods in India. The hardship caused to the consumer on account of their inclusion in this Bill arises from the fact that they are very heavy things. While the average weight of summer vests and undervests is two to two and a half pounds—and that was the basis on which a duty of twelve annas per pound was imposed—fleecy shirts weigh nothing less than four and a half pounds and they go as high as nine pounds to the dozen. The prices of these fleecy shirts are very small and they are used by the poorest people in India, and therefore they deserve especial consideration from the Government. For fleecy shirts weighing six pounds the c. i. f. price per dozen is Rs. 4-3-0 and the duty will be Rs. 4-8-0, or 106 per cent. on the c. i. f. price. Then for fleecy shirts weighing nine and a half pounds the c. i. f. price is Rs. 5-11-0 and the duty is Rs. 7-2-0, which comes to 126 per cent. The Government had no intention of penalizing the poor man's warm wear, considering that the highest is priced eight annas duty free. Our idea in bringing forward this amendment is to bring this matter to the notice of the Government. We know that they cannot accept this amendment at the fag end of the session because it will require the Bill going back to the Assembly for getting their concurrence to the amendment. But may I have an assurance that they will give due consideration to this and do something to relieve the consumers of the extra duty ?

**THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR** (Madras : Muhammadan) : Sir, I rise to support the plea put in by my Honourable friend Mr. Hossain Imam. He has made out a very strong case for the exemption of fleecy shirts from the duty proposed to be imposed. He was also reasonable enough to concede that at the fag end of the session since it is not possible for the Government to re-commit the Bill to the other House, it would not be just on his part to insist on his amendment being literally carried out. All that he seeks is an assurance that the Government will investigate the matter and remedy the position, as it seems just, later on.

Sir, the other reason which has prompted me to stand up is that the duty proposed in this Bill is not a revenue duty. This is a protective measure. If that is the test by which all the duties have got to be scrutinized on this occasion, then this duty on fleecy shirts is not at all justified, because this is an industry which is almost non-existent in the country, and the result will be to work great hardship upon the poorer classes which use this article. Therefore I hope the Government will see its way to accept the suggestion that has been made that an inquiry should be made into this and proper measures be taken to set the matter right.

**THE HONOURABLE RAI BAHADUR LALA RAM SARAN DAS** : Sir, the Honourable Mr. Padshah has observed that these fleecy shirts cannot be manufactured in India. I may say for his information that it is a very simple matter to manufacture them on a raising machine—(*An Honourable Member* : "They are not being manufactured. They are imported from Japan.") Yes, I know. Such under-vests are really made of cotton and are an imitation of woollen wear. For the sake of cheapness the poor are misled into buying cotton shirts which they mistake for wool. My friend Mr. Hossain Imam has observed that they are warm. They are not warm, being cotton stuff. If the proposal is adopted it will be doing an injury to the poor because they will be misled into buying a cotton shirt which will not protect them in keeping warm in winter.

**THE HONOURABLE MR. T. A. STEWART** : Sir, I regret in this instance I must oppose the amendment. I do so for two reasons. The first is that it would be quite impossible to accept the amendment in the form in which it has been put. The term "fleecy shirt" conveys nothing to the customs officer who has to determine whether an article is a "fleecy shirt" or not. We have just heard a cross-bench argument as to whether fleecy shirts are produced in India or whether they are not. On the one hand there was a claim that they came only from Japan, and on the other it was said that they were produced in India.

**THE HONOURABLE SAIYED MOHAMED PADSHAH SAHIB BAHADUR** : That they are capable of being produced in India. He did not say that they are being produced.

**THE HONOURABLE MR. T. A. STEWART** : Well, Sir, I shall go so far as to say that they are produced in India. I have recently seen such an article which I, were I a customs officer, would say was a fleecy shirt, if I were bound to find also that the Honourable Mr. Suhrawardy's shirt was a fleecy shirt. To us it does not appear that the term "fleecy shirt" is one that could appropriately go into the tariff. But apart from that there is considerable doubt, as again has been revealed on the floor of this Honourable House, as to whether these fleecy shirts should be exempted from this duty. That is a matter which is in doubt. The Honourable the Commerce Member has in

another place given an assurance that the appropriateness of the present duty on "fleecy shirts" and the possibility of devising some nomenclature for them which will be less indefinite, will be investigated. I can only repeat here the assurance given by him. Unless the Honourable mover sees fit to withdraw his amendment, I must oppose it.

