

THE
LEGISLATIVE ASSEMBLY DEBATES
(Official Report)

Volume II, 1933

(23rd February to 10th March, 1933)

FIFTH SESSION
OF THE
FOURTH LEGISLATIVE ASSEMBLY,
1933



SIMLA
GOVERNMENT OF INDIA PRESS

1933

Legislative Assembly

President :

THE HONOURABLE SIR IBRAHIM RAHIMTOOLA, K.C.S.I., C.I.E. (Upto 7th March, 1933.)

THE HONOURABLE MR. R. K. SHANMUKHAM CHETTY. (From 14th March, 1933.)

Deputy President :

MR. R. K. SHANMUKHAM CHETTY, M.L.A. (Upto 13th March, 1933.)

MR. ABDUL MATIN CHAUDHURY, M.L.A. (From 22nd March, 1933.)

Panel of Chairmen :

SIR HARI SINGH GOUR, KT., M.L.A.

SIR ABDUR RAHIM, K.C.S.I., KT., M.L.A.

SIR LESLIE HUDSON, KT., M.L.A.

MR. MUHAMMAD YAMIN KHAN, C.I.E., M.L.A.

Secretary :

MR. S. C. GUPTA, C.I.E., BAR.-AT-LAW.

Assistants of the Secretary :

MIAN MUHAMMAD RAFI, BAR.-AT-LAW.

RAI BAHADUR D. DUTT.

Marshal :

CAPTAIN HAJI SARDAR NUR AHMAD KHAN, M.C., I.O.M., I.A.

Committee on Public Petitions :

MR. R. K. SHANMUKHAM CHETTY, M.L.A., *Chairman*. (Upto 13th March, 1933.)

MR. ABDUL MATIN CHAUDHURY, M.L.A., *Chairman*. (From 22nd March, 1933.)

SIR LESLIE HUDSON, KT., M.L.A.

SIR ABDULLA-AL-MAMÜN SUHRAWARDY, KT., M.L.A.

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

MR. C. S. RANGA IYER, M.L.A.

CONTENTS.

VOLUME II.—23rd February to 10th March, 1933.

PAGES.	PAGES.
THURSDAY, 23RD FEBRUARY, 1933—	
Questions and Answers ..	977—97
The Indian Wireless Telegraphy Bill—Presentation of the Report of the Select Committee ..	997
Statement of Business ..	997
The Railway Budget—List of Demands— <i>concl'd.</i> ..	998—1049
Demand No. 1—Railway Board— <i>concl'd.</i> ..	998—1049
General Policy and Administration of the Railway Board ..	998—1049
FRIDAY, 24TH FEBRUARY, 1933—	
The Railway Budget—List of Demands— <i>concl'd.</i> ..	1051—95
Demand No. 1—Railway Board— <i>concl'd.</i> ..	1051—95
Reduction in the number of Members of the Railway Board and in the pay of the Superior Officers of the Railway Board ..	1051—80
Retrenchment in the Railway Board ..	1080—85
Directors and Deputy Directors ..	1085—93
Paucity of Muslims in the Railway Services ..	1093—95
SATURDAY, 25TH FEBRUARY, 1933—	
Questions and Answers ..	1097—1137
Unstarred Questions and Answers ..	1137—58
Statement <i>re</i> Voters' Lists of the Central and Provincial Legislatures ..	1158
The Railway Budget—List of Demands— <i>concl'd.</i> ..	1159—1207
Demand No. 1—Railway Board— <i>concl'd.</i> ..	1159—1205
Paucity of Muslims in the Railway Services— <i>concl'd.</i> ..	1159—1205
Demand No. 2—Inspection ..	1205
Demand No. 3—Audit ..	1205
Demand No. 4—Working Expenses : Administration ..	1205
Demand No. 5—Working Expenses : Repairs and Maintenance and Operation ..	1206
Demand No. 6.—Companies' and Indian States' Share of Surplus Profits and Net Earnings ..	1206
Demand No. 9—Appropriation to Depreciation Fund ..	1206
SATURDAY, 25TH FEBRUARY, 1933—<i>concl'd.</i>	
Demand No. 11—Miscellaneous Expenditure ..	1206
Demand No. 14—Interest Charges ..	1206
Demand No. 7—New Construction ..	1207
Demand No. 8—Open Line Works ..	1207
Demand No. 10—Appropriation from Depreciation Fund ..	1207
MONDAY, 27TH FEBRUARY, 1933—	
Members Sworn ..	1209
Questions and Answers ..	1209—49
Motion for Adjournment <i>re</i> Ban on the holding of the Indian National Congress in Calcutta—Leave refused ..	1250—52
Statement laid on the Table ..	1252—55
The Code of Criminal Procedure (Amendment) Bill—Consideration postponed ..	1255—60
The Special Marriage (Amendment) Repealing Bill—Motion to consider negatived ..	1260—83
The Child Marriage Restraint (Amendment) Bill—Discussion not concluded ..	1284—1300
TUESDAY, 28TH FEBRUARY, 1933—	
Statements laid on the Table ..	1301—02
Demands for Supplementary Grants in respect of Railways ..	1302—40
Presentation of the General Budget for 1933-34 ..	1341—80
The Indian Finance Bill—Introduced ..	1380
WEDNESDAY, 1ST MARCH, 1933—	
Short Notice Questions and Answers ..	1381—95
Resolution <i>re</i> Release of Mr. Gandhi, Mufti Kifaetullah and other Political Prisoners—Consideration postponed ..	1396—1406
Resolution <i>re</i> Debentures of the Central Land Mortgage Bank of Madras—Withdrawn ..	1407—21
Resolution <i>re</i> Indian Film Industry—Withdrawn ..	1421—43

	PAGES.		PAGES.
THURSDAY, 2ND MARCH, 1933—		WEDNESDAY, 8TH MARCH, 1933—	
Questions and Answers ..	1445—59	Questions and Answers ..	1721—35
Unstarred Questions and Answers	1459—64	Unstarred Questions and Answers	1735—49
General Discussion of the General Budget	1464—1509	Message from H. E. the Viceroy and Governor General	1750
FRIDAY, 3RD MARCH, 1933—		Expressions of regret at the Resignation of the Honourable Sir Ibrahim Rahimtoola	1750—54
Questions and Answers ..	1511—27	Election of the President	1754
Statement of Business ..	1527	The General Budget—List of Demands— <i>concl.</i> ..	1754—1805
General Discussion of the General Budget— <i>concl.</i> ..	1527—77	Demand No. 39.—Army Department— <i>concl.</i> ..	1754—88
MONDAY, 6TH MARCH, 1933—		Military Expenditure	1754—88
Questions and Answers ..	1579—89	Demand No. 31.—Foreign and Political Department—	1788—1805
Message from His Excellency the Governor General—Extension of the Term of the Legislative Assembly	1589	Retrenchment of Expenditure controlled by the Foreign and Political Department and Indianisation	1788—1805
The General Budget—List of Demands	1590—1644	THURSDAY, 9TH MARCH, 1933—	
Demand No. 16.—Customs—	1592—1615	The General Budget—List of Demands— <i>concl.</i> ..	1807—61
Dumping of Goods into India by Countries with Depreciated Currencies ..	1592—1615	Demand No. 86.—Expenditure in England—Secretary of State for India— ..	1807—32
Demand No. 17.—Taxes on Income—	1615—44	Safeguarding the Interests of Agriculturists and Landholders in the matter of Representation and Taxation in the New Constitution	1807—32
Removal of Surcharge and Restoration of old Exemption of Taxable Minimum	1615—44	Demand No. 40.—Department of Industries and Labour—	1832—62
TUESDAY, 7TH MARCH, 1933—		Labour Legislation and Labour Welfare including Government Employees ..	1832—62
Questions and Answers ..	1645—68	FRIDAY, 10TH MARCH, 1933—	
The General Budget—List of Demands— <i>concl.</i> ..	1666—1715	Statement of Business	1863
Demand No. 28.—Executive Council—	1666—87	The General Budget—List of Demands— <i>concl.</i> ..	1863—1932
Retrenchment and Indianisation of Services and Reduction of Pay for Future Entrants ..	1667—87	Demand No. 18.—Salt ..	1863—65
Demand No. 39.—Army Department—	1687—1715	Undesirability of the continuance of the Salt Tax	1864—65
Indianisation of the Indian Army	1687—1715	Demand No. 19.—Opium ..	1865
Appendix	1717—19	Demand No. 19A.—Excise	1866
		Demand No. 20.—Stamps	1866
		Demand No. 21.—Forest ..	1866

	PAGES.
FRIDAY, 10TH MARCH, 1933—contd.	
The General Budget—List of Demands— <i>contd.</i>	
Demand No. 22—Irrigation (including Working Expenses), Navigation, Embankment and Drainage Works	1866
Demand No. 23—Indian Posts and Telegraphs Department (including Working Expenses) 1866—99	
Position of the Posts and Telegraphs Department in Bengal and Assam Circle 1867—73	
Grant of Special Allowance to the postal subordinates employed in the Wynad-Malabar	1873—76
Policy of the Indian Posts and Telegraphs Department 1876—95	
Equitable Apportionment of Revenue between Postal and Telegraph Branches 1895—96	
Grievances of Ex-Approved Candidates in the Calcutta General Post Office 1896—99	
Demand No. 25—Interest on Debt and Reduction or Avoidance of Debt 1899—1900, 1901—03	
Demand No. 26—Interest on Miscellaneous Obligations ..	1900
Demand No. 27—Staff, Household and Allowances of the Governor General	1900
Demand No. 29—Council of State 1900	
Demand No. 30—Legislative Assembly and Legislative Assembly Department	1904
Demand No. 32—Home Department	1904—19
Classification of Political Prisoners	1904—19
Demand No. 33—Public Service Commission	1919
Demand No. 34—Legislative Department—	1919
Demand No. 35—Department of Education, Health and Lands 1919	
Demand No. 36—Finance Department	1920
Demand No. 38—Commerce Department	1920
Demand No. 41—Central Board of Revenue	1920

	PAGES.
FRIDAY, 10TH MARCH, 1933—contd.	
The General Budget—List of Demands— <i>contd.</i>	
Demand No. 42—Payments to Provincial Governments on account of Administration of Agency subjects	1920
Demand No. 43—Audit	1920
Demand No. 44—Administration of Justice	1921
Demand No. 45—Police	1921
Demand No. 46—Ports and Pilotage	1921
Demand No. 47—Lighthouses and Lightships	1921
Demand No. 48—Survey of India	1921
Demand No. 49—Meteorology	1922
Demand No. 50—Geological Survey	1922
Demand No. 51—Botanical Survey	1922
Demand No. 52—Zoological Survey	1922
Demand No. 53—Archæology	1922
Demand No. 54—Mines	1923
Demand No. 55—Other Scientific Departments	1923
Demand No. 56—Education	1923
Demand No. 57—Medical Services 1923	
Demand No. 58—Public Health 1923	
Demand No. 59—Agriculture	1924
Demand No. 60—Imperial Council of Agricultural Research Department	1924
Demand No. 61—Civil Veterinary Services	1924
Demand No. 62—Industries	1924
Demand No. 63—Aviation	1924
Demand No. 64—Commercial Intelligence and Statistics	1925
Demand No. 65—Census	1925
Demand No. 66—Emigration—Internal	1925
Demand No. 67—Emigration—External	1925
Demand No. 68—Joint Stock Companies	1925
Demand No. 69—Miscellaneous Departments	1926

	PAGES.
FRIDAY, 10TH MARCH, 1933— <i>concl.</i>	
Demand No. 70—Indian Stores Department	1926
Demand No. 71—Currency	1926
Demand No. 72—Mint	1926
Demand No. 73—Civil Works	1926
Demand No. 74—Superannuation Allowances and Pensions	1927
Demand No. 75—Stationery and Printing	1927
Demand No. 76—Miscellaneous	1927
Demand No. 76A.—Expenditure on Retrenched Personnel charged to Revenue	1927
Demand No. 77—Refunds	1927
Demand No. 79—Baluchistan	1928
Demand No. 80—Delhi	1928
Demand No. 81—Ajmer-Merwara	1928
Demand No. 82—Andaman and Nicobar Islands	1928
Demand No. 83—Rajputana	1928
Demand No. 84—Central India	1929
Demand No. 85—Hyderabad	1929

	PAGES.
FRIDAY, 10TH MARCH, 1933— <i>concl.</i>	
Demand No. 85A—Aden	1929
Demand No. 87—Expenditure in England—High Commissioner for India	1929
Demand No. 88—Capital Outlay on Security Printing	1929
Demand No. 89—Forest Capital Outlay	1930
Demand No. 90—Irrigation	1930
Demand No. 91—Indian Posts and Telegraphs	1930
Demand No. 93—Capital Outlay on Currency Note Press	1930
Demand No. 94—Capital Outlay on Vizagapatam Harbour	1930
Demand No. 95—Capital Outlay on Lighthouses and Lightships	1931
Demand No. 96—Commuted value of Pensions	1931
Demand No. 96A.—Expenditure on Retrenched Personnel charged to Capital	1931
Demand No. 98—Interest-free Advances	1931
Demand No. 99—Loans and Advances bearing Interest	1931—32

LEGISLATIVE ASSEMBLY.

Wednesday, 1st March, 1933.

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. Chairman (Sir Hari Singh Gour) in the Chair.

SHORT NOTICE QUESTIONS AND ANSWERS.

BAN ON THE HOLDING OF THE INDIAN NATIONAL CONGRESS IN CALCUTTA.

Mr. S. C. Mitra: (a) Will Government please state if there is any truth in the Press report that Government are going to ban the holding of the next Session of the Indian National Congress in Calcutta?

(b) Is it not a fact that Government on several occasions admitted that they have not declared the Congress an unlawful Association?

(c) Has the attention of Government been drawn to the Associated Press message in which it has been stated (on the authority of Mr. Aney and Pandit Madan Mohan Malaviya) that the date of the Congress Session has been changed to March 31st, and April 1st, in order to allow the Congress to record the country's verdict on the White Paper?

(d) Is it the intention of Government not to permit the Congress leaders and authorities to discuss and judge the White Paper on its merit?

(e) Are not Government aware that the Subjects Committee of the Congress settles the agenda of business to be taken up in the open Session of the Congress and that it is necessary to hold meetings of the Subjects Committee to settle the future programme or even to amend or alter its present programme?

(f) Will Government state the reasons why they are not permitting an association like the Congress, which has not been declared unlawful, to give its verdict about the acceptance or otherwise of the constitution as adumbrated in the White Paper?

The Honourable Sir Harry Haig: (a) It is the case that Government see no reason to depart from the position they took up last year, that the Congress Session cannot be allowed while the Congress stands pledged to civil disobedience.

(b) Yes.

(c) Yes. Other Press messages, however, indicate that the date was fixed so as not to precede the Calcutta Corporation Election which takes place on March, 29th.

(d) There is no objection to Congress leaders, who are at liberty, discussing the White Paper.

(e) This may be the procedure in normal times, but it was not followed in 1932 when the acting President of the All-India Congress Committee addressed the Presidents of Provincial Congress Committees and stated that it has been decided in consultation with Pandit Malaviya and other friends to hold the annual Session in Delhi and that the usual procedure prescribed in the constitution could not be observed. Notice was given of the three resolutions to be placed before the Session, one of which was to endorse the resolution of the last meeting of the Working Committee reviving civil disobedience.

(f) Though the Congress has not been declared an unlawful association, it stands at the present moment for an unlawful movement, and its activities are directed to unlawful ends. That is the sole reason why its annual Session cannot be permitted.

Mr. Gaya Prasad Singh: Are Government aware that the result of their action will be to prevent the Indian National Congress from giving its opinion on the White Paper which is expected to be published by the end of this month?

The Honourable Sir Harry Haig: Has my Honourable friend any authority for the view that the Indian National Congress are anxious to give their verdict on the White Paper?

Mr. Gaya Prasad Singh: Yes, Sir. The authority is the statement of the acting President of the Indian National Congress and Pandit Madan Mohan Malaviya. May I know if the Government have in their possession any material to show that this view of Pandit Malaviya and the acting President of the Indian National Congress is erroneous?

The Honourable Sir Harry Haig: I am very glad to hear, Sir, on the authority of my Honourable friend, that the Congress are anxious to co-operate in the new constitution.

Mr. Gaya Prasad Singh: I have not said so, Sir.

The Honourable Sir Harry Haig: If that is so, then, surely their first step should be to abandon civil disobedience which is clearly inconsistent with any attitude of constitutional co-operation.

Mr. Gaya Prasad Singh: May I ask the Honourable Member if he has not misunderstood the position? I have never said that the Indian National Congress will co-operate with Government in whatever measure of Reforms that may be coming. For the matter of that, many Members of this House are not ready to co-operate with Government in whatever measures that may be forthcoming. It is only to discuss the constitution in the light of the White Paper that the Congress wanted to hold a Session. Are Government aware that in view of this the impression will be created in the popular mind that the White Paper is so disappointing that the Government are afraid to allow the premier political organization in the country to hold a meeting and give a lead to the country on this question?

The Honourable Sir Harry Haig: Well, Sir, I do not think that would be a fair inference. As I have said, if Congress are anxious to discuss in a constitutional way, without necessarily accepting the proposals that His Majesty's Government will shortly be publishing, then it is quite obvious that that would be inconsistent with the maintenance of an attitude of civil disobedience, and that the first task, therefore, before them, if that is their object, is to abandon civil disobedience.

Mr. Gaya Prasad Singh: Do Government realise that the measure of repression which they are carrying out in this country is also inconsistent with the measures which they propose to bring forward for Constitutional Reforms?

The Honourable Sir Harry Haig: No, Sir. The special measures that the Government are at present taking are forced upon them by the policy of civil disobedience and will terminate as soon as that policy terminates.

Mr. B. Das: May I enquire if Government do not agree with me that the Congress is going slow in order to give a chance to the Government to bring out the new constitution?

The Honourable Sir Harry Haig: I should be glad, Sir, to believe that the Congress were going slow, but I cannot see any very clear evidence of that fact.

Mr. B. Sitaramaraju: Will Government be pleased to state whether they consider the Congress now to be an unlawful body?

The Honourable Sir Harry Haig: I would refer the Honourable Member to my original reply in which I said that though the Congress had not been declared an unlawful association, that is to say, under the Criminal Law Amendment Act, it stands at present for an unlawful movement and its activities are directed to unlawful ends.

Mr. A. Hoon: In view of the answers given by the Honourable the Home Member, am I to understand that as the Government consider some of the activities of the Congress unconstitutional, they are bent upon not allowing the Congress to do anything constitutional?

The Honourable Sir Harry Haig: No, Sir. I still await confirmation of the view that the Congress are anxious to follow a constitutional course.

Mr. A. Hoon: May I ask what will convince the Honourable the Home Member that the Congress want to look into the White Paper from the constitutional point of view?

The Honourable Sir Harry Haig: The answer is quite plain. Abandonment of civil disobedience will convince me that the Congress have realised that in future their policy should be directed to constitutional channels.

Mr. A. Hoon: This, Sir, comes to the same thing that if a part of their programme is unconstitutional, you will not give them a chance to do something constitutional?

The Honourable Sir Harry Haig: I cannot believe, Sir, in their intention of acting in a constitutional way as long as they maintain an unconstitutional movement.

Mr. M. Maswood Ahmad: How is it possible to pass a resolution without holding a meeting?

The Honourable Sir Harry Haig: I would say that under present conditions if the Congress really want to change their policy, they would probably find it easier to do so under less spectacular conditions than the holding of the annual Session of the Congress.

Mr. N. M. Joshi: May I ask when the Government will consider the Congress as having given up the civil disobedience movement?

The Honourable Sir Harry Haig: When either the Congress have definitely abandoned civil disobedience or there is no doubt that civil disobedience is dead.