**THE HONOURABLE MR. HOSSAIN IMAM :** May I have the permission of the House to withdraw the amendment ?

The amendment\* was, by leave of the Council, withdrawn.

Item 9 of the Schedule was added to the Bill.

Items 10 and 11 of the Schedule were added to the Bill.

Clauses 2 and 3 were added to the Bill.

**THE HONOURABLE MR. HOSSAIN IMAM :** I do not intend to move my amendment to clause 4.

Clause 4 was added to the Bill.

Clause 1 was added to the Bill.

The Title and Preamble were added to the Bill.

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

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

In moving this Motion, Sir, it is unnecessary for me again to go over the arguments that have been marshalled on one side or the other within the last two days.

Sir, I move.

The Motion was adopted.

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## RESOLUTION *RE* ROAD DEVELOPMENT FUND.

**THE HONOURABLE MR. D. G. MITCHELL** (Industries and Labour Secretary) : Sir, I beg to move the following Resolution :

"In supersession of the resolution adopted by this Council on the 4th March, 1930 as supplemented by the resolution adopted by this Council on the 28th September, 1931, this Council recommends to the Governor General in Council that :—

1. There shall continue to be levied on motor spirit an extra duty of customs and of excise of not less than 2 annas per gallon, and the proceeds thereof shall be applied for the purposes of road development.

2. (1) From the proceeds of such extra duty in any financial year there shall be deducted a sum equivalent to the share in such proceeds arising from motor spirit used for purposes of civil aviation during the calendar year ending in the financial year concerned, and such sum shall be at the disposal of the Governor General in Council for allotment as grants-in-aid of civil aviation.

(2) The balance of the proceeds shall be credited as a block grant to a separate Road Account.

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\*Vide page, 825, ante.

[Mr. D. G. Mitchell.]

3. (1) The annual block grant shall be allotted as follows :—

- (a) a portion equal to fifteen per cent. shall be retained by the Governor General in Council as a Central reserve ;
- (b) out of the remainder there shall be allotted—
  - (i) a portion to each Governor's Province for expenditure in the province ;
  - (ii) a portion to the Governor General in Council for expenditure elsewhere in British India ;
  - (iii) a portion to the Governor General in Council for expenditure in Indian States and administered areas ;
 in the ratio which the consumption of motor spirit in each area to which an allotment is to be made bears to the total consumption in India during the calendar year ending during the financial year concerned ;

Provided that for the purposes of these allotments the consumption of motor spirit in Jammu and Kashmir shall be disregarded.

(2) The portion allotted to a Governor's Province shall be placed at the disposal of that province in one or more instalments, as soon as the distribution can conveniently be made.

4. The balance to the credit of the Road Account or of any allotment thereof shall not lapse at the end of the financial year.

5. No expenditure shall be incurred from any portion of the Road Account save as hereinafter provided.

6. The central reserve with the Governor General in Council shall be applied firstly to defraying the cost of administering the Road Development Account, and thereafter upon such schemes for research and intelligence and upon such special grants-in-aid as the Governor General in Council may approve.

7. (1) All allotments for expenditure in British India may, subject to the previous approval of the Governor General in Council to each proposal made, be expended upon any of the following objects, namely :—

- (i) On the construction of new roads and bridges of any sort :—
- (ii) On the reconstruction or substantial improvement of existing roads and bridges ;
- (iii) on the interest and amortization of loans taken after the date of this Resolution and spent on the construction, reconstruction or substantial improvement of roads and bridges ;
- (iv) in special cases, on the maintenance of roads and bridges, constructed, reconstructed or substantially improved from the Road Account since 1930 ;
- (v) in special cases, on the maintenance of roads or bridges constructed, reconstructed or substantially improved from loan funds after the date of this Resolution.

(2) Where any part of a provincial allotment of the Road Account is to be applied for the payment of interest and amortization of loans under clause (iii) above, such payment shall be a first charge on all allotments to that province.