Mr. N. M. Joshi: How do Government expect Congress to abandon civil disobedience? By what method?

The Honourable Sir Harry Haig: They can very easily make plain their intentions.

Mr. N. M. Joshi: May I ask, how you want the intentions to be made plain? By what method?

The Honourable Sir Harry Haig: I merely want to be convinced.

Mr. N. M. Joshi: May I know by what method you are likely to be convinced?

The Honourable Sir Harry Haig: There are many methods by which I could be convinced. (Laughter.)

Mr. N. M. Joshi: May I ask the Government Members to name one or two methods?

The Honourable Sir Harry Haig: No; I do not feel inclined to say that we require the Congress to take this, that or the other formal action.

Mr. S. O. Mitra: May I take it that the Government have no objection to have a secret meeting of the Congress and not a spectacular one? Is that the intention?

The Honourable Sir Harry Haig: What I mean is that the Congress leaders, a great many of them are still at large, and there is really nothing to prevent them meeting together quietly and changing their policy if they really wish to.

Mr. M. Maswood Ahmad: Is the Working Committee free to meet or is it an unlawful association?

The Honourable Sir Harry Haig: The Working Committee is at the moment an unlawful association, but it is always possible for certain individuals to meet together though perhaps not in their capacity as the Working Committee.

Mr. S. G. Jog: From the recent attitude and the anxiety of the Congress people as regards the Untouchability Bills and their appeal to Members of this Assembly, does not the Honourable Member think that a change of policy towards co-operation is coming in the Congress circles? Is that not sufficient evidence?

The Honourable Sir Harry Haig: I think it is possible, and it is a hopeful sign that certain members of the Congress are turning more in the direction of constitutional channels, but, so far as my information goes, there are other elements which still maintain and maintain strongly the original policy.

Mr. S. G. Jog: Will not the Government encourage this change of policy that is coming gradually?

The Honourable Sir Harry Haig: I do not think the holding of the annual Session of the Congress would encourage such a policy.

Mr. H. P. Mody: Is it not a fact that the leaders of the Congress movement who are at large today are so because they are not engaged in the civil disobedience movement?

The Honourable Sir Harry Haig: It is perfectly true that they are not taking an active part at the moment.

Mr. H. P. Mody: And, therefore, they cannot be committed definitely to the civil disobedience movement? Is it really not for the Congress to reconcile the position that they propose to take up, namely, the consideration of the White Paper, with the position that they have taken up all along, *viz.*, the maintenance of the civil disobedience movement? Is it not for the Congress to reconcile that?

The Honourable Sir Harry Haig: I am not quite sure that I understand the purport of my Honourable friend's question.

Mr. H. P. Mody: The Government's objection seemed to be that while Congress want to consider the White Paper, they also want to pursue at the same time the civil disobedience movement. That is a matter for the Congress to explain away to the public? Why should Government object to their consideration of the White Paper, because they may have been committed in the past to the maintenance of civil disobedience?

The Honourable Sir Harry Haig: The point is that as Honourable Members are aware, the annual meeting of the Congress in happier times was a very spectacular meeting preceded by elaborate preparations extending over a month or more and widely advertised in the Press. It is quite impossible for the Government to allow such a meeting to be held by a body which still stands for civil disobedience.

Mr. H. P. Mody: Are not Government in effect putting the lid altogether on any attempts on the part of responsible Congress leaders who are still at large, to revise in some way the Congress policy, because the very consideration of the White Paper, I maintain, would be a sort of revision of the policy of civil disobedience?

The Honourable Sir Harry Haig: No: I am afraid I cannot accept that view. As I have said before, if they really wish to adopt constitutional methods, it is quite clear that they must abandon civil disobedience, and if they are not prepared to abandon civil disobedience, I am afraid, I take that as a conclusive proof that they are not prepared to adopt constitutional methods.

Mr. N. N. Anklesaria: Is it not possible for Mr. Gandhi even from Yarwada to make a public declaration which can satisfy the Government on this point? (Laughter.)

The Honourable Sir Harry Haig: I do not think there will be any obstacle interposed by Government to Mr. Gandhi making any such statement.

Sir Abdur Rahim: Is it necessary for the Government of India to obtain assurances from the Congress beforehand that they will not practise civil disobedience? If the Government do not obtain such assurances, they have the ordinary laws and special laws and surely they could apply them against the Congress if the Congress violated the law?

Mr. Gaya Prasad Singh: They are afraid of the Congress.

The Honourable Sir Harry Haig: I think the position of Government would be very much misunderstood if a body, which has been engaged for the last fourteen months in prosecuting a movement against which all the forces of Government have been directed, were allowed to meet in Calcutta.

Mr. Muhammad Ashar Ali: Are Government prepared to give a list of the names of those individual members whose opinions will carry weight with the Government from amongst those who are at large?

The Honourable Sir Harry Haig: I should be sorry to attempt such an estimate of the comparative value or importance of the various Congress leaders.

Mr. B. V. Jadhav: Government have admitted that the Congress leaders who are free are allowed to be free, because they have given up the non-co-operation propaganda. Will Government be satisfied with their assurances that the Congress has given up this non-co-operation propaganda?

The Honourable Sir Harry Haig: In the first place—I do not wish to be misunderstood—I do not think I went so far as to say that all the leaders who are at present at large had definitely given up the civil disobedience movement. The fact that they are still at large may be taken as evidence that they are not at the moment actively engaged in it.

Mr. H. P. Mody: If Government propose to wait for the Congress definitely to repudiate the civil disobedience movement, do not Government think that they will have to wait indefinitely?

The Honourable Sir Harry Haig: I do not know, but what we are discussing at the present moment is the policy of Government in declaring that the annual Session of the Congress cannot be held.

Mr. D. K. Lahiri Chaudhury: Is it the intention of the Government to detain all these Congressmen in the jail so long as the new constitution is not inaugurated?

The Honourable Sir Harry Haig: I hope I shall be able to express certain views about that question when the resolution which stands next in the list comes on for discussion.

Mr. W. N. Anklesaria: Is there anything to prevent the Congress leaders, who are outside jail, from making a declaration which could satisfy the Government at the present moment, without there being all this fuss in this House?

The Honourable Sir Harry Haig: I should say there is nothing at all.

Mr. B. Das: Do I take it, in view of the declaration of Government that the Congress is engaged in unlawful activities, that the Government are now going to declare the Congress as an unlawful body?

The Honourable Sir Harry Haig: No, Sir; the Government have no such intention.

Mr. B. Das: Is it not practically the same thing—declaring the Congress Session unlawful?

The Honourable Sir Harry Haig: The position of Government is that they do not propose to allow the annual Congress Session to be held, but they have no intention of declaring that every member of the Congress is a member of an unlawful association and should, therefore, be liable to prosecution and imprisonment.

Mr. B. Das: I would welcome that prosecution and I would welcome your declaration.

Mr. K. P. Thampan: May I know, Sir, if the Congress venue is changed to some place in a peaceful province like Madras, will the Government be pleased to raise the ban on it?

Mr. Amar Nath Dutt: No, I object. Do you mean to say that Bengal is not peaceful?

The Honourable Sir Harry Haig: No, Sir; even if the venue is changed to such a peaceful province as that from which my friend comes, the conclusion of Government will remain the same.

Mr. O. O. Biswas: Is the decision to ban the Congress meeting the decision of the Government of Bengal or of the Government of India?

The Honourable Sir Harry Haig: The decision, Sir, is that of the Government of India supported by the Secretary of State.

Mr. C. C. Biswas: Do I understand, then, Sir, that the Government of Bengal did not take the initiative and suggest that the Congress should be banned?

The Honourable Sir Harry Haig: All Local Governments, Sir, were consulted on this point, and all were in agreement.

Mr. S. C. Mitra: Apart from any inferences, have Government got any positive information which contradicts the information of the Associated Press that the Acting President, Mr. Aney, after consultation with Pandit Malaviyajee, postponed the date to consider the Congress decision about the country's verdict on the White Paper, because it has not been contradicted by the Congress leaders?

The Honourable Sir Harry Haig: I have no definite information on the subject. I do not profess to be in the inner counsels of the Congress.

Mr. Gaya Prasad Singh: Question, question.

The Honourable Sir Harry Haig: But I had certainly understood from previous references which I had seen in the newspapers which are my source of information, that the Congress Session had been postponed in consequence of certain difficulties about the Calcutta Corporation elections. For instance, I have here a telegram of the 15th of February which says that although it was previously settled to hold the next Session of the Indian National Congress in Calcutta about the middle of March, some recent unforeseen developments make it impossible on the part of the Congress authorities to make a decision as final without further consideration of the whole situation. Well, Sir, I hardly think that the White Paper could be described on the 15th February as a recent unforeseen development.

Mr. C. S. Ranga Iyer: Are the Government aware that there is in the Congress fold one party which would like to take a strong line,—I would not say of co-operation,—but I would say of consideration in regard to the forthcoming White Paper, and if so, will not the Government be depriving that party of meeting the other parties within the Congress fold and having a full discussion in the Subjects Committee of the Congress which is generally more important, so far as the Congress is concerned, than the spectacular show?

The Honourable Sir Harry Haig: I should not take that view myself, Sir. If there is that party,—and I am very glad to have my friend's assurance that such a party is in existence,—I should have thought that it would be more likely to make its influence felt gradually by the ordinary operation of influence under ordinary circumstances than in a regular and definite discussion either in the Subjects Committee or at the annual Congress Session.

Mr. C. S. Ranga Iyer: Is it not a fact that that particular party, like the party of the late Mr. C. R. Das and Pandit Motilal Nehru, would like to take the whole Congress with them, or at least a large majority with them, or at any rate an overwhelming minority with them, and the Government will be depriving that party of the opportunity to decide as to how they should act if they are prevented from coming together in the Congress?

The Honourable Sir Harry Haig: No, Sir; as I have already suggested, I do not take that view.

Mr. C. S. Ranga Iyer: Will the Government be pleased to state why they do not take that view?

The Honourable Sir Harry Haig: I think I have already explained that matter at great length.

Mr. S. C. Mitra: May I know why the Government are laying special stress on the information they obtained on the 15th or 16th of February, when they have subsequent information on the 24th of February from the Associated Press stating that the Congress leaders want to discuss the White Paper? Even after this short notice question was advertised in the Press, there was no contradiction by the Congress leaders. Therefore, I want to know why should Government lay special stress on the earlier information they have received and take advantage of it?

The Honourable Sir Harry Haig: I merely stated, Sir, the information in my possession, and I noticed in a local Nationalist Paper—I think it was yesterday,—considerable alarm expressed at this idea that the Congress might want to discuss the White Paper and a strong hope was expressed that this report was completely unfounded.

Mr. S. C. Mitra: Is not the Honourable Member aware that any informal decision by a few leading Congress men will not be constitutionally binding on the Indian National Congress, and that the suggestion of holding an informal conference of leaders to revise the Congress programme is not really feasible?

The Honourable Sir Harry Haig: It may be, Sir, that eventually the ratification of the Congress might be required for the policy of its leaders, but I would remind the Honourable Member that it did not require a meeting of the Congress to launch civil disobedience, and, therefore, I do not see why it should require a meeting of the Congress to abandon it.

Mr. S. C. Mitra: Is not the Honourable Member further aware that when a large number of Congress leaders decided to keep the boycott of the Legislatures, that decision was arrived only in the open Session of the Congress, although some of the leading Congressmen were opposed to it. It was only possible to alter the Congress programme in an open Session, and not in an informal meeting, where some of the leaders might even be averse to it?

The Honourable Sir Harry Haig: As I said just now, eventually the endorsement of the Congress as a whole to a particular policy would probably be required.

Mr. S. C. Mitra: Will Government give facilities to the All-India Congress Executive Committee to meet and settle its programme even as regards the civil disobedience movement?

The Honourable Sir Harry Haig: No, Sir, I am afraid I can give no undertaking to give facilities under present conditions.

Mr. C. S. Ranga Iyer: Are the Government aware that the banning of the Calcutta Congress will result in putting the Congress leaders on their mettle and force them to disobey the Government at any rate to save their faces?

The Honourable Sir Harry Haig: I hope that is not so, but in any case the Congress leaders must have been well aware of the position. This is no surprise that has been suddenly sprung upon them. The policy we are following is precisely the policy that we followed a year ago.

Mr. C. S. Ranga Iyer: Do the Government realise that the publication of the White Paper will result in a situation which calls for a change of policy on the part of the Government so that there may be a change of programme on the part of the Congress?

The Honourable Sir Harry Haig: I should be very glad, Sir, if the publication of the White Paper leads to a change in the policy of the Congress. We all hope that that will in fact be the case.

Mr. C. S. Ranga Iyer: Will the Government give an opportunity to the Congress to change their programme by allowing them to hold the Congress?

The Honourable Sir Harry Haig: As I have already said, these spectacular methods are not really required for the purpose of changing their policy.

Mr. C. S. Ranga Iyer: Are the Government aware that the Congress method of holding the Session is the only method of bringing about a change of opinion in the Congress, and that the less spectacular body than the Congress body is the Subjects Committee which is far more influential than the Congress itself where important decisions are taken?

The Honourable Sir Harry Haig: I am not quite sure that I followed the Honourable Member's particular point.

Mr. C. S. Ranga Iyer: The particular point I was urging was this. The holding of the Congress has a spectacular aspect, but besides the spectacular aspect there is something more, namely, the discussion in the Subjects Committee where the best brains of the Congress meet and decide as to what attitude they should take and what changes they should effect in the programme of the Congress, and, once the decision is taken, the Congress is presented with the view of the Subjects Committee, which is generally carried. Therefore, they may not necessarily meet for spectacular purposes for civil disobedience, but they may meet on the contrary for spectacular considerations to revise their programme.

The Honourable Sir Harry Haig: I cannot really accept the view that the Congress leaders are not in a position to discuss among themselves their policy and come to a conclusion.

Mr. C. S. Ranga Iyer: Is it not a fact that the Congress leaders can be in a position to discuss only if an opportunity is given to them to hold a special Session of the Congress?

The Honourable Sir Harry Haig: No, Sir. My view of the Congress leaders is that they do not belong to that class of leaders who are not prepared to do anything except what they are told to do by their followers.

Mr. C. S. Ranga Iyer: Is it not a fact that Congress leaders are in jail and that Congress leaders are also out of jail and that Congress leaders of influence and position like Pandit Madan Mohan Malaviya, Mr. Aney and others who have large number of followers would like to consult others and take with them in the direction of responsive co-operation?

The Honourable Sir Harry Haig: It is perfectly true that, as my Honourable friend has just reminded me, a number of Congress leaders are in jail. While that is the case, it is always open to the Honourable Member to argue with some plausibility that it is not possible for the Congress to have a full discussion and come to their conclusions. The answer that I would give to any such suggestion is that the only course that is open to the Congress is to abandon civil disobedience and get their leaders out.

Sir Abdur Rahim: Under what law are the Government acting in the prohibition of the meeting of the Congress?

The Honourable Sir Harry Haig: Action will be taken presumably by the Bengal Government under the ordinary law and such powers as they possess at the present moment.

Sir Abdur Rahim: Is it under section 144 of the Criminal Procedure Code or the new law that has been passed?

The Honourable Sir Harry Haig: I cannot anticipate the precise action that will be taken by the Local Government.

Mr. Muhammad Azhar Ali: Will Government consider the suggestion of allowing a Session of the Congress to be held in the Yarawada jail?

The Honourable Sir Harry Haig: That, Sir, is a most attractive suggestion.

Mr. C. S. Ranga Iyer: Will Government be pleased, in view of the publication of the White Paper, to permit the Congress leaders who are in jail to meet among themselves to form an opinion after discussion, as they allowed a similar meeting to be held in the Yarawada jail.

The Honourable Sir Harry Haig: I am afraid that prisoners must be treated as prisoners.

Mr. Lalchand Navakral: Does the Honourable Member realise that by not allowing the Congress to meet, Government are encouraging the under-currents in the Congress party by not allowing public expression of their views?

The Honourable Sir Harry Haig: As far as I know, that is not the case. Honourable Members opposite, and I give them full credit for their feelings, are assuming that the Congress are dying to co-operate. I am afraid, that is not the information that is at present in my possession.

Mr. H. P. Mody: May I inquire whether Government do not feel themselves sufficiently strong to put down the Congress if it again chose to tread the barren path of civil disobedience?

The Honourable Sir Harry Haig: We are not prepared to allow any revival, even temporary, so far as we can prevent it, of the civil disobedience movement.

Mr. Arthur Moore: May I ask that this short notice question has now occupied 35 minutes?

Mr. B. Das: May I inquire how the Honourable Member can reconcile the statement that the civil disobedience movement is still active in India, while the Secretary of State has made repeated statements in the House of Commons that the Congress movement is dead? Surely the statement of the Secretary of State must have been based on the despatches sent by the Honourable Member.

The Honourable Sir Harry Haig: I have not observed any statement by the Secretary of State in the House of Commons that the Congress movement is dead. That is certainly not the position taken by the Government of India.

BAN ON THE HOLDING OF THE INDIAN NATIONAL CONGRESS IN CALCUTTA.

Mr. S. G. Jog: (a) Have Government seen a report appearing in the Press to the effect that they have banned the ensuing Session of the Indian National Congress?

(b) If so, what reasons have led Government to adopt this course?

(c) Is not the Congress still a lawful institution since it was so declared by Sir James Crerar in this House?

(d) If so, what reason have Government to apprehend that its meeting would be unlawful?

(e) Have Government received any information regarding the agenda for its next meeting?

(f) If not, why should it proscribe a body from performing its legitimate duty, e.g., consideration of the White Paper?

(g) Are Government aware that Sir Samuel Hoare had assured the Round Table delegates that there would be no empty chairs in the Joint Parliamentary Committee?

(h) Will Government make a full statement on the subject?

The Honourable Sir Harry Haig: (a) Yes. I invite attention to my reply to part (a) of Mr. Mitra's short notice question which I have just answered.

(b) The reason is that Congress is still pledged to civil disobedience.

(c), (d) and (f). I would refer the Honourable Member to my reply to part (b) of Mr. S. C. Mitra's question.

(e) No.

(g) The Honourable Member has not quoted the Secretary of State correctly.

(h) I have no further statement to make.

Mr. S. G. Jog: May I know what the Secretary of State said, if my statement is incorrect?

The Honourable Sir Harry Haig: The Secretary of State said "I want to see no empty chairs at the Conference with the Joint Select Committee".

Mr. Lalchand Navalrai: May I know from the Honourable Member if the Government are of opinion that the Congress is still carrying on the civil disobedience movement, what deters the Government from proscribing the whole Congress?

The Honourable Sir Harry Haig: The Government, Sir, think that such action would be quite unnecessary.

Mr. Lalchand Navalrai: Why does the Honourable Member think it unnecessary?

The Honourable Sir Harry Haig: The Government do not want to take action beyond what they consider the circumstances of the case require.

Mr. Lalchand Navalrai: Why not then give them an opportunity to give public expression to their views and inform Government that the civil disobedience movement is not to be followed?

The Honourable Sir Harry Haig: I have already replied to this point fully in my answer to the short notice question and in the previous answer. It is one thing to prohibit a particular meeting and it is quite a different thing to declare the whole Congress an unlawful association and thereby render every one of its members liable to prosecution and imprisonment.

Mr. Lalchand Navalrai: The Honourable Member is giving his stereotyped reply. I want an explanation on that point.

The Honourable Sir Harry Haig: If the Honourable Member is unable to understand that, I cannot help him.

Mr. S. G. Jog: Do the Government realise that this attitude of the Government towards the Congress in putting this ban will stiffen the attitude of the other co-operating units of the Round Table Conference?

The Honourable Sir Harry Haig: I have no reason to think so.