8. In considering proposals for the construction, reconstruction or improvements of roads and bridges from the Road Account, the Governor General in Council shall bear in mind the present urgent need for improving the efficiency and reducing the cost of transport by road of agricultural produce to markets and railways.

9. The following special rules shall apply to Burma, namely :—

- (a) The portion of the Road Account allotted to Burma shall be further apportioned between the Shan States and the rest of Burma in the manner indicated in paragraph 3.
- (b) Instead of the approval of the Governor General in Council to any proposal under paragraph 7, the approval of the Governor, after consultation with the Federal Council, shall be required for schemes in the Shan States, and the approval of the local Government, with the concurrence of the local legislature, shall be required for schemes in the rest of Burma.

10. (1) A Standing Committee for Roads shall be constituted each financial year consisting of—

- (a) the Member of the Governor General's Executive Council in charge of the department dealing with roads.
- (b) two nominated official members, of whom one shall be a member of the Legislative Assembly,
- (c) three members elected by the members of the Council of State from amongst themselves, and
- (d) six members elected by the members of the Legislative Assembly from amongst themselves.

(2) No approval to any proposal for expenditure from the Road Account shall be given by the Committee unless it is supported by :—

- (i) a majority of the members present and voting who are members of the Legislative Assembly, and
- (ii) a majority of the members of the whole Committee present and voting.

(3) All proposals for expenditure from the central reserve and all other proposals for expenditure from the Road Account to be made in British India (excluding Burma) shall be referred by the Governor General in Council to the Standing Committee before he approves of them.

11. The functions of the Standing Committee shall be—

- (a) to consider the annual budget and accounts of the Road Account.
- (b) to advise upon all proposals for expenditure from the central reserve.
- (c) to advise upon the desirability of all other proposals involving expenditure from the Road Account in British India (excluding Burma).
- (d) to advise the Governor General in Council generally on all questions relating to roads and road traffic which the Governor General in Council may refer to them."

Mr. President, this is a most formidable Resolution and I apologise to

12 Noon.

Honourable Members for the time which it has taken me to read it. I shall do my best to make amends by making my speech in support of the Resolution as short as possible. The Resolution shows on the surface extreme complexity. Nevertheless it contains one substantial issue and one only, and that is—" Shall we continue the Road Development Fund or shall we not ?" In order to persuade the Honourable Members of this House that the Road Fund should be continued, I shall give a short account of the stewardship of the Government of India in the administration of this Fund during the five years it has been in existence. The total income of the Fund up to September last, since when we have no actual figures yet, was Rs. 4,60 lakhs. Out of this a sum of Rs. 3,57 lakhs was distributed to the provinces and minor administrations, and has been spent by them upon bridges, roads and other schemes of road development. A sum of Rs. 50½ lakhs was allotted to Indian States. A sum of Rs. 46 lakhs went to the Central Reserve, and there is a small undistributed balance of Rs. 6½ lakhs. Now, Sir, the major portion of the money has gone to the provinces, to the extent of Rs. 3,57 lakhs. Out of that the provinces have already spent on road schemes Rs. 2,00 lakhs. Certain provinces have borrowed, under the supplementary Resolution referred to in this Resolution, for the purpose of the maintenance of roads a total of Rs. 55 lakhs, which will be replaced in due course. The balances still unspent with the provinces amount to Rs. 1,02 lakhs out of Rs. 3,57 lakhs. The balance at first sight certainly appears to be on the large side; but there have been two reasons which account for this undesirable result. To begin with, when the Road Account was instituted in 1929 it took a certain amount of time to get the whole scheme into working order. Projects had to be called for from the provinces; they had to be

[ Mr. D. G. Mitchell. ]

prepared in the provinces and they had to be considered here and finally approved. As a matter of fact, out of the five years during which the Fund has been in existence, work has been going on actually for three and a half years only. Secondly, as all the Honourable Members know, the past five years have been a period of extreme financial stringency and, though this money in a sense was a free gift to the provinces, yet they were reluctant to embark upon ambitious schemes of road development which would increase their maintenance charges. The provinces felt that until they could see their way ahead to having a surplus in their budgets, they would not be justified in increasing their roads and thereby increasing their charges for maintenance. However, I may assure the Honourable Members that in the last year progress has been very much more rapid and there is every reason to anticipate that very shortly the money allotted to the provinces will be spent nearly as quickly as it is allotted.