Diwan Bahadur Harbilas Sarda: Are Government aware that if they do not allow and do not wish to allow the leaders of the Congress to meet and discuss and come to a decision with regard to the abandonment of the civil disobedience movement, people will interpret the action of Government to mean that Government do not wish the civil disobedience movement to come to an end, so that they may continue to crush all political work in the country?

The Honourable Sir Harry Haig: No, Sir. If the leaders of the Congress have any genuine intention of abandoning the civil disobedience movement, there is no difficulty in their saying so and communicating the fact to Government.

Mr. B. Das: Did not the Secretary of State in his final speech at the Round Table Conference, addressing Sir Tej Bahadur Sapru, said—I shall quote that very passage:

“Tell every section of Indian opinion that there is an opportunity here for their help, and that we will need their help”.

I want to know how the Honourable Member is fulfilling that observation of the Secretary of State and that assurance given at the final Session of the Round Table Conference.

The Honourable Sir Harry Haig: We are most anxious, Sir, for the co-operation of every section of Indian opinion; and, as I said earlier this morning, if it is really the case that Congress are anxious to co-operate in the new constitution—a suggestion that was repudiated with some warmth by Mr. Gaya Prasad Singh—we should be very glad to welcome that, but a necessary condition is the abandonment of unconstitutional methods.

Mr. Gaya Prasad Singh: How can Government come to the conclusion that the Congress or any section of self-respecting public opinion in this country will be ready to co-operate with the Government in any scheme of constitutional reforms even when those reforms may be disappointing?

The Honourable Sir Harry Haig: I am sorry I did not quite follow the Honourable Member's question.

Mr. Gaya Prasad Singh: The question of the co-operation of the Indian National Congress or any body of self-respecting public opinion in this country will naturally be dependent upon the kind of constitutional reforms that may be evolved out of Parliament. If the scheme of constitutional reforms is disappointing, certainly you do not expect Congress or any self-respecting individual to co-operate with that scheme.

The Honourable Sir Harry Haig: That no doubt is perfectly correct, but we hope the constitutional proposals, that His Majesty's Government will be publishing shortly, will conform closely to the conclusions of the three Round Table Conferences.

Mr. Muhammad Yamin Khan: May I know if the Honourable Member, who just put the supplementary question, wanted to insinuate that the Honourable Members who formerly belonged to the Congress Party and have separated themselves from that Party and have come to this House are not "self-respecting"? (Hear, hear.)

Mr. Gaya Prasad Singh: Sir, do Government realize that this action of theirs is sure to jeopardise the chances of a dispassionate consideration of the constitutional question, except by loyalists and others who count very little in this country, if I may say?

The Honourable Sir Harry Haig: No, Sir, that is not the view of the Government.

Mr. B. Das: May I ask, how the Government are giving any chance to Sir Tej Bahadur Sapru and those of his way of thinking, to get the Congress round to their view-point and to co-operate in the way that the Secretary of State wants?

The Honourable Sir Harry Haig: Sir, if civil disobedience is once out of the way, the path to co-operation is cleared.

Mr. B. Das: Why, I ask, did not Sir Samuel Hoare make that statement, namely, "let Mahatma Gandhi and others declare that they will abandon the civil disobedience movement and that then only he would seek their co-operation?"

The Honourable Sir Harry Haig: The Honourable Member himself was, I understand, present at the Round Table Conference.

Mr. B. Das: I was outside.

The Honourable Sir Harry Haig: The remarks of the Secretary of State appear to me to be fully in agreement with the general intention of my answers today.

Sir Cowasji Jehangir: Have Government got any information in their possession from which they can infer that the Congress will under no circumstances give up the civil disobedience movement?

The Honourable Sir Harry Haig: No, Sir. I have no such information. We have information of course that a considerable number of the present Congress leaders still believe in civil disobedience and still think they can get results from it.

Sir Cowasji Jehangir: And will actively follow it, and will precipitate the civil disobedience movement afresh?

The Honourable Sir Harry Haig: Some of them undoubtedly believe that. Others, I should judge—though they do not say so openly—are tired of it and beginning to be despondent. (Laughter.)

RESOLUTION RE RELEASE OF MR. GANDHI, MUFTI KIFAET-ULLAH AND OTHER POLITICAL PRISONERS.

Mr. Chairman (Sir Hari Singh Gour): Order, order. Further discussion on the following Resolution moved by Mr. M. Maswood Ahmad on the 15th February, 1933:

"That this Assembly recommends to the Governor General in Council to release Mr. Gandhi, Mufti Kifaetullah and other political prisoners."

Mr. C. S. Ranga Iyer (Rohilkund and Kumaon Divisions: Non-Muhammadan Rural): Sir, I should not ordinarily have agreed to stand up and take part in the further discussion on this Resolution but would have advised the members of my Party not to proceed with the further discussion on this Resolution owing to the most unsatisfactory and extremely disappointing attitude of the Honourable the Home Member, the spokesman of the Government of India, on this occasion; and if a motion for the adjournment of this discussion is brought forward at a later stage, I would strongly advise the members of my Party not to bother about the further discussion especially as the Government have made up their minds not to yield one inch to the request of the constitutionalists, who are not, Sir, co-operating with the Congress today, but have come to this House to fight for the rights of the people in a constitutional manner.

Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural): Is it not better to bring it all out and to bring it to the notice of the Government that they are so consistent?

Mr. C. S. Ranga Iyer: I leave that to Honourable Members to decide. My own personal inclination is that the Government are weakening the policy which we, constitutionalists, have adopted so far in the teeth of public opinion. Sir, our polling booths when we sought election to the Legislatures were picketed; there was an India-wide civil disobedience movement; the Government decided first to break up that movement, and then to negotiate with Mahatma Gandhi, then to send him to England, then to revive the policy of the Ordinances, and now that the reforms are on the horizon, to refuse the Congress people the opportunity to discuss the question of reforms, the salient features of which will be in the White Paper! Sir, we, constitutionalists, expect the Government not to weaken, but to strengthen the constitutional movement; and I shall presently show how, if they do not release the Congress prisoners forthwith, they will be weakening the constitutional movement and strengthening the civil disobedience movement. (Hear, hear.)

Sir, the civil disobedience movement, I say, is dead in the country, not dead as a door nail, but dead in the sense that the Congress leaders who have come out of prison are not preaching it and asking the people to go back to the jails. Sir, Mahatma Gandhi himself has diverted the attention of the people from the civil disobedience movement to the constructive movement of removing untouchability.

Pandit Ram Krishna Jha (Darbhanga cum Saran: Non-Muhammadan): "Splitting the Hindu camp."

Mr. C. S. Ranga Iyer: My friend over there says: "splitting the Hindu camp". If the Hindu camp has been split, as it certainly to some extent has been split, that is one more reason why Mahatma

Gandhi and his supporters in jail should be released, for there is not the same old unity among the Hindus over the civil disobedience movement which existed before. Those who are split today may continue to be split without endorsing the Congress campaign in the country, in pursuit of the untouchability programme which he has put forward. Sir, the whole career of Mahatma Gandhi shows that once he takes up a movement, even though he may be faced with the strongest opposition in his own camp, in his own community, he is not the man to go back from that campaign until he leads it to success. Sir, the anti-untouchability movement has come to stay. Mahatma Gandhi would not have taken it upon himself to preach this new gospel, had not the call come to him that "here is a greater opportunity to serve the nation and to strike at the fetters of ages which superstition and misinterpretation of religion have created". Sir, the editor of the *Harijan* journal and the author of the "*Harijan*" movement

Mr. Amar Nath Dutt (Burdwan Division: Non-Muhammadan Rural): On a point of order, Sir. Are we discussing Mahatma Gandhi's release now or anything else?

Mr. C. S. Ranga Iyer: I am discussing

Mr. Chairman (Sir Hari Singh Gour): The Honourable Member must confine himself to the motion before the House.

Mr. C. S. Ranga Iyer: I am discussing the creation of a new situation by the preaching of anti-untouchability, the creation of a situation which has resulted in the disappearance of the civil disobedience movement itself. And as this anti-untouchability movement attracts greater attention in the country than civil disobedience, I lay my claim for the release of the political prisoners, because they must be given an opportunity to follow their great leader. I lay emphasis on the release of Mahatma Gandhi, because he must be given an opportunity to carry on this constructive movement. Therefore, I propose to lay stress on the implications of this anti-untouchability movement which alone can finally destroy the civil disobedience movement. Government will be bound to release Mahatma Gandhi and his supporters ten months hence when the Government of India Bill is introduced in the House of Commons or when it is passed. They are bound to release him because there will be the necessity to create an atmosphere for the working of the reforms by a declaration of general amnesty as it was created when the Montagu reforms were introduced. In these respects precedents are a safe guide and unless the Home Member were to stand up in his seat and say that they do not propose to release him at any time until he abandons the civil disobedience movement, I venture to state that Mahatma Gandhi will have to be released within six or ten or twelve months when the new reforms will be introduced. Why then delay the release? That is the question I ask. Do you want to wreck the constitutional movement? Do you want to throw us to the wolves? Do you want to destroy those who came to this House in spite of the civil disobedience movement? For the best way to wreck the constitutional movement will be to throw open the jails on the eve of the next general election so that the martyrs of freedom might make us thralls before the electorate,—wipe out the

[Mr. C. S. Ranga Iyer.]

constitutionalists as the Redmondites were wiped out in Ireland. Government are playing into the hands of the civil disobedience people,—that is my complaint,—by postponing their programme of releasing them. If, on the contrary, they release them today, what will happen? One section of the Congress will no doubt work for the resumption of the civil disobedience movement,—I have no doubt about it. Another section will work for the continuance of the anti-untouchability movement,—I have no doubt about that either. A third section will try to work the reforms or, for that matter, wreck them.

An Honourable Member: In which section are you?

Mr. C. S. Ranga Iyer: I do not know. My politics today must be very clear to the Honourable Member as I am taking part day after day in the business of this House. I am astonished that such a question should be put.

Mr. C. C. Biswas (Calcutta: Non-Muhammadan Urban): Tomorrow may not be today.

Mr. C. S. Ranga Iyer: Yes, tomorrow may not be today, but who has seen tomorrow? I am talking today that Government must create a good tomorrow. Let me proceed with my argument. I was saying that there will be one section who would like to resume civil disobedience: there will be another section under the leadership of Mahatma Gandhi which will not like to give up the anti-untouchability programme until it has reached to its fruition; and there will be a third section which will like to consider the White Paper in the light of cold reason. Here is an opportunity which, if Government were to miss it, will never come again. Opportunities such as these are painted with a bald on the back and a forelock in front, and if you allow such an opportunity to pass without seizing it by the forelock, you will never be able to seize it at all. The anti-untouchability movement will be dead six months hence. (*A Voice*: "Why?"), because Mahatma Gandhi cannot meet from behind the prison bars the great opposition which my Honourable friend, Mr. Jha, says is bound to be created. He must be given an opportunity to lead the movement. He must be given that opportunity even at the risk of his turning political civil disobedience into a removal-of-untouchability-civil disobedience, for, as the Tarakeswar *satyagraha*, there may be a Guruvayur *satyagraha*. At a time like this the Congress must be given an opportunity of discussing seriously and coming to a decision, for I refuse to accept anybody's dictum that the Congress consists of auto-matons. If the Congress is to be given an opportunity of discussing the matter, it is but fair that the prisoners should be released with the Mahatma, and, once they are released, I am perfectly certain that they will come together and realise that the atmosphere for civil disobedience does not exist. My own interpretation has always been that if Government had not denied the opportunity which the Mahatma wanted on his landing in India, the situation would have been differently written. There would have been no need either for Ordinances or for civil disobedience. Therefore, I will ask Government to take courage in both hands and release the political prisoners and create a situation in which constitutionalism can prosper.

If, on the contrary, they want to play into the hands of the civil disobedience people, the best way is to drive the iron into their souls, to make the people in the country who sympathise with them not to read the White Paper in the cold light of reason and to minimise the possibilities of our reviving the constitutional movement in the manner in which we would like to revive it. Sir, take it from me that if the White Paper is to be published when these Congressmen are in jail, the White Paper will not be dispassionately considered by the people much as we would like them to consider it dispassionately.

Raja Bahadur G. Krishnamachariar (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Not a bit of it.

Mr. O. S. Ranga Iyer: The new group headed by my friend, the Raja Bahadur, says that not a bit of it will take place, namely, a dispassionate consideration of the White Paper. I entirely agree with him. It will not be considered at all dispassionately by people who sympathise with the Congress, but who are not necessarily associated with the civil disobedience movement. They are, Sir, the raw material which we would like to have for our constitutional purposes and they are the class of people in the country without whom we cannot lead the constitutional movement to success. They cannot come to our side because of the passion and prejudice which they have,—I call it patriotic passion and patriotic prejudice; they feel that their great Mahatma is in jail; they feel that the martyrs of conscience are in jail. You may differ from their feeling, but, if they feel like that, why not release these political prisoners so that that feeling may cease to be? For even though they feel for these political prisoners, you may take it that these people who have not associated with the civil disobedience movement are constitutionally inclined. But for that there would have been no place in the jails. Out of so many millions of educated people, so many are watching that movement. They are men who have a detached outlook and these men must come to our side, because they have as yet gone to no side. They are only detached spectators and they think today that "repression", as they call it, overshadows the reforms. I want the reforms to overshadow repression; and that is why I beg of you to visualise the future, to take courage in both hands and to release the political prisoners when constitutionalism will advance and can advance from strength to strength.

Sir Muhammad Yakub (Rohilkund and Kumaon Divisions: Muhammadan Rural): Sir, I believe that there is nobody in this House who does not fully sympathise with the objects underlying this Resolution. The question of the release of Mr. Gandhi and other Congress leaders, has come up before this Assembly, during the question time, several times. Even this morning, for about an hour, we had a lengthy discussion on this matter. (*A Voice*: "No discussion, but questions and answers.") Well, although it was in the form of two short notice questions, but in effect it assumed the form of a debate this morning, as they raised innumerable supplementary questions and answers . . . (*A Voice*: "That was for information only") . . . and from the answers, which were given on behalf of Government on all occasions, it seems quite clear that Government were certainly anxious to get the valued co-operation of the Congressmen in the constructive work of the future reforms. It clearly shows that but for the anxiety of Government about peace and tranquillity

[Sir Muhammad Yakub.]

of the country, the release would have been effected long ago. The past experience has compelled the Government to adopt this attitude. He would be a bold man indeed who would say that Government are not justified in adopting this attitude. In some quarters, there seems to be a misapprehension that Government want a written guarantee from the Congressmen to the effect that on their release the civil disobedience movement will not be revived. If this misgiving is correct, surely, this is too much for the Government to expect from the Congress leaders, but I hope what the Government really want is only some gesture, indicating that on their release the Congressmen will take to constructive work for the advancement of the country. Mr. Chagla, who was till late a follower of Mr. Gandhi, and is perhaps still a Congressman, has put up the position of the Congress in a very clear way, in an open letter addressed to Mr. Gandhi, and I think it is time that the Congressmen should seriously review the position in the light of the advice given in that letter. We have often felt that Government have a false notion of prestige, but I hope the Congressmen are not following in the footsteps of the Congress, and I hope that they will not fall a victim to the bogie of prestige. The interest of the country should be their only concern in reviewing the situation. I am sure, if they survey the whole position in a dispassionate way, they are sure to come to the conclusion that the time has come when they should discard the garb of non-co-operation and should appear in the apparel of co-operation to lend added strength to the forces that are working, constitutionally, to get self-government for India. As soon as their position is clear, there certainly remains no justification for their retention in prison. Those Honourable Members, who are responsible for this Resolution, will do better to advise the Congress to take the proper step in the matter. So far there has been no indication made by the Congressmen that they are ready to retrace their steps, if Government modify the position. The first thing in the matter, therefore, is to get some such assurance from the Congress side

Mr. D. K. Lahiri Chaudhury (Bengal: Landholders): May I ask the Honourable Member, where from the quotation is made?

Sir Muhammad Yakub: From the speech which was delivered by my Honourable friend, Mr. Lahiri Chaudhury, inside the room in the Western Hostel.

The first thing in the matter, therefore, is to get an assurance from the Congress side. Honourable Members are aware that civil disobedience movement has brought destruction to so many phases of the country's life. They are aware that but for the steps taken by the Government, perhaps there would have been anarchy in many parts of the country. Evidently, therefore, it is unwise to take any step till Government are assured that there is no chance for the recrudescence of civil disobedience. The Congress has been described by Mr. Gandhi as the spirit of rebellion. So long as this sort of spirit remains there, it will be difficult to blame the Government if that spirit is crushed.

Sir, my Honourable friend, Mr. Maswood Ahmad, has done great harm, and has shown great disrespect, to Maulana Mufti Kifaetullah Saheb by linking his name with the Congress leaders. The grand Mufti commands the respect from all shades of Muslim opinion for his learning and piety and not for his political proclivities.

Mr. M. Maswood Ahmad (Patna and Chota Nagpur cum Orissa: Muhammadan): Is there any respect in the heart of the Moradabad Knight?

Sir Muhammad Yakub: As for myself, I have known Mufti Maulana Kifaetullah since he was a student at Moradabad and reading in the Arabic school. I have known him even from before that, and really I have more respect for his piety and learning than my friend, Mr. Maswood Ahmad, has got who simply wants to come into the limelight by putting forward such Resolutions. I repeat again . . .

Mr. Uppi Sahab Bahadur (West Coast and Nilgiris: Muhammadan): On a point of order, Sir. Is the Honourable Member entitled to question the motives of another Honourable Member?

(Cries of "Withdraw, withdraw.")

Sir Muhammad Yakub: There is no question of motives. I will not give way. We judge a man from what he says.

Mr. Chairman (Sir Hari Singh Gour): Order, order. I think Sir Muhammad Yakub must reflect that he has said that this Resolution has been sponsored by Mr. Maswood Ahmad with a view to coming into the limelight. In other words, his primary purpose is to court popularity and that he does not believe in it. I am quite sure that Sir Muhammad Yakub did not imply that and he will explain himself and I am quite certain that he would not wound the feelings of other Members in this House.

Sir Muhammad Yakub: You are quite right, Sir, in what you say, and that is what I meant. What I was going to say is that my friend has really shown very scanty courtesy to the grand Mufti by linking his name with the Congress leaders. The grand Mufti was sent to jail for making a demonstration of his religious views and not for making any Congress propaganda. His case stands on quite a different footing. He ought not to have been sent to jail, and there is no justification for keeping him any longer there.

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural): I hope the grand Mufti will be released on the recommendation of Sir Muhammad Yakub.

Sir Muhammad Yakub: I hope so, Sir. I would now say a word to the Government as well. Honourable Members on the Treasury Benches are very well aware that the country needs a change in the present position and certainly they expect from those, who are at the helm of affairs, to realise the plight of the people even in the face of odds that may be working against it. False notions of prestige, as I have said above, do not pay either the Government or the people. If, therefore, there is obstinacy on one side, there is no reason why there should be obstinacy on the other side as well. Statesmanship requires that a solution of the problems should be made; statesmanship requires that no further time should be lost in getting the present position changed. Some steps should, therefore, be taken so that the co-operation of all classes of people may be secured and the disruptive forces in India, which are ruining it both from a political and economical standpoint, should disappear. I hope the

[Sir Muhammad Yakub.]

time is not far off when, if not through the sanity of the Congress, at least through the statesmanship of the powers that be, we will find conditions absolutely changed, and instead of rebellion an atmosphere of peace and goodwill prevailing in the entire country.

Before I sit down, I would like to say that the Honourable the Mover of this Resolution, and his supporters, will not be doing a service to the country if they press this Resolution to a division. It is not a matter on which decision can be given by saying "Yes" or "No". The purpose of a Resolution like this is fully served if it gives ample opportunity to Members of the House to ventilate their views and sentiments. More than this is neither desirable nor even politic. I will, therefore, appeal to my friend, the Mover of the Resolution, that he will not press this Resolution to a division.