Now, as I have mentioned, many of the provinces were shy of launching on schemes of road development because of their financial embarrassments. This is one of the reasons for continuing the Road Fund. During the past five years it may safely be said that, had it not been for the Road Fund, there would have been practically no development of roads in British India. All such constructions and improvements as have occurred have nearly all been out of the Road Fund.

Now, Sir, as I have mentioned, a sum of Rs. 46 lakhs was allotted to the Central Reserve. In addition to that a contribution was made by the Oil Companies of another Rs. 9 lakhs, making a total of Rs. 55 lakhs for the Central Reserve during the five years. Out of this Rs. 2 lakhs have been spent on the Road Engineer's Office. I would invite the attention of the House to the extreme modesty of this figure,—a sum of Rs. 2 lakhs for the administration of a Fund of nearly Rs. 5 crores. A sum of Rs. 3 lakhs has been spent on road experiments of various kinds. Schemes of road development in various parts of India have been sanctioned to the extent of Rs. 37 lakhs and one scheme to the value of Rs. 4 lakhs is under consideration. The anticipated balance in the Central Reserve is only Rs. 9 lakhs out of Rs. 55 lakhs. Out of work sanctioned to the extent of Rs. 37 lakhs, works to the value of Rs. 10 lakhs have been completed, works to the extent of Rs. 16 lakhs are now in progress and works to the extent of Rs. 11 lakhs, most of which were only recently sanctioned, have not yet been begun. This again appears somewhat unsatisfactory. But again considerable delay was inevitable in the initiation of these road schemes from the Central Reserve. In many cases very complicated negotiations had to be carried out between two or more administrations and prolonged discussions were required amongst the various parties concerned before they could come to some agreed plan. I think on the whole we may regard the progress during these five years in schemes from the Central Reserve as fairly satisfactory.

To give some sketchy idea of the value of this Central Reserve, I may mention that Rs. 3 lakhs have been spent on the road between Bombay and Agra. The road between Indore and Ajmer has been practically completed. A road has been constructed between Shillong and Sylhet and another between Bhopal and Saugor. I draw attention to the fact that out of these four schemes I have mentioned, three relate to roads which pass through two or more administrations, in one case through a whole congeries of Indian States. The schemes are such that, had it not been for the Central Reserve, in all probability the roads could never have been built.

Now, Sir, though the Resolution contains one substantial issue, I must draw the attention of Honourable Members to certain changes which have been made in the Resolution which was passed by them in 1929. To begin with, the Resolution has been entirely recast. Certain amendments had to be introduced and these all fell in one particular paragraph and they made that paragraph so extremely unwieldy that it was deemed desirable to recast the whole. Three changes of substance have been inserted in the Resolution which all relate to the purposes to which the Fund may be applied. They are not really changes of policy; they are rather developments of policy towards which we have been gradually working up. The first is contained in paragraph 8 and relates to the development of roads in rural areas. The intention of this paragraph 8 which follows upon Resolution No. 6 of the Road-Rail Conference is obvious. It is to develop the rural areas which have no railway or proper road communications and at the same time to avoid unfair competition with the railways. The second change, which is of great importance, lies in paragraph 7 (1) (iii) which will permit provinces to capitalize portions of their Road Fund and expend it at once upon large schemes of road development. As Honourable Members are aware, many of the provinces are very sadly in arrears with the development of their roads and in some cases I am afraid have allowed roads to deteriorate from sheer lack of funds. It happens that at the present time money is cheap and that labour and materials are also cheap, and it will be a very sound business proposition to allow the provinces to capitalize a portion of their allotments to be spent at once on approved schemes of road development.

The third change is also contained in paragraph 7, whereby provinces will be allowed to a controlled extent to apply their share of the Road Fund to the maintenance of roads constructed either from the loans I have just mentioned or constructed from the Road Fund since 1930. Honourable Members will probably agree with me that a fund, which was constituted as and is called a Road Development Fund, should not be too freely allotted for the purpose of mere maintenance of roads. To keep the fund for road development only is perhaps the logical policy to pursue. But at the present time, if it is pursued too logically, it would result in defeating the whole object of the Road Development Fund. Some provinces are in such extreme financial straits that unless they get some assurance that they will be relieved of the maintenance charges on newly constructed roads, they will simply not undertake the construction. The policy, therefore, is to preserve the fund as far as possible as a Road Development Fund but at the same time in special cases to allow provinces in financial straits to apply a portion of it to maintenance of new roads.

The next change is the raising of the Central Reserve from ten per cent. in the 1929 Resolution to fifteen per cent. I may say that when the Central Reserve was first proposed by the Jayakar Committee, it was proposed that it should be one-sixth of the whole, but in discussion in the Legislature it was reduced to one-tenth. It is now proposed to raise it to fifteen per cent. chiefly in order to meet the difficulties of small provinces like Assam, the Central Provinces and Bihar and Orissa, which under the present distribution receive Rs. 2, Rs. 3 or Rs. 4 lakhs each only. We do not intend that this proportion of fifteen per cent. should remain for ever in the Resolution. It will probably be reconsidered a few years hence, but meanwhile we propose fifteen per cent. in order that Government may give a reasonable amount of assistance to the smaller provinces.

[ Mr. D. G. Mitchell. ]

Now, Sir, I have finished. This Chamber adopted this child in 1929 and all I ask it to do now is not to abandon it.

Sir, I move.

THE HONOURABLE MR. VINAYAK VITHAL KALIKAR (Central Provinces : General) : Sir, I heartily support the Resolution moved by my Honourable friend Mr. Mitchell. This Resolution was discussed in the Standing Committee. It was also referred to certain Provincial Governments and except for one or two provinces, I believe that all the Provincial Governments supported the principle underlying this Resolution. During the last five years, as stated just now by the Honourable Mr. Mitchell, out of Rs. 4,60 lakhs, about Rs. 3,26 lakhs were spent for the provinces. Some money was spent for the road schemes of the States. With the present change in the Resolution, I believe some of the schemes which had to wait would be accelerated as the provinces would get more money. As moreover under the present Resolution the Reserve Fund is to be increased, the provinces also would get by way of loans a larger amount from the Government of India and they should be able to embark on new schemes for road development in their areas. For want of proper roads especially in agricultural parts, and for want of funds, many road schemes have been kept pending, and many areas which would have been opened especially in the interior and which would have to some extent helped the agriculturists in bringing their produce to the market for getting a price have remained unserved. Under the present Resolution, many areas will be opened and the agriculturist will be in a position to bring his commodities to the market and will be able to get a good price for the same. Last year we had a conference at Simla, the Road-Rail Conference, and there this question of cut-throat competition between the railways and motor traffic was discussed and certain important resolutions were passed. I understand Government are consulting the Provincial Governments on those resolutions and the Government of India are thinking of undertaking some measure of co-ordination between road and rail. I know my Honourable friend Sir Guthrie Russell would not like road development, but I may assure him that feeder roads also will be constructed and he will also get financial assistance by getting more passenger and goods traffic. Also, if the grand trunk roads which were in existence long before the railways came into existence are maintained, that would also help to a great extent the country in the matter of traffic. I have nothing more to say except to congratulate the Honourable Mr. Mitchell for the able case he has made out and to say that I support the Resolution.

THE HONOURABLE SIR DAVID DEVADOSS (Nominated Indian Christians) : Sir, I have much pleasure in supporting this Resolution. I do not think a long speech is necessary to show that good roads are very essential for the prosperity of the rural parts. Speaking from my experience of Madras, the Government collects two annas in the rupee as road cess, and I can say without fear of contradiction that not a pie of it is spent on roads. What is done is that the roads are left to the tender mercies of the local boards and the local boards, the district and taluk boards, find it extremely difficult to maintain the roads already laid down years ago. It is only recently that the grand trunk road from Madras to Cape Comorin was put in good order and the rivers were bridged, and now we are able to travel from Madras to Cape Comorin by car without much difficulty. That is entirely due I think to the