Mr. N. M. Joshi (Nominated Non-Official): Sir, the question which the Assembly is considering this afternoon is of great importance. On the release of prisoners depends the political peace of the country. On it also depends a proper consideration of the constitutional reforms. The Government of India and His Majesty's Secretary of State have stated that unless assurances are forthcoming that the civil disobedience movement will be abandoned, the political prisoners cannot be released. That the Government should ask for assurances is, I feel, a wrong thing. If assurances are necessary from any party, it is the Government that should give an assurance that no person's freedom will be taken away unless there are grave reasons for their doing so. Freedom is the natural right of every citizen and no man need be asked to give an assurance as to why he should be kept free. It is the man who deprives another person of his freedom who must give assurances and must also give justification for his act. I feel that whatever view we may take about the civil disobedience movement, we must agree that among those who are at present in jail for political reasons there are some who were never tried; there are many who have not committed any grave offences, but who have been sent to jail for long terms of imprisonment for merely nominal offences, acts which are made offences only on account of special Ordinances and special Criminal legislation. I feel that even the civil disobedience movement, a movement of non-payment of taxes, is a constitutional movement. We may not agree with that movement as a matter of policy; but to say that a man who refuses to pay taxes commits an unconstitutional act is, in my judgment, to ignore history. I feel that those people who have gone to jail for political reasons are certainly different from those people who go to jail for other offences. At least the British Government have treated people who go to jail for political offences, differently from those who go to jail for other offences. The British Government have not hesitated to deal on friendly terms with those people who had rebelled against their authority. Take the case of the Boers who conducted a war against Britain in South Africa. Are not the British Government now dealing with those people on friendly terms? Again, are not the Government dealing with the leaders of the Irish rebellion on friendly terms? My friend, the Honourable the Home Member, may say that we are dealing with them on friendly terms after they have made a treaty. May I ask whether the Honourable the Home Member wants the civil disobedience movement in this country to grow to such an extent that there will be no settlement without a treaty? If he is waiting for a treaty, it is quite possible that the

movement may grow to such an extent that it could only be ended by a treaty. I, therefore, feel that it is wrong for Government to wait to offer the hand of friendship to those people for a treaty being made between the Government and these political prisoners. The Government of India should also take into consideration the prospects of those people who had undertaken the civil disobedience movement continuing hereafter the policy of civil disobedience. If they dispassionately consider the situation in the country, and also consider the conduct of those people who have come out of the jail, I am sure, they will come to the conclusion that the prospects of a revival of the civil disobedience movement are very meagre indeed. I have myself seen many Congressmen, who have come out of the jail, and I have talked with them, and from my talks with them I have come to the conclusion that the chances of the Congressmen reviving the civil disobedience movement are very small. Moreover, the acts of such Congressmen, such as their taking up the anti-untouchability movement and asking the legislators to be interested in the passing of anti-untouchability legislation and their willingness to consider the White Paper are a sure sign that the Congressmen are anxious to reconsider their position. But I feel that Congressmen are ordinary human beings. None of us would like to reconsider our position and our policy under duress. It is not human nature that a man would allow himself to be coerced to change his policy. It is only a man who has the responsibility of a free man who will reconsider his policy and, if necessary, change that policy. I, therefore, feel that it is wrong for Government to expect people who are in jail to reconsider their position.

If the Government of India and the Secretary of State want the Congressmen to reconsider their policy and adopt a new policy, a policy of constitutional methods, the first thing necessary to be done is that these Congressmen should be released. I feel that if the Government of India do not release the prisoners now and if they wait for the release of the prisoners till they either get an assurance from the Congressmen or till they see that the Congress movement is dead, my fear is that the Government of India will have to wait too long. The Congressmen may not agree to give an assurance; they may be willing to reconsider their position, if they are freed, but to expect them to admit that they have made a mistake, and to tender an apology or even to expect them to give assurances that they will adopt a new policy is to expect a thing which should not be expected from human nature. Then, if the Government of India also want to wait till the Congress movement is dead, they will have to wait, I am afraid, for too long. The Congress movement today is checked, and checked to a very great extent, but, Mr. Chairman, let me assure this House that the sympathy of the people for the Congress movement is not dead. The longer you keep the Congressmen in jail, the greater is the sympathy which the people will feel for them. I, therefore, feel that if the Congressmen are kept in jail too long, there is not only the danger of people sympathising with them to a greater extent, but there is also the danger of that sympathy being more active. Therefore, it seems to me that the right policy for the Government is to release the prisoners.

It has been admitted both by the Government of India and by the Secretary of State that the Congress movement has been kept in proper check. If that is so, I feel that the object which the Government of India had in view has been served. If the Congress movement has been checked, and if the civil disobedience movement is also kept under control, there is

[Mr. N. M. Joshi.]

absolutely no reason why those people who had taken part in this movement should be kept in jail any longer. To keep these people in jail any longer, is in my humble judgment, vindictiveness, and vindictiveness will never succeed. The Government of India, after all, depend upon the sympathy of the public in their administration, and if the people once feel that the Congressmen are kept in jail longer, not because it is necessary to keep them there, but because Government want to stand on their prestige and so they do not want to release them, Government will lose the sympathy of the public.

I also feel that it is not right for the Government to ask for assurances from the Congressmen, because it is asking people to humiliate themselves. What will Government gain by humiliating the Congress? I, therefore, feel that the Government of India should not try to humiliate the Congress. Let the Government of India give up their policy of vindictiveness; let them be a little more humble themselves and understand the difficulties of those people who have to confess their mistakes. I feel that the Government of India should adopt a more generous policy, and instead of asking Congressmen to give an apology, instead of asking Congressmen to change their policy before they are released, let the Government of India be generous and release these prisoners. If they release these prisoners, the Government of India will get the sympathy of the people, the Government of India will get the Congressmen to reconsider their policy and their conduct. If this policy is adopted, Government will also be enabling the Congressmen to give a proper consideration to the constitutional question. The greatest thing for the whole country is that the constitutional question should be properly settled. Sir Tej Bahadur Sapru has stated very recently,—he also stated it before the Round Table Conference,—that if the proposals are to receive a calm and dispassionate consideration, then it is necessary that those people who are in jails should be released immediately. Mr. Chairman, I support this Resolution.

Mr. A. Hoon (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): Sir, I respectfully crave the indulgence of the House to make a motion that the subject matter of the discussion of this morning be postponed till the 31st of March, which is the next date allotted for non-official Resolutions. Sir, while I am fully conscious of my duty towards my country, while I am fully conscious of the devotion which I bear towards Mahatma Gandhi, I am also fully conscious of my duty as a Member of this House.

Sir, there is no doubt that Mahatma Gandhi is respected as a saint not only in India, but that he has earned the world wide reputation of possessing the purest of character and the highest instinct of self-respect and self-sacrifice. At the same time, there is no doubt that, as far as political views are concerned, there is a great difference of opinion between him and other people. Similarly, Sir, Maulvi Kifaetullah, who is very highly respected by Indians in general and by his co-religionists in particular, is a very prominent figure in this country, but fortunately or unfortunately there are again political differences of opinion between him and other people. Well, Sir, when Mahatma Gandhi was sent to jail, the Government had no quarrel with his private character, and the difference with him was only with regard to his political views. When people ask

the Government to release Mahatma Gandhi, the Government come out and say "We have got political considerations to weigh before we come to any decision". Sir, I, as a Member of this House, say that if we are asked to give our final vote on this question, we also have to give our thought to some serious political considerations before we can honestly perform our duty in this House. My friend, Sir Muhammad Yakub, said that on a question of this kind a mere "Yes", or a mere "No" was no answer. All sorts of things have got to be considered. Stock has got to be taken of the situation before we give our vote to one side or the other. If the trouble is entirely political, if the causes for the incarceration of Mahatma Gandhi are only political, I submit that political considerations should weigh very heavily at this time in the minds of all Honourable Members who want to vote on this motion. Since all the fundamental points which are likely to formulate a constitution for the country are in the melting pot, I submit, very humbly, and I believe my Honourable friends will agree with me, that at this particular moment it is not possible for us to do clear thinking on this question. We are unable to visualise the true perspective on the political horizon, because we really do not know what is coming out of the White Paper which we expect would be out by the third week of March. Sir, the country as a whole will have to give its verdict on the White Paper, and I submit that it will be then and then alone that we shall be in a better position to give a more sincere and honest opinion on the question of the release of the political prisoners. With these remarks, I commend my motion to the Honourable Members of this House, and I appeal that they will support me in asking for a postponement of this discussion till the 31st of March next.

Mr. Chairman (Sir Hari Singh Gour): Order, order. Motion moved:

"That the further consideration of this motion be postponed till the 31st of March, 1933."

Diwan Bahadur Harbilas Sarda (Ajmer-Merwara: General): When Sir Muhammad Yakub was speaking, he was sorry that the name of Maulvi Kifayatullah was linked with that of Mahatma Gandhi. I believe he did not mean by it any disrespect to Mahatma Gandhi. His object was only to show that the reason why Maulvi Kifayatullah was in prison was quite a different one from the reason for Mahatma Gandhi's imprisonment. He did not, I believe, mean any disrespect, for we all know that not only every Member of the Government has got great respect for Mahatma Gandhi, but throughout the world, whosoever is acquainted with Mahatma Gandhi's name respects him. The question of releasing Mahatma Gandhi has been brought up several times before this House. I personally think that in the present mood of Government, it is no good . . . :

Mr. N. N. Anklesaria (Bombay Northern Division: Non-Muhammadan Rural): On a point of order. How is this relevant to the present motion?

Diwan Bahadur Harbilas Sarda: I am speaking on the adjournment motion. I do not think it is any good to bring this question constantly before this House. It is perfectly certain that Government follow their own plan in the matter. No amount of expression of public feeling or public opinion will compel them to deflect from that course.

Mr. N. N. Anklesaria: On a point of order, Sir. How is this relevant?

Mr. Chairman (Sir Hari Singh Gour): The Honourable Member can interpret it in his own way.

Diwan Bahadur Harbilas Sarda: Therefore I would advise that it is not much good discussing this matter now. When the White Paper comes out, if the Government think that without detriment to their plan, Mahatma Gandhi can be released, they will do so. If they think otherwise, they will not do so. But so far as this House is concerned, it is no use discussing this question much further. Not only do I support that this debate be adjourned, I for my part would advise the Honourable Member to withdraw his motion, as I find it would be in the interest of all not to pursue this matter at the present time.

The Honourable Sir Brojendra Mitter (Leader of the House): I will explain Government's position on the proposal which has been made by my Honourable friend, Mr. Hoon. He said that at the present moment Members found some embarrassment in coming to a conclusion as to which way to vote, and further time might enable them to make up their minds with greater definiteness. So far as Government policy is concerned, I wish to make it perfectly clear that that policy has been adopted after full consideration and we are quite prepared to state our reasons in support of that policy. But if Honourable Members feel any embarrassment with regard to voting on this motion, we shall have no objection to the Resolution being adjourned till the 31st March, 1933.

Mr. Chairman (Sir Hari Singh Gour): The question is:

"That the further consideration of this motion be postponed till the 31st of March, 1933."

The motion was adopted.

Mr. N. N. Anklesaria (Bombay Northern Division: Non-Muhammadan Rural): Sir, I do not move my Resolution.*

Mr. Chairman (Sir Hari Singh Gour): Seth Liladhar Chaudhury has authorised Raja Sir Vasudeva Rajah to move his Resolution.†

Mr. Goswami M. R. Puri (Central Provinces: Landholders): As Raja Sir Vasudeva Rajah is ill, he has authorised me to move this on his behalf.

Mr. Chairman (Sir Hari Singh Gour): Has the Honourable Member the written authority of Raja Sir Vasudeva Rajah?

Mr. Goswami M. R. Puri: No, Sir. I can produce a letter from him in writing.

Mr. Chairman (Sir Hari Singh Gour): The Chair is precluded from considering any authority, which is not in writing, under the Standing Orders.

*"That this Assembly recommends to the Governor General in Council to take immediate steps for changing the policy, system of education and courses of instruction in Schools and Colleges."

†"That this Assembly recommends to the Governor General in Council to give encouragement to the Indian Film Industry which is still in its infancy by removing the Import Duty on raw films as recommended by the Indian Cinematograph Committee, 1927-28."

RESOLUTION RE DEBENTURES OF THE CENTRAL LAND MORTGAGE BANK OF MADRAS.

Mr. K. P. Thampan (West Coast and Nilgiris: Non-Muhammadan Rural): Sir, I beg to move:

“That this Assembly recommends to the Governor General in Council that section 20 of the Indian Trust Act, 1882, may be so amended as to declare the debentures of the Central Land Mortgage Bank of Madras as trustee securities.”

Honourable Members who were here yesterday must have known from the number of supplementary questions we asked how anxious we Members coming from Madras are about this matter. In the Madras Presidency, there are about 45 primary land mortgage banks scattered throughout the Presidency advancing long term loans to the agriculturists and the Central Land Mortgage Bank of Madras is the central institution appointed to organise, regulate and control these primary banks. Under the Articles of Association of these banks, the primary banks issue loans to their clients to the extent of 50 per cent. of the value of the lands, the value being appraised by Government servants. The Local Government have deputed their own servants for this purpose. Therefore the question of the value or solvency of these mortgages does not arise at all. The debentures under reference are issued by the Central Bank on the security of, and backed by, these mortgages, and the Government of Madras guarantee the payment of interest if the bank fails to pay them regularly and arrangements for their redemption are also made. Considerable difficulty has been felt for want of funds for the satisfactory working of these institutions. The Registrar of Co-operative Societies recommended to the Madras Government that these debentures may be given the status of trustee securities throughout India with a view to attracting surplus funds at the disposal of trustees. Of course it was first suggested that according to the rule making powers of the Madras High Court, the High Court may be approached to declare these as trustee securities, but it was thought, if that was done, only investors in the Madras Presidency would be competent to advance money on this. The Honourable the Judges of the Madras High Court considered it would be more advantageous if an Act were passed by this Legislature to amend section 20 of the Trust Act on the analogy of Act XXI of 1917. The Government of Madras decided that legislation would be more useful and made representations to the Government of India to that effect. As lately as August, 1931, the Government of India promised that they would undertake the necessary legislation in the Simla Session of the Assembly that year. But, somehow or other, for reasons best known to themselves, the proposal did not mature and, by December, they changed their views and said that these loans were of a provincial character and that, therefore, they would not introduce the necessary legislation. But, Sir, if these loans are only of a provincial character, I may say that there are other loans of a provincial character, which are exactly on the same footing as this, such as the Bombay Improvement Trust Loan, the Bombay Port Trust Loan, the Calcutta Municipal Loan, the Madras Municipal Loan, and many others, all of which are treated as trustee securities. There is absolutely no reason for differentiating those loans from the debentures of the Madras Central Mortgage Banks. The Government of India replied to the Madras Government that they might again approach the Madras High Court to seek such remedy as they could afford, but the Madras High Court, owing to

[Mr. K. P. Thampan,]

differences of opinion among the Judges, refused to interfere in this matter. Therefore it is absolutely necessary that the required legislation should be undertaken promptly in this House. The Townsend Committee, which reviewed the whole working of co-operative societies in Madras, strongly recommended that the debentures of the Madras Central Land Mortgage Bank have to be treated as trustee securities if it should function properly. So also the Royal Commission on Agriculture and the Banking Enquiry Committee have both unanimously recommended such a procedure. It is done in all foreign countries. Sir, the necessity for this has been acknowledged by all people who have had anything to do with such undertakings and it is, therefore, highly necessary, in the interests of the poor and indebted agriculturists for whose benefit these banks are working, that their debentures should be treated as trustee securities without the least possible delay. I have nothing more to add. I respectfully commend this Resolution for the acceptance of this House.

Mr. F. E. James (Madras: European): Sir, I desire to support this Resolution moved by my Honourable friend, Mr. Thampan, as strongly as possible. The Honourable Member from Malabar has referred to the recommendations of the Royal Commission on Agriculture and of the Indian Central Banking Enquiry Committee. I would like to place before the Honourable the Finance Member an extract from the latest report of the working of the Co-operative Societies in the Presidency of Madras in which the Registrar states that he desires to put in a special plea for the debentures of the Central Land Mortgage Bank. As for it,

"The interest, in the first place",

he goes on to say,—

"is guaranteed by Government till the debentures are repaid, which practically means a guarantee of the principal. Governments, of course, may go bankrupt, but behind Government in this case are the first mortgages of land, and behind this, the good earth. Experience in other countries has proved that land mortgage debentures have maintained their prices in the market even when Government securities are falling".

In this particular case, I know the workings of this bank fairly intimately. Before the Directors sanction any loans, they satisfy themselves that the net income from the land mortgaged is at least equal to the annual instalment due on the loan, that the borrower has sufficient outside sources of income to support himself and his family, that the borrower has a good title to the land mortgaged, that the value of the land mortgaged is at least twice the amount of the loan, and that the outstanding debts are fully discharged. Therefore, the House will see that every possible care is taken and that it would require a very special combination of adverse circumstances before loans could be proved bad. The Registrar, Co-operative Societies, goes on, in his report to Government, to say:

"I am in a position to repeat the assurance I have given in the previous Administration Report that the high standard set up by the President and the Vice-President of this Bank is maintained."

Now, I will not go into a history of the previous representations that have been made to the Government of India on this point. Some of these have already been covered by the Honourable Member who preceded me. I would, however, like to remind the Honourable the

Finance Member that what we are seeking to obtain now has received the unanimous support of two Registrars' Conferences, the Townsend Committee on Co-operation and, as I have already said, the Royal Commission on Agriculture and the Central Banking Enquiry Committee.

Now, I understand there have been various objections which have been urged against the declaration of these debentures as trustee securities. In the first place, it is said that the debentures of this Bank are a new class of provincial securities and that until the principles on which additions should be made to the list of all-India trustee securities have been decided, legislation cannot be undertaken. Well, Sir, it has been already pointed out that the debentures of the Bombay Provincial Co-operative Bank are included in the list of all-India securities listed under section 20 of the Indian Trusts Act; and the debentures of the Bank for which we are making our representation are on exactly the same footing as those of the Bombay Provincial Co-operative Bank. Therefore, it is not understood why objection should be raised that we are seeking to include under section 20 a new class of provincial securities. Moreover, debentures issued under the authority of an Act of a local Legislature or by or on behalf of any municipal body, Port Trust, or City Improvement Trust in any Presidency town or in Rangoon or Karachi are already on the list of such securities though they are all securities of a provincial character. That being so, the question is, why should the debentures of this Bank be excluded from the list?

Then, Sir, there is another point which I should like to make, and that is a positive point. It is that a land mortgage bank is really the pivot of the co-operative movement in so far as it affects the agricultural classes of the country. You will find that in other countries this question of agricultural credits is receiving the closest possible attention and every facility is being given to the extension of this principle. The recommendation of the Committees and Commissions to which I have referred is based upon the almost universal practice in Europe and America of declaring debentures of land mortgage banks as trustee securities. Even so recently as 1928, the Agricultural Credits Bill, which passed through the British Parliament, had for its purpose the provision of long term loans on the mortgage of agricultural lands. Even before the Agricultural Credits Company, which dealt with this matter, was incorporated, Parliament made a declaration by statute to the intending investors that the debentures of the proposed Company would be included in the list of trustee securities. It was, with a view to establishing them in the market as expeditiously as possible, that this declaration by a Parliamentary Act was made.