grant made by the Central Government to the province out of this Road Fund. In many parts of the country there are hardly any roads, and during the rainy season one finds it extremely difficult to go from village to village. For that reason the agriculturist finds it extremely difficult not only to bring his produce to the towns and places where he can sell it, but also finds it difficult to bring manure to his fields from various parts of the country. He is not in a position to do as much as he could if he were provided with good roads. Sir, it is a well known fact that in England they have a big road fund amounting to many millions, and those who have been there will know in what splendid condition the roads are kept. No doubt it may be said, as Mr. Kalikar said, that the Railway companies might feel that their traffic might be interfered with if the roads are put in good order. I am not at all advocating the extension of roads along railway lines, but there are hundreds and hundreds of places where there are no roads, and if good roads were made I believe the railway traffic would increase instead of decreasing. No doubt if there is a very good road along the railway line it might be that the motor traffic would attract passengers. But my contention is that India is a very vast country and proportionately the roads so far constructed fall far short of the needs. What I am contending for is the construction of roads in mofassal areas to connect villages with each other and the main trunk roads. Sir, this fund really helps the Provincial Governments and unless this fund is supported that is, unless the provinces are assured of a grant for some years they would not even maintain the roads that are now in existence and they are not likely to improve communications. I therefore strongly support the Resolution and I hope the House will accept it.

**THE HONOURABLE DIWAN BAHADUR G. NARAYANASWAMI CHETTI** (Madras: Non-Muhammadan): Sir, I rise to support the Motion and I congratulate the Government for this beneficial measure. I know from my knowledge of district and local boards that roads have been starved on account of the financial position of the boards. Clause 4 of this Resolution I think is very important :

“The balance to the credit of the Road Account or of any allotment thereof shall not lapse at the end of the financial year”.

That is a very important provision. I know some of these district boards do not spend the money and it lapses with the close of the financial year. Therefore I think this is a measure which will greatly help the agriculturist. I know many villages which for want of proper roads are not able to market their produce. I think agriculturists will surely welcome this measure and I congratulate the Government on having introduced it.

**THE HONOURABLE MAJORE NAWAB SIR MAHOMED AKBAR KHAN** (North-West Frontier Province: Nominated Non-Official): Sir, I congratulate the Honourable Mr. Mitchell on bringing in this Resolution. We have some roads on the Frontier but we want to open out the country much more and we have not the money to do it with. Great difficulties are experienced by agriculturists. Some of the small villages have only a track along the bank of a canal, and if they want to take their produce to market they have to use the canal and they are largely at the mercy of the Canal Department. Sometimes they are stopped from using the canal road and a great deal of hardship is felt by the people inhabiting such villages. Again we have the grand trunk road up to a point, but we do want that that road should be extended right up to the Durand Line. On account of the scarcity

[Major Nawab Sir Mahomed Akbar Khan.]

of money that however can not be done. This Resolution embodies a great scheme and I congratulate the Honourable Mr. Mitchell in bringing it forward. I do not think there can be two opinions in this House as to its merits and I hope that all the Members will unanimously support him in this beneficial task of his.

**THE HONOURABLE MR. HOSSAIN IMAM** (Bihar and Orissa : Muhammadan) : Sir, I rise to support the Resolution but I wish to say one word about the unspent money which is still with the Provincial Governments. This Fund was started with the definite object of developing communications in India. The development of communications is a matter of urgent necessity because the lack of development is hindering the transport of agricultural produce, and it is for this reason that we all support the Government in its laudable desire to develop communications. But the fact that the enormous sum of more than Rs. 150 lakhs is still unspent is not satisfactory—

**THE HONOURABLE MR. D. G. MITCHELL** : Rs. 102 lakhs.

**THE HONOURABLE MR. HOSSAIN IMAM** : And Rs. 56 lakhs taken as loan ?

**THE HONOURABLE MR. D. G. MITCHELL** : And Rs. 55 lakhs taken as loan.

**THE HONOURABLE MR. HOSSAIN IMAM** : That means that this large amount of money which ought to have been devoted entirely to the development of communications is not being utilized by the provinces. I do not know which of the provinces are the culprits, and whoever they might be, my idea was to ask the Government to scrutinize the position and see to it that provinces do not do this sort of thing for indefinite periods. There should be at least some sort of award made to those who spend all the money provided on communications, if we cannot penalize those who do not. At least we should not give them an award if they refrain from spending their allotment. At present the provinces which are most probably lagging behind in this respect are those which most urgently require to develop communications. For these reasons I would ask the Government to be more vigilant in future.

With these words I support the Motion. \*

**THE HONOURABLE RAI BAHADUR LALA JAGADISH PRASAD** (United Provinces Northern : Non-Muhammadan) : While supporting this Resolution I desire to make one point clear. May I know if the Provincial Governments will enjoy a certain amount of freedom in the matter of utilizing the petrol fund for the maintenance and construction of roads, or whether each and every scheme framed by them in this behalf will have to be sent by them to the Government of India for previous approval ?

**THE HONOURABLE MR. D. G. MITCHELL** : Mr. President, taking the last question first, the Honourable Rai Bahadur Lala Jagdish Prasad will find the particular provision in paragraph 7 (1) (iv) and (v) of the Resolution. The opening words in both cases are "in special cases". As I endeavoured to explain in my speech, Government will endeavour to go as far as possible

to help the provinces which are in financial straits in respect of the maintenance of those roads which are to be newly constructed or which have been constructed from the Road Fund since 1930. If any province is in such financial straits as to be unable to take up the construction of new roads, then unquestionably the Government of India will help that province by allowing it to take a grant from the Road Fund; but at the same time the words "in special cases" have been used in order that the character of this fund as a Road Development Fund may be maintained. I think that the Honourable Member will realize that if the whole of this fund were to be earmarked for the purpose of maintenance, it would cease to be a Road Development Fund and become merely a contribution to the ordinary revenues of the provinces.

I have little more to add, except to thank Honourable Members for the unanimous support given to this measure. The Honourable Mr. Kalikar said some very kind words and in response I would like to thank him and the other members of the Standing Committee on Roads for the extremely valuable and willing support afforded to Government during these five years. I think I may say without fear of contradiction that, perhaps with the exception of the Standing Finance Committee, it is the most hard-worked Committee established by either branch of the Legislature. With regard to the remarks of the Honourable Mr. Hossain Imam, I admit that there are very large unspent balances in the provinces—Rs. 102 lakhs—and that they have borrowed to the extent of Rs. 55 lakhs. That, as I explained, was due to their extreme financial straits; these we hope are now drawing to an end, and with better conditions which we hope will be established very shortly, the provinces will launch out into more ambitious schemes and spend their money more freely. There have in fact been very distinct signs in the last year that provinces are spending up to the limits of their allotments and I think they will continue to do so, and that in the course of the next year or two we shall have no cause for complaint on this ground. I should like just to add one remark about what was said by the Honourable Sir David Devadoss. He struck a somewhat pessimistic note about roads in Madras. He said that Madras was very hard up for good roads. I may mention that Madras has 23,000 miles of metalled roads and is easily the first province in India in that respect. Bombay comes next with about 9,000, the United Provinces with nearly 8,000—

**THE HONOURABLE SIR DAVID DEVADOSS:** What is the distance from Cape Comorin to Berhampore or Gopalpur?

**THE HONOURABLE MR. D. G. MITCHELL:** I am afraid I have not the local knowledge. I have given these figures not because I am entering into controversy with the Honourable Member, but because I wish to draw attention to the fact that when the most advanced province in India in respect of roads complains of insufficiency of roads, the case for my Resolution is complete.

**THE HONOURABLE THE PRESIDENT:** The Question is:

"That the Resolution\* moved by the Honourable Mr. Mitchell be adopted."

The Motion was adopted.

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\* Vide pages 827—29, ante.

## STATEMENT OF BUSINESS.

**THE HONOURABLE KHAN BAHADUR MIAN SIR FAZL-I-HUSAIN (Leader of the House) :** Sir, the outstanding legislative business of the session consists of the consideration and passing of the following four Bills which have been laid on the table yesterday and today :

The Trade Disputes (Extending) Bill ;

The Sugar (Excise Duty) Bill ;

The Sugar-cane Bill ; and

The Matches (Excise Duty) Bill.

There will also be a Motion by the Honourable Mr. Stewart regarding the composition of the Ottawa Committee. This business will be placed on the List of Business for Thursday next, the 26th April and, subject to your direction, will be proceeded with from day to day until it is concluded.

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The Council then adjourned till Ten of the Clock on Thursday, the 26th April, 1934.