The Central Land Mortgage Bank can stand on its own feet undoubtedly, but it cannot advance without the help for which we are now asking. Its intrinsic stability, as I have already pointed out, under the system which has now been devised for its control and under its present management cannot, I think, be doubted by any impartial observer. The reason why this declaration which we are seeking is required is that the Bank needs long term money since its loans must be mostly for 20 years and upwards, and neither individuals nor institutions can invest money to a large extent in 20-year paper unless that paper is readily negotiable. I understand that the Bank in question has received assurances from some of the insurance companies to the effect that if the debentures of the Bank were declared as trustee securities, they would be willing to invest in them. I believe it is the opinion of the Government of Madras

[Mr. F. E. James.]

that the Bank needs about a crore of rupees in the next few years if it is really to make any impression on the rural debt problem. Investment of that order can only be expected from large institutions and companies and those large institutions and companies will not invest to any extent unless the securities are declared as trustee securities. Therefore, if the debentures cannot be given this trustee status, the business of the Bank will be severely limited and a severely limited land mortgage bank cannot make any impression whatsoever upon an agricultural indebtedness of over 150 crores.

Sir, we heard yesterday from the Finance Member in his very remarkable speech introducing the Budget, references to the steady level of consumption on the part of the masses. Our experience is that for various reasons the indebtedness of the masses is yearly becoming worse and that there is no room whatsoever for any complacency in regard to agricultural indebtedness. The authorities in Madras, those who are interested in the co-operative movement, Government officials, the Government of Madras themselves, are at one in realising that only by a proper working of a land mortgage bank can you make the slightest impression upon the one thing that is the greatest burden on the agriculturist, namely, the burden of debt. And here we have a Bank whose interest is guaranteed by the Government of Madras for a length of time, whose organisation is in excellent hands and to which tribute has repeatedly been paid by the Registrar of Co-operative Societies, crippled in its initial stages, because it cannot get recognition from the Government of India in regard to coming under section 20 of the Indian Trusts Act. There may be a reason for this refusal on the part of the Government of India of which we are unaware, which at present we do not understand; and I hope that if that is the case, the Honourable the Finance Member will enlighten us and this House. But unless there are some very valid reasons which have not as yet been communicated to us, we do desire most distinctly to press this motion on the Honourable Member. During the past three years in the Madras Presidency, 45 primary land mortgage banks have been started and a large staff of appraisers has been appointed by the Government. The whole organisation is now in working order. This one thing is required to set Madras where, I think, far more progress has been made than in any other province,—to set Madras on its feet in combating this great indebtedness among the agricultural classes. If the Honourable Member will help us in this respect, I am sure, the whole of Madras will be grateful to him and his Government.

Diwan Bahadur A. Ramaswami Mudaliar (Madras City Non-Muhammadan Urban): Sir, a couple of days ago when this question was raised by way of interpellation, I was not quite sure which Department had dealt with this question and which Department was responsible for the reply that was sent to the Central Land Mortgage Bank. I was not quite sure whether it was the administrative Department which looked askance at proposals coming from the Madras Government or whether it was the Finance Department which rejected the requests that came from the Madras Presidency. Finding the Finance Member in his place today to listen to this debate, I venture to think that the real reply came from that Department, and I would, therefore, like to address myself to

the financial implications of this question. My two friends who have preceded me have dealt very amply with the merits of the Central Land Mortgage Bank that has been established in Madras, the purpose that it is intended to serve and the great help that it would be if this purpose were carried out in relieving the indebtedness of the rural and agricultural population of the Presidency. I need not repeat here the testimony that has been borne to the excellence of the work of the Central Land Mortgage Bank in Madras, to its solvency and to its financial status, because the recommendations of the Registrar of Co-operative Societies (a high European Civilian official), and the recommendations of the Government of Madras are sufficient answer to those who may doubt either its status or its financial position.

Now, Sir, that Central Land Mortgage Bank finds itself in a very invidious position because it is unable to secure debenture money by means of trustee securities being invested in them. The financial position of the Bank, as I said, is absolutely sound and the Government of Madras has made itself further a guarantor of that soundness. In the first place it guarantees an interest of $C\frac{1}{4}$ per cent. on all debenture holders for the first five years; in the second place, it has appointed a trustee of debenture holders who is represented by an official, the Registrar of Co-operative Societies, and who can intervene at any stage on behalf of debenture holders. Therefore, there can be nothing wrong with the society itself which is as much a public body as any municipal corporation, district board or port trust all of which have got powers to include, if they choose to raise loans, in their loan operations trustee securities. What then am I to understand is the real reason why this request has been turned down? My Honourable friend referred to various communications which had been received from the Central Government on the subject. It looks as if during the period of the last three years they have been wavering in their own mind on the subject. They sent repeatedly orders which were contradictory of each other. They asked the Bank to approach the High Court, to ask that their debentures may be included in trustee securities. When the High Court refused to do that and when the Provincial Government further pressed them in the matter in a communication that was sent in the year 1931, they said that legislation on the subject will be undertaken at the Simla Session.

1 P.M.

Since then the decision seems to have been reversed and the Honourable the Finance Member told the House the other day that it may not be possible to have legislation on the subject. The question of including these debentures in the trustee securities had formed the subject of discussion by various authoritative Committees. My Honourable friend has referred to the Townsend Committee which made a specific recommendation on the matter. That was a local Committee appointed by the Government of Madras and presided over by Mr. Townsend, an official from the Bombay Presidency.

The Honourable Sir Frank Noyce: (Member for Industries and Labour): May I interrupt the Honourable Member? Mr. Townsend comes from the Punjab.

Diwan Bahadur A. Ramaswami Mudaliar: I am very glad. The farther he is from Madras the more dispassionate is the judgment likely to be.

[Diwan Bahadur A. Ramaswami Mudaliar.]

Now, Sir, the Royal Commission on Agriculture in their Report dealt with this question. They said:

"Under Act XXI of 1917, the debentures of the Bombay Provincial Co-operative Bank have been included in the list of securities given in section 20 of the Indian Trusts Act, 1882. We do not think that any objection can be taken to this course. In the agreement with the bank in which the local Government guarantee the interest on these debentures, they have taken ample power to interfere in case of mal-administration and this appears sufficient to reduce the risk of loss to the holders of the debentures to a minimum. We, therefore, recommend that the debentures of Co-operative Land Mortgage Banks registered under the Co-operative Societies Act, which are similarly secured, and the interest on which is guaranteed by the local Government should be added to the list of trustee securities."

I venture to submit, Mr. Chairman, that the Madras Central Mortgage Bank specifically complies with all the requirements laid down by the Royal Commission on Agriculture. Its debenture interest has been guaranteed by the Local Government; the Local Government, as I have shown, have ample powers to interfere, so that no mal-administration can take place, and it has been stated by the high officials of the Government of Madras that the affairs of this Bank are above reproach. Then, the Indian Central Banking Enquiry Committee, which reported a little later, under the presidency of Sir Bhupendra Nath Mitra, made the following recommendation:

"We further agree that these debentures, the interest of which is guaranteed by Government as recommended above, should be included among trustee securities provided Government is satisfied that adequate arrangements have been made by the Bank for the redemption of these debentures at regular intervals."

Now, Sir, that satisfaction is to be had from the recommendation of the Government of Madras, and I do not think it will be put forward by the Honourable the Finance Member that any consideration arising out of that is deterring him from including these under trustee securities. What then is the reason why the Honourable the Finance Member is not able to see eye to eye with us and include these things in the trustee securities. In Bombay, it has been done. The Bombay Government have no doubt guaranteed the interests on these debentures, but look at the position of Bombay compared with the position of Madras. My Honourable friend, Sir Cowasji Jehangir, ventured to suggest a few minutes ago that Bombay people are more respectable than the Madras people; if, Sir, being in a position to produce deficit budgets year after year, unable to make your budget balance, approaching the Government of India for doles, with reference to surcharges that my Honourable friend, Sir George Schuster, indicated yesterday, being in a position to beg the Government of India for a little relief by way of stamp duty on cheques which will probably produce 2 or 2½ lakhs a year, if this is the kind of respectability that Sir Cowasji Jehangir is thinking of all I can say is that we are not anxious to remain in the same grade of respectability as my Bombay friends. The Government of Madras had a surplus of 135 lakhs last year. It is going to have an ample surplus this year also. It is building up its reserves. I may not agree with the policy of the Government of Madras in its policy of raising more taxation than is necessary, and following the old policy of building up reserves. But apart from that question, here is a Provincial Government whose financial stability is absolutely sound, to whose financial position you cannot raise any objection and it is guaranteeing interests and looking after these debentures. If Bombay

should have the privilege, why should not Madras have the same privilege? We are not asking for a Bill or legislation for uniform application in all provinces. We want a Bill only for the Madras Presidency whose position is sound. The co-operative movement has made special headway in the Madras Presidency. My Honourable friend, Sir Frank Noyce, had at one time of his career to deal with this question, and he knows the position of co-operative movement in Madras,—how it is spreading from district to district, from village to village and how the systems of village communal life in Madras help the propagation of this movement. It has been taken up by every person in the villages in Madras, and you will find that results of the co-operative movement are the greatest in Madras. Why on earth should this Central Government, merely by refusing this power of legislation, put a handicap in our way? Now, Sir, I am not sure whether my Honourable friend is thinking of considerations of high finance in connection with this Resolution. Am I to understand that to make their loan operations successful they should restrict as far as possible the investment of Trust funds in such securities and their absorption by various kinds of loans raised by other bodies? Debentures of the Mortgage Bank are after all a kind of loan that is raised by the Central Land Mortgage Bank and if his idea is that his own operations in the loan market will not be helped or will be considerably hampered, because the land mortgage bank will absorb a large amount of trustee securities which otherwise will come into his hands, then I venture to suggest that he is not doing justice to his own capacity for absorbing these trust funds or to the capacity of the land mortgage bank to absorb them.

Now, Sir, the Honourable the Finance Member yesterday indicated to us that he had just completed a large conversion loan, unique in the financial history of this country and that he has been able to get 32 crores of rupees by way of conversion. He has also been able to tell us that his last loan operation floated in the market was successful. He also indicated and it is quite clear from the Budget, that the capital programme of the Railways or any other productive source is practically nil, and that, therefore, opportunities for the investing public to invest their money are very few indeed. In fact such were the reasons why he told us that those who have not taken advantage of his scheme will repent for not showing sufficient alacrity in the matter. I am with him in all that he has said. I shall only say that there is still a large amount of money lying idle and uninvested and which can be well invested in these debentures if only he removes the impediment that is standing in the way. People may like to invest in forms of security which are near their homes and which they can watch and whose operations they are aware of, rather than in securities of the Government of India. Why should you not give them an opportunity?

My Honourable friend, Mr. James, referred to insurance companies that would want to invest in these debentures. The Honourable the Finance Member is aware that Indian insurance companies are springing up very fast all over the country. In the Madras Presidency itself, I believe that there are three insurance companies working. The idea that insurance companies, indigenous in their nature, should start and try to take the custom which has been going to foreign companies has spread all over the country, and insurance companies are going to be a success, provided they are well managed. Why should you not give these

[Diwan Bahadur A. Ramaswami Mudaliar.]

insurance companies an opportunity of investing in these securities?—because the insurance companies cannot invest in these securities, unless you give them the legal power to do so.

If I might revert to the question of the soundness of this Bank for a moment, I would like to state that:

“the debentures are supported by the mortgages of immovable property and under the by-laws of this bank the debentures cannot be issued unless they are supported by mortgages transferred to it by the affiliated mortgage banks of a value equal to the value of the debentures proposed to be issued.”

Every debenture, therefore, is covered to that extent by a first mortgage on the landed property either of the Central Bank itself or of its primary banks. The debentures are, therefore, backed by first mortgage securities executed in favour of the primary banks and the central mortgage bank and are covered by the debentures issued by the Bank

Mr. Chairman (Sir Hari Singh Gour): The Honourable Member has exceeded his time.

Diwan Bahadur A. Ramaswami Mudaliar: I am very sorry: I would only urge, therefore, that the Honourable the Finance Member should undertake legislation on the subject applicable only to the Presidency of Madras, because I do venture once more to state in this House that the Presidency of Madras is in a unique position.

(Mr. Muhammad Azhar Ali rose to speak.)

Mr. Chairman (Sir Hari Singh Gour): How long is the Honourable Member going to take?

Mr. Muhammad Azhar Ali (Lucknow and Fyzabad Divisions: Muhammadan Rural): Sir, I shall finish in five minutes. I remember the history of these debentures when I was a member of the MacLagan Committee on co-operation and the question then was, whether this favour, which was extended to the Bombay Central Bank about these debentures, could not be extended to the whole of India. In Madras, we find that there is a supplementary security of land mortgage also which was not in those days given by the Bombay Central Bank. I really fail to see how the Government of India should have extended this favour to the Bombay Bank and when it comes to be a question of extending the same favour to the Madras Central Bank, which gives another and auxiliary security of land mortgage, I do not see why the Government of India should fail in giving help to the Madras Central Bank. These debentures in Bombay were guaranteed by the Bombay Government. Here I find that these debentures are again guaranteed by the Madras Government and so I do not see any reason why there should be any discrimination between the two Presidencies and why the same favour should not be extended at present in the case of Madras and also if other provinces come forward with a similar guarantee of land mortgages, and also of their own Provincial Governments—I see absolutely no reason why the Government of India should not include and give the people of Madras the liberty to invest their reserve money or other money which they have in their pockets in the shape of debentures.

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

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Chairman (Sir Hari Singh Gour) in the Chair.

Mr. Chairman (Sir Hari Singh Gour): Further consideration of Mr. Thampan's Resolution.

Mr. S. G. Jog (Berar Representative): Sir, the Resolution under discussion is:

"That this Assembly recommends to the Governor General in Council that section of the Indian Trust Act, 1882, may be so amended as to declare the debentures of Central Land Mortgage Bank of Madras as trustee securities."

The discussion has so far proceeded on those lines, but nobody seems to have read the Indian Trusts Act. I will just read section 20 of the Indian Trust Act for the information of Honourable Members:

"Where the trust-property consists of money and cannot be applied immediately or at an early date to the purposes of the trust the trustee is bound (subject to any direction contained in the instrument of trust) to invest the money on the following securities, and on no others:

- (a) in promissory notes, debentures, stock or other securities of any Local Government or of the Government of India, or of the United Kingdom of Great Britain and Ireland;
- (b) in bonds, debentures and annuities charged by the Imperial Parliament on the revenues of India;
- (bb) in India three and a half per cent. stock, India three per cent. stock, India two and a half per cent. stock or any other capital stock which may at any time hereafter be issued by the Secretary of State for India in Council under the authority of an Act of Parliament and charged on the revenues of India;
- (c) in stock or debentures of, or shares in, Railway or other Companies the interest whereon shall have been guaranteed by the Secretary of State for India in Council or by the Government of India or in debentures of the Bombay Provincial Co-operative Bank, Limited, the interest whereon shall have been guaranteed, by the Secretary of State for India in Council;
- (d) in debentures or other securities for money issued, under the authority of any Act of a Legislature established in British India, by or on behalf of any municipal body, port trust or city improvement Trust in any Presidency town, or in Rangoon Town, or by or on behalf of the trustees of the port of Karachi;
- (e) on a first mortgage of immovable property situate in British India: Provided that the property is not a leasehold for a term of years and that the value of the property exceeds by one-third, or, if consisting of buildings exceeds by one-half, the mortgage money; or
- (f) on any other security expressly authorised by the instrument of trust, or by any rule which the High Court may from time to time prescribe in this behalf."

The concluding portion of this section is clause (f) and refers to "any other security expressly authorised by the instrument of trust". The Act really contemplates that on the security of immoveable property these trust moneys can be invested. So the principle embodied in this Resolution is not at all a new one. But then the obstacle for the time being is that except those securities recognised under section 20, the trust moneys cannot be invested in any other kind of security, and, therefore, it is necessary to amend this section. This Act was passed in 1882, and much

[Mr. S. G. Jog.]

water has flown down the bridge. Since then a number of other securities, quite as good and solvent as those mentioned, have come into existence. For instance, the Provincial Governments are also having different securities, so also the Central Mortgage Banks are having their own securities which are quite solvent, and many people would like that their trust money should be invested on these securities, but then this legal objection stands in the way. In fact, legislation to meet this object should have been undertaken by Government themselves to remedy this defect, because many years have elapsed since the Act of 1882 was passed. I, therefore, feel that the Resolution is a very sound one and the recommendation contained therein should be accepted by the Government and the consequential amendments should also be made by Government. In my own Province, some difficulties have been experienced, and we also feel the necessity of a change in the law. Land Mortgage Banks are cropping up in many provinces, in fact there is a regular demand in many provinces for the establishment of Land Mortgage Banks, and so far as I can see, Government are also encouraging the establishment of such banks. Under these circumstances, I find that since the Madras Land Mortgage Bank has already been established, other provinces will soon follow suit, and when such institutions spring up, there is no reason why these trust monies should not be invested in such securities which are as solvent as those mentioned in section 20. Sir, I support this Resolution.

The Honourable Sir George Schuster (Finance Member): Sir, we have listened to some very eloquent speeches on this matter, and I must say, as I listened to what some of the speakers said, I found it somewhat difficult to understand how I could be so inhuman or so selfish or so callously indifferent to the interests of the country to have taken the attitude which I have done in this matter. Sir, I would ask the House to appreciate that it is not for any reasons of that kind that we are taking the attitude that we have thought it right to take. I would like to put the case as shortly and impartially to the House as I can. But I would like at the outset to make it quite clear with reference to what was said by my Honourable friend, Diwan Bahadur Ramaswami Mudaliar, that we certainly have not been influenced by any selfish considerations as regards the Government of India's interests from a fear that flotation of securities of this kind would interfere with our own operations. That factor does not come into our consideration at all, for the scale of operations contemplated would certainly not embarrass us in any way. We have had to look at this matter from the point of view of people with whom rests the authority and the responsibility for protecting certain interests. We, really, and the framer of the Resolution, or those who supported it, look at the matter from opposite standpoints. Those who support the Resolution desire to have a certain cachet given to a particular form of security for reasons of their own which, I freely admit, are very good reasons. We on the other hand have framed Acts for the protection of trustees, and we have to consider that side of the matter. It would of course be very easy for us to exercise vicarious generosity at the possible expense of trustees and beneficiaries and open the list of trustee securities freely to those who desire to come upon it, but if that is done in an unduly wide way, I think Honourable Members would admit, it would certainly be a failure to fulfil what is our own special responsibility in the matter.

Now, I am not quite clear on what ground really those who support this Resolution are taking their stand. It has not been quite clear whether they really stand for the principle that the debentures of all land mortgage banks of this kind ought to be trustee securities or whether they are merely arguing in this particular case that inasmuch as the Government of Madras is ready to guarantee this particular issue, that at least should remove all doubts as to its soundness and reliability. Of course if the larger, wider ground is taken, that is a matter which would raise very wide and difficult issues and certainly one would have to take the line that any move of that kind would have to be strongly opposed until certain conditions have been fulfilled and land mortgage banks have established themselves on a very sound basis. I do not want to go into details now, but I cannot quite accept the general statement by my Honourable friend, Mr. James, as regards the universality of recognition of land mortgage banks as suitable institutions for treatment of their debentures as trustee securities. It is possible to find examples of land mortgage banks which have done very badly indeed, and although I personally would view with great sympathy any proposal for dealing with the problem of rural indebtedness and working out a scheme for effecting some sort of conversion of the rural indebtedness of India, that, I am sure, Honourable Members will agree is such a vast problem that it could not be tackled in a summary way, nor do I think really that those who support this Resolution would seek to push the issue as far as that. That is a problem which, I think, must be treated separately. I, therefore, propose to deal with this merely as raising the issue as to whether in this particular case with the guarantee of the Government of Madras behind the debentures we ought to give way. Now, I want to make it clear that we cannot really limit the issue to this particular case. If we make this a trustee security, it will make it a trustee security of course not merely locally, but for the whole of India and, further than that, it would involve accepting the principle that securities of this kind carrying a guarantee of any Provincial Government must be accepted as trustee securities. I think it would be impossible to agree to accept as a trustee security a debenture of this kind guaranteed by the Government of Madras and refuse admission to similar debentures guaranteed by other Provincial Governments. Therefore we have to recognise that a fairly wide principle is involved.

Now, while I am speaking on that, I want to correct one misapprehension which, I think, exists in the minds of Honourable Members. The case of the securities of the Bombay Co-operative Bank was quoted as a precedent and it was argued that having accepted the principle in the case of Bombay, we cannot logically refuse it in the case of Madras. But the Bombay Co-operative Bank issue is the only example of securities of that kind which is on the list. It was included in 1917 before any sort of devolution of financial responsibility to Provincial Governments and, since that date, we have added no securities of this kind to the list, though we have been repeatedly asked to do so. The Bombay Society was fortunate in getting in before the constitutional change was made. I admit that the position is to this extent anomalous. That is one of the facts of history and it cannot be quoted as an argument today. Now, the position that we have taken is this. We feel that the cachet of being a trustee security ought to be very sparingly and carefully granted. It means that once a security is made a trustee security, it at once becomes eligible for the investment of trust funds and the whole idea of having trustee securities recognised in that particular way is to protect the

[Sir George Schuster.]

property of beneficiaries who cannot look after themselves and to give trustees a sort of guide so that if they are people not well skilled in finance and not closely in touch with business, they can always choose trustee securities and feel that they are absolutely safe in such an investment. If that purpose is going to be achieved, obviously one must be very careful as to what securities can be admitted as trustee securities. I am quite ready to admit that in the case of the Government of Madras, as it stands at present, if a security carried the absolute guarantee of the Government of Madras, it would fulfil all the conditions which I myself would wish to impose before admitting a security to the list of trustee securities; but we felt, when we considered this matter, that we were being asked to make a change which might open the door very widely to new securities coming on to the list, and we felt that we had been asked to make that change just on the eve of a very big constitutional change as regards India. We did not know and we do not know yet exactly what the position of the Provincial Governments may be, but it may be quite possible that their finances will be entirely in their own hands and that the future Government of India will not be able to exercise any control over the way in which they administer their public finances. In that case, it is questionable whether it is wise, just at this stage, to enlarge the list of trustee securities in this particular way. I know that it is difficult for those who support this particular scheme and feel very strongly the advantages that a change of this kind would bring in this particular case to appreciate the wider issues, but that is really the ground on which we acted and I would ask Honourable Members to consider it very carefully. As far as we, the present Government, are concerned, we are not really vitally interested in this issue. If the House were to take a certain line about it, Government do not feel, as far as they are concerned, any strong desire to fight against it; but, on the whole, after very careful consideration we came to the conclusion that it was not right at this stage to enlarge the list of trustee securities. In that attitude, I may say, we were influenced to some extent by the attitude of the Imperial Bank. The Imperial Bank felt that if these securities were made trustee securities, it would be impossible for them even though they may nominally have a discretion in the matter to refuse to advance money upon them, and their view was that once this principle was admitted it might mean that securities would get on to the list which they would not at all like to be forced to advance money upon. That represents one business aspect of the matter.

Now, I just want to deal with one or two of the points that have been made. I think that in some Honourable Members' minds there is a somewhat exaggerated idea of the handicap that is being imposed upon this particular Society by not having these particular securities classed as trustee securities. It was said, for instance, in the course of argument that insurance companies would be able to take them up if they were trustee securities and that at present they are absolutely unable to do so. Well, as a matter of fact, if one studies the investments of the general body of insurance companies in India, one finds that they are not, at any rate most of them are not, precluded from investing in securities of that kind. I have a list here of something like 20 insurance companies in India that have fairly substantial holdings in ordinary shares of Indian Companies. It is possible of course that certain insurance companies, by their articles of association, are precluded from investing in anything but trustee securities, but I think I am correct in saying that is not a general

provision in the case of insurance companies. In fact a moment's thought would convince one that if insurance companies were forced to invest in nothing but trustee securities, they would be put into a very difficult position. When there are large fluctuations in the rates for money, it does happen that the capital value of fixed interest-bearing securities may depreciate very considerably indeed, and a company which can only invest in that type of investment would be put into a somewhat ill-balanced position. I think, therefore, that the disadvantage of anything not being a trustee security has been somewhat over-stated.

There is another point I would like to make. At present, if the Madras Government want to help this particular Society, it has of course a way open to itself for doing so. The actual direct securities of Local Governments are at present on the list of trustee securities; and if the Local Government wishes to help the Society, there is nothing to prevent its making a direct loan to the Society and issuing its own securities to raise the money. If it is giving a full guarantee, the amount of its own commitments would not thereby be increased. There is another point. If reliance is placed on the guarantee of the Local Government, I think, in this particular case it is fair to say that the guarantee of the Local Government is only a limited one. It has only guaranteed interest for five years. Well, if we were to admit that principle, then that would open the door again to another very dangerous possibility of variation. If we were to be satisfied with the limited guarantee of Provincial Governments, we should not only open the door to the possibility of having to include the guarantees of unsound Provincial Governments, but we should also open the door to the possibility of having to include guarantees which were limited in a very unsound way.

Diwan Bahadur A. Ramaswami Mudaliar: Supposing the Local Government were to extend that guarantee without any limitation of time, would the Honourable Member change his view?

The Honourable Sir George Schuster: That would certainly meet the second point which I have made, but although it would certainly make the case easier, I should still be left with the difficulty that although the Madras guarantee may be a perfectly sound one, the guarantee of some other provinces—I certainly won't mention names—might not be equally sound.

An Honourable Member: Thanks to the Meston Award!

The Honourable Sir George Schuster: That, Sir, is the position that we have to take up in this matter. As I have said, after very careful consideration, we came to the conclusion that the best course, in the interests of India, and the course most consistent with our sense of our own responsibility in the matter, was to take the line that at present and pending the constitutional changes we ought not to widen the list of trustee securities. Our general feeling is that, if anything, that list is rather too wide already.

Now, having explained this position, I do not know whether Honourable Members opposite wish to push this Resolution to a vote. I would myself prefer to discuss the whole matter quietly again with one or two Members,—not merely Members speaking on behalf of Madras, but one

[Sir George Schuster].

or two Members who would represent other interests and who can speak on the financial side from expert experience. I would like to have a discussion on those lines and to see how far the points which I have made are considered to be of over-riding importance. If the Resolution is pushed to a vote, in view of our having taken the line that we have, we of course will have to oppose it, but I would much rather have a chance of talking the matter over again, because we really have only one interest and one purpose in our minds, and that is to do what is really right in the interests of the country as a whole.

Mr. K. P. Thampan: Sir, when I heard the Honourable the Finance Member saying that he was not at all indifferent and callous to this demand from South India and that his sympathies were entirely with the rural population in their indebtedness, I thought he was going to accept my Resolution straightaway, but, Sir, I was very much disappointed as he proceeded with his arguments. What he said on one point is perfectly true, namely, as regards the wider issue, and though this Resolution refers to Madras alone, other Provinces, having such institutions, may desire to come into line with Madras. When he declared that, so far as Madras was concerned, the guarantee given by the Madras Government was good enough, though it was of a limited nature, apart from the fact that, the Madras Government might, if necessary, extend that guarantee, I was wondering, why the debentures of the Madras Central Mortgage Land Banks, on their merits alone, should not be treated as trustee securities. Each case has to be decided on its own merits. If the Government of India will lay down certain definite conditions and all the Provincial Land Mortgage Banks satisfy those conditions, I for one do not see where the difficulty comes in. But that is a different matter and I am not concerned with it.

Then, another point that my Honourable friend made was with regard to the analogy with the debentures of the Bombay Co-operative Bank. He said that they were given the status of trustee securities in 1917 before the reforms came into force. I am aware there has been devolution of financial responsibility to a certain extent since then and that with the advent of the new reforms, when provincial autonomy will be a settled fact, there will be complete devolution afterwards. But I thought from the fragmentary reports, I have had, of the Round Table Conference, that the British Government were putting up a strong fight for all kinds of financial safeguards. Now, if, in connection with the next constitutional reforms, the Government of India can take sufficient care to safeguard their interests not only with regard to the loans advanced to the Provincial Governments, but also to the monies invested by all and sundry English people in this country, I wonder, why a provision should not be made in the future constitution with regard to the existing inter-provincial and such other commitments, if the anxiety of the Honourable the Finance Member is to give special protection to funds invested by trustees of other Provinces.

Sir, it is quite possible. Whenever we want anything useful to be

done, you ask us to wait till the new constitution came into
 3 P.M. being, and it will only come after two or three years. In the
 meantime, much water will flow down the bridges. That is an answer
 with which I am not satisfied. Things can't be held up so long. One

pleasing feature of the reply of the Honourable the Finance Member was that he was prepared to receive in conference two or three Members of this House and have an informal discussion to thrash out the whole question. I have no objection to that procedure; on the contrary, I welcome it. A Committee like that will have more facilities to consider the question in all its bearings and I shall be very happy to withdraw the Resolution if the House will give me leave to do so.

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

RESOLUTION RE INDIAN FILM INDUSTRY.

Mr. Lalchand Navalrai (Sind: Non-Muhammadan Rural): Sir, I move my Resolution which stands thus:

"This Assembly recommends to the Governor General in Council to give encouragement to the Indian film industry which is still in its infancy by removing the import duty on raw films as recommended by the Indian Cinematograph Committee, 1927-28."

Sir, this morning I found much enthusiasm and interest in the House when the Resolution about the release of Mahatma Gandhi and other political prisoners was being discussed. I now want to call the attention of the House to the fact that this Resolution which I am moving is also a very important one and that the Honourable Members should feel interested in it. It will be noticed that it seeks encouragement for Indian industries. Though this Resolution is a restricted one, yet it is one which, if accepted, would prove the sympathy and support of Government to Indian industries. This Resolution, I say, is a restricted one, because you find that what is asked for is only that the raw cinema films required for the production of entertainment or educational purpose be made duty free. We know that there are two kinds of films that are imported into India,—one is exposed and the other unexposed. Those films, which are unexposed, are called the raw cinema films and the exposed ones are those which are imported from foreign countries ready for exhibition. I submit that this Resolution does really refer to the encouragement of the Indian industry alone, because when these raw materials arrive here from abroad, they are exposed, distributed and exhibited here in India. Therefore it is very necessary that this industry should be encouraged and these raw films should be exempted from duty.

We know that there were happy days in India when there were so many indigenous home and cottage industries. At the present moment, I am not going to weep over spilt milk, but I must point out that now that there has been an awakening in India to revive those industries on a modern system, it is the duty of Government not only to show lip sympathy, but to give substantial help. It will be noticed, Sir, that those industries in India have actually disappeared. At present I do not think it right to go into the causes which annihilated those industries, but my object now is to go to the very issue which is now before the House, namely, that the raw films should be duty free. Now, Sir, taking this point, I would submit, that these films which they get from foreign countries are so very costly that it is really hard for many people to afford to invest such large amounts on films and other equipments to produce entertainment films. Therefore what this industry asks is a modest demand that the raw material be imported duty free. We know

[Mr. Lalchand Navalrai.]

that at present the duty levied on these films is 25 per cent. on non-British and 15 per cent. on British ones. This the film producers feel as a very heavy burden and want that, if encouragement is really intended to be given to this industry and if Government are sincere that it should develop, the concession asked for should be granted to them. At present it will be noticed that the cost of the raw film is very exorbitant, specially in the case of talkies which comparatively requires considerable quantity of film. These talkies are more useful than silent pictures. Therefore, they should be encouraged and, if there is no support from Government, this industry would only die its own death. I do not think that the public in India or even Government, which at times show sympathy, would like that this industry should get wiped off. On the contrary, we find all round in the world that this industry has developed on a large scale, and its progress has been really enviable. We find that in the whole world there are 61,551 cinema houses, whereas in India we find only 650. Out of this 650 also, the majority are silent and only about 100 are talky Cinemas. Sir, even in the United Kingdom, a considerably smaller place than our country,—there are about 4,500. Therefore, this industry requires to be progressed in India. Cinema industry was introduced in India at a recent date. The first film that was produced in India was in the year 1913 and the talky—the first one of it, in Bombay—in 1931. It cannot, therefore, possibly be denied that this industry is in its infancy. It has been the principle of all Governments to support infant industries.

I do not want to detain the House with a long speech, but I hope to give some facts in support of the usefulness of films. I find that when this question was raised during the last Session in this House, the Member for Government in charge of Commerce did show sympathy, but my object in moving this Resolution is not to seek only lip sympathy from the Treasury Benches, but I do really ask for substantial help. The usefulness of films cannot possibly be questioned. Films are not only used for the purpose of entertainment which is also a necessary adjunct in life, but they also serve for educational purposes. At present, though, of course, on a small scale, we find that these films are doing useful work in schools and colleges, and we also find that these films have now been used for the purpose of even giving an impetus to the welfare of rural life. In a book written by a European gentleman in Madras I noticed that in villages films were being shown in order to educate illiterate persons. Of course the educated people would like to go to these cinemas more for entertainment than for any other interest. But these illiterate persons who are shown these films are being actually educated, not only in their agricultural operations, but even with regard to their health and hygiene. We know in India we are now advancing to revive art. It is a very good augury of the times. When referring to this domain of the art of our country, I feel much pleasure to allude to my Honourable friend, Mr. G. S. Dutt,—who, I find is not just now in his seat—who, I am sure, would feel rejoiced to see his hobby—the folk dances—which he has revived with such success in Bengal—put on the screen. His object is that the practice of folk dance should extend to every nook and corner of India. I submit that if the import of these raw films be increased it will be a very easy task for my friend to have these folk dances exhibited on the screen and popularized throughout India. My object at present is to impress upon the usefulness and the necessity of this industry thriving

in India. We know, it now tends to solve also the unemployment question in our country, because these cinema houses are actually engaging thousands and thousands of persons. I have legitimate grounds to say that Government should be thankful for this industry having been introduced in India, for they also earn in the shape of getting so much import duty and income-tax from producers, distributors, exhibitors and also from the employees, actors and actresses. Therefore, the Government should see their way that these films are produced on a large scale in India.

I went to see two or three films and I was impressed with the Indian ideal that they were able to depict in them especially in these days of advancement. I was very glad to see two pictures exhibited, one was *Madhuri*—where *Madhuri*, the heroine of the play, clung to her husband *Ambar* through thick and thin, through extreme troubles and trials and eventually secured the happiness for both of them. I was also pleased to witness the film of *Bhagat Pralhad*, which really has the influence to uplift one's soul and stimulate religious inclinations. Now, I think I have been able to impress upon the House that there is nothing wrong in these film houses if proper care and attention is given to them—which they do need at present,—to be of a very good use to the public at large in India. On these grounds of usefulness, I submit, Sir, Government should give exemption of duty on raw cinema films. With regard to the sympathy having been shown to this industry, I refer first to the Indian Fiscal Commission, which met in 1921, and I will read a few words from their report. They said:

“Raw materials required for Indian industry should ordinarily be admitted free of duty,”

That is, Sir, what this Resolution asks for. They further state:

“This is obvious principle of general acceptance in Protectionist Countries.”

Then, Sir, the Cinematograph Committee was also in favour of the object in view, which may be noticed from the few words that I quote with your permission. They are:

“There is, however, one tariff concession which we consider the producing industry can legitimately claim. Raw or virgin film is the raw material of the industry.”

I must now directly say about the sympathetic attitude of the Members on the Treasury Benches. I have heard occasionally the Honourable Member in charge of Industries and Labour giving out sympathetic expression with regard to the development of Indian industry, but, Sir, when this question was threshed out in the November Session, when we heard a very lengthy and masterly speech of the Honourable Mr. Jadhav, the Honourable the Commerce Member said,—it is to be found at page 8241 of the debates of 1932

An Honourable Member: Read the whole debate.

Mr. Lalchand Navarata: I am not going to read the whole of the debate, though I have got half an hour at my disposal yet. I will take lesser time. My aim is to create some interest in the House on the subject which needs more sympathy and support from the Members. I am very glad that Mr. G. S. Dutt has just come in and I hope he will support me on this Resolution. I know he would really get a thrill of

[Mr. Lalchand Navalrai.]

joy if he sees the folk dances—of the revival of which he is the father—exhibited in cinema films and thus spread all over India . . .

Mr. G. S. Dutt (Bengal: Nominated Official): Will you join in it?

Mr. Lalchand Navalrai: Why not. I am ready to join you in any thing that is good. Now, what the Honourable the Commerce Member said was this:

"I may say that a few days ago I was waited upon by a deputation representing the film industry in this country and I can give this assurance to the House that the representation which I had from them on that occasion will receive our most careful, and I add, sympathetic consideration. I confess to a considerable amount of sympathy with a good deal that has fallen from the Honourable Members who have spoken on this subject and I hope that they will accept the assurance that I have just given, though it is not possible for me to accept this amendment."

This is why I have moved this Resolution to get practical help from Government. As to the income that the Government derive from the raw film imports it would be found, from the figures given by Mr. Jadhav, that the raw material of the value of about Rs. 11,07,665 is imported into India yearly. That would give an import duty of about Rs. 2½ lakhs to the Government. It is not much for the Government to sacrifice. The question may arise if Government can get this amount in some other way. Of course it is for the Honourable Member to find out how to do this, if they really cannot do without this amount. I am sure there are some other ways of compensating Government for the remission; but I do not think it is such a large amount that the Government cannot forego. In this connection, it will not be out of place to suggest that exposed material, which is being at present charged on arrival at 4½ annas a foot, might be charged at 5½ annas; and thus the Government will be fully compensated. In conclusion, I submit that a case has been made out that this industry should be helped and should have not only the sympathy, but material and substantial support. I hope that this House will be pleased to accept this Resolution. Sir, I move.

Mr. Chairman (Sir Hari Singh Gour): Motion moved:

"This Assembly recommends to the Governor General in Council to give encouragement to the Indian film industry which is still in its infancy by removing the import duty on raw films as recommended by the Indian Cinematograph Committee, 1927-28."

Mr. B. V. Jadhav (Bombay Central Division: Non-Muhammadan Rural): Sir, I heartily support the Resolution so ably moved by my friend from Sind. The cinema industry is an infant industry and although it was started first in 1913, its development has been very slow. First on account of the war which prevented raw materials and machinery coming in here in sufficient quantities for the industry, and then owing to the difficulty about capital and other things. Now, by the introduction of the talkies, the whole system and machinery has undergone a change and the industry has almost to be started anew. So the beginning of the talkies might be taken to be in 1931, and it is only of two years' standing in India and, therefore, it is really an infant industry, an infant industry which is not an unimportant one. It is already giving wages

and supporting a population of about 13,000 workers, and, in that respect, it gives promise of great expansion. So, from the point of view of numbers also, it is an important industry. But Government as usual will not look at it and will not encourage it. In the book "Large Industrial Establishments in India", the statistics of all the industries are given and the smallest industry there, which is the paper industry, employs only 5,000 people; still Government take notice of that industry and are striving their best to encourage it. I am very thankful to the Government for taking interest in the paper industry and other industries. But, at the same time, I must point out that the cinema industry is giving maintenance to 13,000 people and, therefore, it is a much larger and more important industry and it deserves some corner in the heart of Government so that they may be induced to extend their help to it.

Now, what is the help that is asked? It is asked that the raw material of the industry should be allowed duty free. This principle is almost axiomatic as the report of the Cinematograph Committee says, and I need not quote again and again the dictum laid down by the Fiscal Commission. So the condition is clear that the industry is an infant industry; it is at the same time an important industry; it is, I shall say, a nation-building industry, because it spreads education and general culture among the masses. England also is doing her best to encourage this cinema industry and the method adopted by England is to prescribe a quota for home production. In every cinema house, a certain proportion of English made films must be exhibited; and, in that way, encouragement to the home industry is given. It is a very drastic measure no doubt, and there are two sides to that question. The film industry in India is not going to ask for that form of encouragement. We are not going to ask the Government to give us a quota of Indian made films; we are asking for a very small thing which we claim is legitimately due to us. Even in Russia, all attention is paid to the educational side of the film industry, and I have recently read that the Soviet Government are taking care to see that, in the training colleges for teachers, every teacher is taught how to operate a cinematograph machine, so that they may have cinema shows in every village where there is scope for it, and, in that way, they are making education by means of cinematograph available to all. India is a country, full of illiterate people, and if culture and education are to spread among the people, it cannot be done in these days of financial crisis by opening schools and providing school masters. I do not know when India will be in a position to introduce compulsory education in all the villages, but if Government take it into their head to give sufficient encouragement to the cinema industry, I am confident, Sir, that the general level of education among the masses will be considerably raised. I, therefore, Sir, very heartily support the Resolution so ably moved by my friend.

Mr. Goswami M. R. Puri (Central Provinces: Landholders): Sir, I rise to support the Resolution regarding the removal of import duty on raw cinema films moved by Mr. Navalrai, because I consider that film is a very powerful instrument in educating the masses the necessity of which is becoming increasingly evident, especially in a country like ours and that is why I would like to urge the Government to give adequate relief to this industry by the measure contained in the Resolution.

In stressing the educative value of cinemas, I cannot do better than quote an interesting observation made in the course of an address recently

[Mr. Goswami M. R. Puri.]

delivered at the annual meeting of the Science Masters' Association in Bristol. It runs:

"There were many advantages to be gained by the use of films in teaching. Ideas could be more readily conveyed by films than was possible on a blackboard."

We see the truth of these remarks inasmuch as the use of films in education has been taken full advantage of in all the more advanced countries of the East and West. From a perusal of literature on films as well as information gleaned from other sources, it appears, Russia has advanced more than any other country in respect of films in education, because it is considered that:

"The film is an educational instrument which should be used mainly to carry enlightenment to the illiterate and uncultured populace. They have no use for films which emphasises the value of the individual to the exclusion of its meaning for the mass."

It is now an admitted fact that Russia, with the help of films as well as radio, has succeeded in removing illiteracy in their country during the past few years to a remarkable degree. Considering the potentialities of the film industry from the educational point of view, I submit, that the Government should encourage this infant indigenous industry and nourish it to its full growth as in other countries.

In the memorandum submitted to the Department of Commerce of the Government of India, dated the 17th November, 1932, the Motion Pictures Society of India, a representative body of the film industry in this country, has stated the grievances of this industry and pointed out how it has been greatly handicapped for lack of finance, and increased cost of production of films on a limited market for exploitation of films due to the advent of talkies. If we consider the prices of both negative and positive prevailing in 1930 and 1932, we find that there is an increase of 85 per cent. in the price of this material which absorbs one-third of the capital varying from 50 to 70 thousand rupees. Due to the Ottawa Agreement there was reduction of price; however, the same is still 25 per cent. higher than that existing in 1930. I, therefore, submit, Sir, that the Government of India should permit the import of raw cinema films free of duty as recommended by the Fiscal Commission, 1921-22, and the Indian Cinematograph Committee, 1927-28, both appointed by the Government. By this measure the Government may lose a revenue of approximately 2½ lakhs when we take into account the figures of 1931. But this loss can easily be compensated if the rebate system in respect of exposed films into the country is altered. The Government of India get about five to six lakhs of revenue by way of import duty on exposed films which are valued at 4½ annas per foot and a duty of 37½ per cent. is charged on this valuation. But if the exposed film is returned to the country of origin within two years, the Government have to refund 87½ per cent. duty leaving a very small amount of net revenue to the Government. Considering the life of the film to be very short, depending on the handling of the film as well as the machinery through which it is run, the exposed films, which are re-exported, will be nothing but scraps of celluloid. I am told the distributor of foreign exposed films makes an average profit of 50 to 100 thousand rupees per film, and is it not very ridiculous that he should be paid back 87½ per cent. duty when he re-exports the film as scraps of celluloid after its thorough exploitation?

I, therefore, suggest, that this period of two years for allowing refund on exposed films re-exported should be reduced from two years to two months which is more than sufficient. By this procedure I am of opinion that the Government will be able to retain the whole of the import duty on exposed films and consequently make up the loss that may be incurred due to exemption of duty on raw cinema films.

I would suggest another method to the Government for making good the loss by adopting the Resolution which I have the privilege to support. I may state here for the information of the House that a distributor or importer of foreign exposed films generally import three copies of a film, each print of an average length of 8,000 feet, on which he pays a duty amounting to about Rs. 2,335, on the basis of valuation and import duty as I stated a few minutes before. Why should not the Government increase the rate of valuation from $4\frac{1}{2}$ to $5\frac{1}{2}$ annas or more especially when the distributor or importer of foreign exposed films makes a large amount of profit and pays a paltry amount by way of import duties.

Before, I conclude my speech, I would like, Sir, to say a few words how other Governments have been giving protection to film industries in their respective countries. In some countries the Government are subsidising this industry, while in others they have enacted "Quota" and other laws by insuring the market for the native product and giving help in all possible ways. In some countries the Government have actually invested capital in this industry as many countries do in respect of key industries like steel, petroleum, etc. I should not fail to draw the attention of the House how England herself has been trying of late to help her native industry. She passed the Cinematograph Films Act in 1927 specifying a per cent. of playing time each exhibitor must devote to British made pictures and binding both distributors and exhibitors to fulfil certain requirements for a period ending in 1940 for the encouragement of the native film industry in the United Kingdom. And the effect of this law has given an impetus to the British film industry, of which, I may be pardoned, to quote here a few figures. As every body knows, the American films have been dominating in the world markets for more than one reason and the United Kingdom is not an exception to it. In the light of this information, the gradual increase in the production of the indigenous films will be interesting:

Year.	Percentage.
1928	13.6
1929	11.5
1930	14.7
1931	16.7
1932	22.0

In other words, in 1932, English film producers produced 50 per cent. more films than the English "Quota" law required.

Sir, I need not cite any more instances and tire the House to get support to the Resolution. I have represented to this House the case of the film industry and, I fully hope, it deserves all the support of the Government and of the Honourable Members irrespective of Parties.

Mr. Muhammad Yamin Khan (Agra Division: Muhammadan Rural): Sir, I will always lend my support to any industry in India which can be built up and which requires the help of the Government. The film industry in India is in its infancy and requires consideration from the hands of the Government. It is an undoubted fact that cinema can be used as a medium of education to the people who cannot get that education otherwise and cinemas will, in future, as at present to a certain extent, play a great part in building up the ideas of the nation. Therefore that requires great consideration in making this industry useful. I am myself one of the cinema goers, though I do not go now-a-days so often as I used to do. Speaking for my constituency, I must inform the House what the views of certain influential members of my constituency are. They think it is one of the greatest evils of the day in India. They say that India is too poor to afford this luxury in the small towns. The average wages of a poor man in India is something between Rs. 10 and Rs. 15 per month. In the small town, when he has a wife and two children to support, it comes to only Rs. 5 for himself. The cinemas have become so attractive in the small towns that the poor man is tempted to go to a cinema at least once a week and pay four annas which is the cheapest rate for a seat. He lives from hand to mouth and cannot afford to spend one rupee on a cinema which can be used for feeding his family. What is happening in the small towns is that they are getting more and more fond of these cinemas and the poor man sometimes takes his children also. In England, it may be said that even the poorest man goes to the cinema. There he earns something like 3s. a day and the cinemas charge 8d. for the cheapest seats. If he spends 8d. a week, he can well afford to do so. He does not lose so much as the man in India. Cinemas are not costly in England as they are in India. Then, a man in England does hard work. He is busy and does not talk to other people. He does not get much leisure for enjoyments. In his case there may be some justification for some kind of amusement. In India, people have lot of amusements. They can enjoy themselves in many ways. They have got free clubs and panchayats. They can have their amusements cheaply. To them the cinema is a luxury. If cinemas had become a medium of education, then certainly they will be useful, but I want to know whether present day Indian talkies are of any educative value. That is the question we have got to consider before we can exercise our vote.

Now, Honourable Members of this House were invited to a show. I would like to know whether any of them would say that the pictures they saw are of any educative value to the poorer classes in any way. Now, it is generally that class of Indians who go to the Indian talkies who cannot understand English properly. There are two points which are attracting attention to the Indian talkies. One is that people go to hear the music. I find, sometimes good musicians are engaged who cannot be heard ordinarily in every place. As far as this music is concerned, they have advanced a great deal as compared with the position two or three years ago. A great deal of improvement has been made. But that is not the point from which we have to examine this question. We have got to see whether they have become educative or not. If we take up that position, we can only say that they are not of much educative value. That is what my constituency feels at present. It may be a great enjoyment to me, but my constituency does not want that kind of enjoyment.

They feel that these cinemas, instead of educating the people, form a kind of temptation to them to spend money which they can ill afford to spend and they do not want these cinemas. They say that even if cinemas are there, there should be limited times for the shows. They do not want to prevent cinema shows; they merely say, let them have shows, say, for about a day or two in the week or on certain days only. Formerly, Sir, we had moving theatres. They used to go about during certain fairs and people could afford to go and enjoy themselves there for a limited number of days. That was not such a great evil—once or twice a year—and that did not tell much on the poorer classes. Now, these cinema shows several times each day are not attracting the people who wish to go there for the sake of education; they are attracting them for the sake of pleasure and frivolity and for them these shows prove to be too costly and extravagant sources of pleasure, and not always the right kind of pleasure at all, sometimes very mischievous and debasing to the mind and morals. Surely these tonga drivers, the motor bus drivers, coolies and such like people, who squander away their savings in this way, do not patronise these places in order to reap some supposed educational benefit or instruction; they go there to find out something naughty which can amuse them; they want to find something which will stimulate their imagination and capture their minds.

Mr. S. C. Mitra (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): Are you then for prohibiting the importation of all cinemas?

Mr. Muhammad Yamin Khan: If the cinema industry can show that they can confine themselves to catering to the present-day needs of Indian poorer classes, that is, to educate them, and that they are thus helping to diffuse a sort of education which the latter are not otherwise able to acquire, then we can give them our whole-hearted support.

Mr. Chairman (Sir Hari Singh Gour): Order, order. It is not a cinema censorship Bill that we are dealing with now. We are dealing with a different point.

Mr. Muhammad Yamin Khan: Sir, I bow to your ruling. The point is whether the cinema film industry should be so much encouraged as to lead us to remove the whole import duty on it and, therefore, I hope you will allow me the indulgence of pointing out clearly that unless a case has been made out for the proposition that the whole of the duty should be removed having regard to the films that they are producing, we should hesitate to accept the proposal. They will have to justify themselves fully, and, if they can do so, then of course they will find whole-hearted support in this House, and, in a more popular House, when a Bill in connection with it arrives at the appropriate stage. At this moment it will be very difficult to vote on a Resolution of this kind that the total import duty should be removed from the films.

Mr. Lalchand Navalrai: How much do you advocate?

Mr. Muhammad Yamin Khan: I have never taken a brief from them and I do not stand to argue the case for the cinema industry. I am only concerned with the Resolution of my friend as it is there, which

[Mr. Muhammad Yamin Khan.]

simply says that it should be removed; I do not make any suggestion; I only say that the industry does require certain help from the Government, and because it is a Resolution and it is not a Bill, it is not binding on the Government, even if it is passed. Government will give the matter its consideration. Having said, Sir, that they do deserve some kind of consideration, I would leave it to the Government to decide what kind of help they can afford to give to the industry. With these words, Sir, having made my position as a representative of my constituency and otherwise quite clear, I resume my seat.

Mr. Gaya Prasad Singh (Muzaffarpur *cum* Champaran: Non-Muhamadan): Sir, I just want to add a few words in support of the Resolution which is before the House. As Honourable Members are aware, the cinema film industry is in its infancy in this country, and deserves all reasonable encouragement and support both from the Members of this House and from the Government. In other countries, the cinema industry has advanced to a great extent and Governments in some countries have a regular cinema bureau, and spend a lot of money for promoting and safeguarding the legitimate interests of this industry. I shall just read out to you, Sir, a note which was submitted by the Director of the Canadian Government Motion Picture Bureau regarding the work of the bureau there. I will read out one short paragraph which will indicate how the Canadian Government has been supporting this cinema industry:

"The Canadian Government Motion Picture Bureau, as a branch of the Department of Trade and Commerce, was first organized in January, 1917, for the purpose of augmenting other means for the world-wide dissemination of national publicity, the advertisement of the Dominion's resources, attractions and opportunities, and the encouragement of tourist and other trade and settlement through the medium of motion pictures and other pictorial matter, the importance of which, as an agency for this work, was then becoming internationally recognized. The Bureau was also established to provide a central plant in which all Federal Government motion and still photographic material could be produced at a considerable saving and the annual expenditure of the Government on this work is at present in the neighbourhood of 80,000 dollars. This amount includes the salaries of 20 experienced executives and technicians employed in the bureau "

and so on. Sir, the Indian Cinematograph Committee which was appointed in 1927 also recommended that encouragement should be given to this infant industry, by removing or at least lowering down the import duty on films. Sir John Marshall, the then Director General of Archaeology, who was examined on that occasion, also refers to the ways in which some valuable work could be done in the way of reproducing some of the ancient arts, customs and other things of the historic times. Sir John Marshall said:

"When I was examined by the Cinematograph Committee, I was asked by the President to consider whether it would be possible for my Department to prepare a series of memoirs on the ancient costumes, arms and antiquities of India, which could be used for the production of historical films. I have now had time to examine the proposal and beg to offer the following remarks. Among the subjects with which each memoir could deal in separate sections would be architecture, the major and minor arts, furniture, conveyances, arms, implements, domestic utensils, costumes and ornaments, and musical instruments, religious iconography and cult, types, customs, manners, dancing and posturing, civil and religious ceremonial observances."

and so on.

Sir, as broadcasting is an infant industry for which the Government have been giving its support, I plead for this infant industry also. I confess I had a very unfavourable idea of cinema shows before. Just to be shut up in a dark room in the evening along with all sorts and classes of people and sexes is not a very happy idea for me (Laughter); but I confess that when I was invited to that cinema show the other afternoon, I was rather favourably struck with the exhibition which was got up on that occasion, and have come to have a very appreciative idea of the possibilities of this industry. Sir, my Honourable friend, Mr. Yamin Khan, whose mind always moves in the official groove, true to his tradition as a habitual supporter of the Government, although he did confess that he was a habitual cinema-goer, ended his somewhat superficial observations by opposing this very reasonable proposal.

An Honourable Member: He did not oppose.

Mr. Muhammad Yamin Khan: My Honourable friend's brain was probably working in the direction of how to oppose the Government and so he did not listen to my speech carefully.

Mr. Gaya Prasad Singh: I am glad, Sir, that this misunderstanding on my part has resulted in an avowal from my friend, Mr. Yamin Khan, that he was not opposing the Resolution. I take it, therefore, that he was supporting the Resolution. Sir, my Honourable friend was criticizing some of the shows which he has seen with *tonga* drivers and such classes of people

Mr. Muhammad Yamin Khan: I have seen many more shows than my Honourable friend has done.

Mr. Gaya Prasad Singh: I have already confessed that I have been averse to these cinema shows; so there is no point in my friend saying that he had seen many shows. His criticism was directed more against the kind of show that was produced on those particular occasions, but there are other shows and exhibitions drawn from historical and other sources which go to give encouragement to national ideal, and have a highly educative value. This industry has very much advanced in other countries, and it is necessary that we should take a leaf from out of their books. We should give whatever reasonable support and encouragement this industry is entitled to. With these remarks, I beg to support this Resolution.

Mr. A. Hoon (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): Sir, I shall not take much time of the House in connection with this Resolution. I rise to support it. It is a happy sign that every Honourable Member of the House is agreed on the point that the cinemas have got an educative value of their own. The only note of discord that has so far been sounded from the non-official benches is from Mr. Yamin Khan. He has given his own point of view, and I give him credit for that: He has placed certain facts before the House on the strength of which he gave it as his opinion that the cinema industry is not entitled to that much of encouragement which they are claiming at this moment. Mr. Yamin Khan too agreed that cinemas have got an educative value and he has told us that he used to be a frequent visitor of the cinemas; I do not know why he has stopped going there now.

Mr. Muhammad Yamin Khan: I did not say that I said that I do not go now as frequently as I used to do before.

Mr. A. Hoon: I stand corrected. If, Sir, the effect of the cinemas is educative, as he admits, I think it would have been in the interests of all concerned if he would keep on these frequent visits to the cinemas. Another point that Mr. Yamin Khan made was that it costs the poor people in the villages four annas to visit cinemas. I think, Sir, that is a point in support of the claim which has been put forward from this side of the House. If at present it costs a poor villager four annas to go to a cinema show, surely if the duty is taken off in connection with these films which are going to be produced by Indian labour, Mr. Yamin Khan's tenants in the district of Meerut will be able to have fine evenings by spending one anna only. (Mr. Muhammad Yamin Khan: "Hoorah!") I very much appreciate that Mr. Yamin Khan has responded to the feelings that I am giving expression to and it is really in the interest of his tenants that he is saying "Hoorah". After that, Mr. Yamin Khan tried to make out a point which I did not quite understand. What was his grouse with regard to the poor *tongawalas* and other people going to the cinemas? Why should they not go to the cinemas? Are they not in need of any amusement? I personally am of the opinion that amongst other portfolios there should be a portfolio for amusements, to develop schemes for the amusements of the poor.

Another thing that Mr. Yamin Khan said was that once these villagers take to cinemas, they visit them very frequently. I would ask him to judge them from his own case. He does not visit cinemas now so frequently as he used to do before, and, I am sure, it is not due to the difficult straits through which the legal profession is passing. The only reason is this that probably the glamour of the cinema, so far as Mr. Yamin Khan is concerned, has vanished and he thinks he can go and amuse himself somewhere else. (Laughter.)

Then, Sir, Mr. Yamin Khan has laid great stress upon the fact that if there is really any moral value in a play, he would have no objection to people going there. Sir, it is the mind which draws the moral from a story; I asked Mr. Yamin Khan during the course of his speech to let us have a hint as to the subject of the plot of the play in question which he did not think was educative or which he thought was not fit for him to draw a moral lesson from; but he did not answer to that. I am given to understand that in this show that he was referring to they showed "Ben Hur" and some other Hindi picture too. I believe there is plenty of moral to be drawn from these plays if one is capable of drawing one.

Sir, since we all admit that cinemas have got an educative value, there is no reason why the Government should not give a helping hand to the industry, specially when it is in its infancy. With these few remarks, I support the Resolution.

Mr. S. G. Jog (Berar Representative): Sir, when this matter came up for discussion under the Ottawa Agreement, full statistics and information on this subject was placed before this House and the matter was thoroughly debated. I for one have no mind on this occasion to enter into any of those details. I have absolutely no idea about the technique of this film industry, but, as an occasional goer to these shows and also as a tax-payer, I have got a certain interest in this industry. The last time when this

matter was under discussion, the reply was given by Sir Joseph Bhore as Commerce Member and I will read it out. It was expected that after his sympathetic reply something would be done in the Finance Bill by way of giving relief to this industry, but, to our great disappointment, nothing has been done. The reply which the Honourable Sir Joseph Bhore gave was this:

"I hope my Honourable friend, Mr. Jadhav, will forgive me if I do not follow him through all the intricate details of his most exhaustive and encyclopædic treatment of the question of the film industry in this country. I may, say, Sir, that a few days ago, I was waited upon by a deputation representing the film industry in this country and I can give this assurance to the House that the representations which I had from them on that occasion will receive our most careful, and, I hope, sympathetic consideration."

After this reply, we expected something to be done, but, to our great disappointment, as I said, nothing has been done, and this Resolution we are compelled to press before this House.

Sir, I congratulate Mr. Yamin Khan on the way he has argued. He can really make a subject interesting by taking an adverse view and by his eloquence he is able to create a sort of illusion and upset the minds of the people. But there is no doubt that there is some truth in what he said. There is no good without an evil and there is no evil without some good. What we have to see is whether the cinema as a whole or the cinema industry has created more good or more evil. It is no doubt true, as he said, that it has created a sort of fascination or tendency among small boys to indulge too much in it and it has also caused a certain drain on the purses of poor people. But such things in the initial stages are bound to happen. After some time when tax is put in and censorship is imposed, plenty of good comes out of these things. It has been admitted in all foreign countries that this industry is really for an educative purpose. Had it not been so, it would not have received so much encouragement on the Continent and in other countries, so much so that it has also received recognition from the League of Nations. For the information of the House, as regards the utility of the cinema industry, I should like to read a small portion from the Cinematograph Committee's report, which was a very learned inquiry:

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

I have read the extract from the report of the Cinematograph Committee. In spite of the fact, as explained by Mr. Yamin Khan, there may be evil in it, in addition to the good which is in this industry, and, from that point of view, we have to look at that question: Let us see what is the state of the industry in India, whether it is based on sufficient foundation, whether it has received help at the hands of the Government or whether it needs any encouragement or not. Coming to this point, the industry has got more potential good than evil, and I think it is the duty of the Government to encourage it and give it the necessary protection. I have no mind at this stage to say in what particular way the industry can be encouraged. In view of the fact that the Commerce Member has expressed sympathetic consideration, I think it is for the Department to

[Mr. S. G. Jog.]

find out as to how that sympathy can be extended to practical results. It is not for us to offer suggestions, but some of my colleagues have offered suggestions that the Government may lose a small amount of revenue to the extent of two lakhs. That fact should not weigh with the Government at all. If the industry needs protection, if the industry needs an encouragement, a sacrifice of two lakhs is nothing. However, some of my friends have pointed out how to recoup those two lakhs and have suggested ways and means for that. If Government would take recourse to those means, I think they will be in a position to both encourage the industry and recoup the loss. In India, now-a-days each cinematograph company requires big capital, and it is generally very difficult for these companies to find that capital. Over and above that handicap, this duty on raw films is another obstacle in the way of this growing industry. Government have said many times that it is their duty to encourage Indian industries in India. You will find that about two or three crores of rupees have been invested by these people and, if further encouragement is not given by Government, there is every probability of this industry being closed down, and, in these circumstances, I submit, that the Motion Picture Society have really made out a good case for securing protection and encouragement at the hands of the Government. I desire that they will again reconsider the matter and give this industry the encouragement which we are asking for. With these words, I whole-heartedly support the Resolution.

The Honourable Sir Frank Noyce (Member for Industries and Labour): Sir, the House may wonder why I am in charge of this Resolution this afternoon, since, as we have so frequently been reminded in the course of this discussion, it was my Honourable colleague the Commerce Member who spoke on this subject when it was last before the House. The only reason, as far as I can see, is that the word "industry" happens to occur in the Resolution. I should like to remind the House at the outset that although my Department is called the Industries and Labour Department, it is very little that we can do to promote the development of industries, since that is a provincial transferred subject. All we can do here is to examine with care and sympathy proposals of the character which are now under discussion in this House.

Now, Sir, in regard to this Resolution, the Government's position can be stated very briefly. In spite of Mr. Yamin Khan's gloomy outlook, or perhaps I should say the gloomy outlook of his constituency, we have to recognise that the cinema has come to stay. I personally rather share what I imagine is Mr. Yamin Khan's dislike for the craze of speed in this modern world. I think we were all much happier when motors, wireless, telephones, cinemas and the rest were not in existence, but here they are and here they will remain. Nothing we can do can stop this onward march of progress. The Government fully realise the immense influence the cinema wields in the modern world and the increasing influence it is going to wield in a country like India where the percentage of literacy is so low. They are as anxious as, I am sure, are all Members of this House, that the Indian film should play a worthy part in this sphere and if one may judge from the pleasant hour that many of us spent seeing extracts from selected Indian films a week or two ago, there is every reason to believe that it will.

Now, Sir, that being the Government's position, the logical outcome of it has been that, ever since the report of the Cinematograph Committee, the film industry has been scheduled as one entitled to early relief in regard to the import duty on its raw material. The position is that we have had it down for a long time past for consideration in that respect as soon as financial considerations permit. The question I have to ask this House is "Do financial considerations permit?". It is fortunate for me that I am speaking after the House has had the financial picture from my Honourable colleague, the Finance Member. He told us yesterday with what painful efforts the position of budgetary equilibrium has been established. Our point of view on these benches is that we cannot have the foundations of the edifice which has been built with such toil and difficulty weakened, we cannot have those foundations sapped. I know that the view held by my friends opposite is that this is a very small matter. There is only 2½ lakhs revenue involved and that the Government can easily afford. Well, Sir, that may be the view of the cinema industry, but once we admit a claim, however small for relief at a juncture like this, it is difficult to say where we are going to stop. The Commerce Department sent me this morning a comparatively long list of other industries which are in exactly the same position and which are clamouring for relief from import duties on their raw materials. Therefore I fear I cannot give the House the assurance that it would like to have on this subject. I fully realise that it is cold comfort to tell the House that relief will be given as soon as financial conditions permit; but I can offer a crumb of consolation which I hope will not be entirely unacceptable. Two or three suggestions have been put before us as to how we could make up the revenue that we should lose if we were to remit entirely the import duty on raw films. One was put forward by my Honourable friend, Mr. Lalchand Navalrai, who said that we could do it easily if we raised the tariff valuation on exposed films from 4½ annas to 5½ annas. I must state at once very emphatically that that course would not commend itself to Government: they are not prepared to permit juggling with tariff valuations in order to give protection. There is, however, a much more hopeful method which was mentioned by some other succeeding speakers; and that is the question of the drawback of the duty on exposed films. It is certainly somewhat anomalous that an exposed film, which has been in use in this country for a considerable period and out of which its owners have presumably got good value, should on re-export within two years be allowed a rebate of 7/8ths of the duty. The case of exposed films is, however, not peculiar. The same position arises in regard to other articles. Government have under consideration the whole question of drawback. . . .

Diwan Bahadur A. Ramaswami Mudaliar (Madras City: Non-Muhammadan Urban): What other articles is the Honourable Member referring to?

The Honourable Sir Frank Noyce: Motor cars for one, I think.

Diwan Bahadur A. Ramaswami Mudaliar: If motor cars have been used for two years in this country and are then re-exported, do you pay back a percentage of 87½?

The Honourable Sir Frank Noyce: Seven-eighths of the duty on most things I think: I am not an expert on customs matters, but I believe there is a rebate of 7/8ths of customs duties on most things, if not everything, re-exported within two years. I know that it is the case as regards motor cars because I got it on one occasion myself; and I can speak there from experience. Now what we are prepared to consider is whether the period during which rebate can be claimed should be withdrawn or very considerably shortened. But we should have to watch very carefully the effect on the general position, how it would affect the import of exposed films and what we should stand to lose by doing so. As I have said, this question of drawback is engaging the attention of Government. It is probable that any proposals in this connection would necessitate an amendment of the Sea Customs Act; but, if as I hope we find the proposal practicable, we propose to place legislation before this House at an early date. I should say, in passing, that I am very doubtful whether this would prove as great a gold mine as some of my Honourable friends, more especially Mr. Jadhav, appear to think. Mr. Jadhav worked out to his own satisfaction in the speech that he made last Session that owing to the rebate that is given to exposed films on re-export they pay a duty of only 2½ pies a foot as against 4 pies a foot that the unexposed films pay. That might be the case if every foot of exposed film were re-exported, but our figures show that the percentage which is actually re-exported is not so very large after all. The figures I have here show that in 1931-32 the drawback given was just over a lakh, and in 1932-33, from April to December, that is, for nine months it was about Rs. 1,10,000.

Sir Cawasji Jehangir (Bombay City: Non-Muhammadan Urban): What was the duty during that period?

The Honourable Sir Frank Noyce: I am afraid it is not possible for me to give the exact duty realised. I have only got figures for the value.

Sir Cawasji Jehangir: What was the value? How do you make out that some of these are not re-exported?

The Honourable Sir Frank Noyce: I should say that most of them are not re-exported.

Sir Cawasji Jehangir: They are mostly re-exported in order to get rebate, whether in good condition or bad condition.

The Honourable Sir Frank Noyce: I have not the figures for exposed films that come into this country. I may explain for the Honourable Member's information that I went into this point with the senior member of the Central Board of Revenue this morning and I asked him why it was that seeing that there was a rebate of 7/8ths of the duty on re-exported film everybody did not re-export them, and his reply was that a great many of them were worn out and that, in order to get the rebate, the value of the article at the time it is re-exported must be more than the rebate which is given, and they did not satisfy that criterion. In any case, my point is that we have not a gold mine even if we withdraw the privilege of getting a rebate on re-export, and that, so far as my figures show, they

do not equal what we should lose by remitting the duties on raw films. However we are prepared to do what we can at an early date. We are, in short, prepared to treat the film industry as a whole, much in the same way as we have the broadcasting industry, where, as the House will remember, we take the customs duty into consideration in deciding whether the service is paying for itself or not. In passing, I may mention that, in my speech the other day I described the broadcasting industry as in its infancy but not a lusty infant. The cinematograph industry, at any rate, differs in this respect, because it certainly speaks with the voice of a loud-speaker. That, Sir, I think, concludes all I have to say. I trust that my Honourable friend, the Mover of the Resolution, will regard it as sufficiently sympathetic, that he will realise that we are not entirely guilty of the charge of lip profession only, and that we do intend to do what we can as soon as we can. In the present financial conditions, we cannot accept the Resolution as it stands, but we are willing to try the expedient which has been suggested of making one side of the industry pay something for the other. I trust, Sir, that in these circumstances, he will not press his Resolution.

Sir Cowasji Jehangir: Mr. Chairman, I rise to support this Resolution. My Honourable friend, although he has expressed his sympathy, has given us no hopes of any relief at an early date. We all know

The Honourable Sir Frank Noyce: I think the relief should come within a few months. As soon as we can get together some statistics to show what the effect of reducing or abolishing the rebate on re-exports is, we should take action.

Sir Cowasji Jehangir: I did not quite understand that. Nobody would object to waiting for a few months in these matters. A few months is a very short time indeed, and if Government will investigate the matter and take action within a few months, I am sure, that will be a very satisfactory answer; but if my friend means to say that these are hard times and that any encouragement to an industry of this sort would mean a little sacrifice of revenue and, therefore, Government cannot entertain the proposal until the Honourable the Finance Member can show a surplus of a few crores, I personally think it is not an attitude that Government should take. After all, by encouraging your industries you will increase your revenue, and if every Government in the world,—and every Government is hard up just now,—were to take the same attitude that because there is a little sacrifice of revenue or a small expenditure to encourage any particular industry, they must stay their hands till better times turn up,—then, Mr. Chairman, all encouragement to industries will have to wait for some years to come. I suggest to the Honourable Member in charge of this Department that on further investigation he might find that immediate action is possible. By no means are we anxious to deprive the Finance Member of even a single rupee of revenue. But, at the same time, this House is most anxious that Government should encourage all industries, and this special industry it can encourage at such small cost. Here is an industry which every other country in the world encourages. Here is an industry which England has gone out of her way to encourage. Surely 2½ or 2½ lakhs is not a very big amount. Our people, unlike people in other countries, cannot take advantage of the manufactured article on account of the foreign language in which the

[Sir Cowasji Jehangir.]

foreign films are made. If these films are to have an educative value, they have to be in the vernacular, and, therefore, it is essential that they should be made in this country.

I will put another point of view. In Europe, these films are being used very widely for advertising. What can be a better medium of advertisement for the promotion of Swadeshi industries and even European articles? In the villages, illiteracy is still the order of the day. I remember having had talks with certain gentlemen in England interested in certain articles that they desired to push in this country, and their line of advance was through the cinema, and they were actually proposing to send down an operator with a whole apparatus on wheels to go right through the villages. How are they to do that if they could not make a film in this country in the vernacular at reasonable cost? I suggest to my friends opposite that the cinema is going to be of the greatest assistance to Swadeshi industries as they can be advertised throughout the country by means of the cinematograph films. Therefore, I would welcome any steps that Government might take to decrease the cost in order to help the other industries to avail themselves of this medium of advertisement. I do suggest, Mr. Chairman, that we should get an assurance. I quite accept the assurance already given that Government will take immediate steps to see that this duty is removed. I understand that the manufactured article is taxed fairly lightly. You value a foot of manufactured article at $4\frac{1}{2}$ annas and you charge a duty of 37 per cent. on it and then you give a rebate. But, suppose, there was no rebate. I do venture to suggest that $4\frac{1}{2}$ annas is a low valuation, and if you can increase that valuation,—I do not say do it unjustifiably but investigate it,—and if you find there is some justification for increasing the valuation of $4\frac{1}{2}$ annas, you will immediately get your 2½ lakhs. I see no objection to further taxing the manufactured article in order to enable the industry in this country to get some encouragement. I would suggest that Government should look into this question from that point of view, and in such matters we must be prepared to give time to Government to investigate the matter on the assurance that steps will be taken at a very early date, and that Government feel, as we do, that this industry should be encouraged.

Mr. K. C. Neogy (Dacca Division: Non-Muhammadan Rural): Sir, I enjoy the unenviable distinction of having been a Member of a Committee, not a single of whose recommendations has so far been accepted by the Government. (Laughter.) The Indian Cinematograph Committee was appointed by the Government in the Home Department about five years ago, and there were six members in all including the Chairman, five of whom had at one time or another been Members of the Central Legislature. The Chairman was our Honourable friend, Diwan Bahadur Rangachariar, whose absence from the front Opposition Benches we regret very much today. Of our colleagues our distinguished and gallant friend, Colonel Crawford, is alas! no longer with us, and so also is the case with my friend, who was a distinguished Member of the other House, Sir Ibrahim Haroon Jaffer. Now, Sir, so far as the present Legislature goes, I am practically the sole survivor among the members of that Committee in this House. Now, this Committee was appointed with three different objects as set out in the Resolution under which it was appointed. The first was to examine the organization and the principles and methods of

the censorship of the cinematograph films in India,—a question which concerns the Home Department; secondly, to survey the organization for the exhibition of cinematograph films and the film producing industry in India,—perhaps this relates to the Department of Industries; and, thirdly, to consider whether it is desirable that steps should be taken to encourage the exhibition of films produced within the British Empire generally and the production and exhibition of Indian films in particular. I do not know to which Department this particular recommendation relates. Perhaps it has as much concern with the Department of Commerce as with the Department of Industries. When the report was published, I understand, no Department of Government was very eager to acknowledge it as having anything to do with itself. That position went on for sometime. I have heard uncharitable critics of Government say that the reason why the enthusiasm of Government in regard to this inquiry had oozed out was to be found in the recommendations of the Committee itself. These uncharitable critics say, for instance, that one of the objects of the appointment of this Committee was to get a kind of preference for the British film producer in the Indian market, and that Government expected perhaps that the Cinematograph Committee could be persuaded to recommend the imposition of a British quota of films on the Indian show houses. To their surprise, continue these uncharitable critics, the Government found that this Committee, composed as it was of an equal number of Englishmen and Indians, had positively refused to make any recommendation of that character. On the other hand, they made a series of unanimous recommendations for the development and encouragement of the Indian industry. I quite admit that most of the recommendations would involve a financial outlay on the part of the Government, but there are certain recommendations which would require not so much financial assistance as facilities of different kinds to be granted by the different Departments of Government. I am not aware as to whether even in regard to such recommendations anything has been done up to date, and I am very glad to find my Honourable friend, Mr. Bajpai, in his seat just now, because some of these recommendations relate to his Department. When this report had been made, it met with general acceptance with the Indian section of the press and at the hands of non-official Members of this House, and a Resolution was moved in January, 1929, asking that the recommendations of the Committee be given effect to. On that occasion, the Honourable Sir Bhupendra Nath Mitra, speaking on behalf of the Government, gave a definite assurance that the Government were going into the matter very carefully, and not merely that. He said that before September, 1929, they were sure to arrive at definite conclusions. I think I should read out just one or two sentences from his speech, because, otherwise, I might be laying myself open to the charge of misinterpreting him on this point. He said:

“I can assure Colonel Crawford (*who spoke on that occasion*) that the Government of India will do their best to expedite matters and we hope that, before this House meets again in Simla, we shall arrive at some settlement with the Provincial Governments concerned and shall be in a position to take action in regard to the various recommendations.”

He was referring to some of the recommendations which required the opinions of the Provincial Governments to be obtained before any action could be taken by the Government of India; and here is a definite assurance on behalf of the Government that before September, 1929, something definite would be done. Very nearly three years and a half have elapsed

[Mr. K. C. Neogy.]

since then. And much as I value my Honourable friend, Sir Frank Noyce's sympathies in this matter, I should like him to tell this House as to whether any action was taken in pursuance of that assurance given on the floor of this House by Sir Bhupendra Nath Mitra. As far as I can see, that issue is as much uncertain today as it ever was. My Honourable friend has said that the Government have scheduled this industry as an industry entitled to early relief if and when finances permit. I should like him to tell this House as to whether that is the sum total of the Government conclusions which were promised by Sir Bhupendra Nath Mitra in January, 1929, and, if so, I should also like him, or Sir George Schuster, as he is the Member concerned in this matter, to tell this House, what the position of this industry is in the graduated list of industries entitled to relief.

It was only yesterday that we heard from the Honourable the Finance Member that in the schedule of priority of claims to relief first stands the services. If there is financial solvency in future, then they are the first party to be entitled to relief in respect of the emergency cut. As far as I could judge from the Honourable the Finance Member's speech yesterday, the next would be the income-tax payers in respect of the surcharge. I should like to have a full list of the priority of the claims set out before this House which would enable us to judge as to what particular place industries generally and this industry, in particular, occupies in that list. My Honourable friend has promised to look into the question of the "drawbacks" just to see as to how far the law could be tightened up in order to yield a revenue which might compensate Government for the financial loss which would be involved in accepting this Resolution. I do not want my Honourable friend to hold out any false hope in that matter, because that is a point into which we had to go in the Cinematograph Committee and, if we turn to para. 159, we find the position set out as we found it at that time. We found that at that moment there was no considerable quantity of imported exposed films which were being re-exported and which qualified on that account for a refund. But, then, there is another point which perhaps might interest the Honourable the Finance Member as being in charge of the Central Board of Revenue. It is this. What is being said today in effect is that the period of two years, which is allowed for re-exportation, and which re-exportation qualifies the exporter for a refund of the duty, is too long a period, and that, as a matter of fact, although the exposed films lose their value as exposed films, they are being re-exported merely for the sake of getting this refund. That, I take it, is the substance of the statement made by one of the Honourable Members who spoke in this connection. Now, here again the present position seems to be that if an article which is re-exported becomes worthless in value, a refund could altogether be refused. We had to refer to this particular point in the paragraph to which I referred, namely, paragraph 159 and this is what we said:

"If, however, a film had been exhibited all over India, it would possess little value when re-exported and the Sea Customs Act prohibits the payment of a draw-back on any article which is not worth the duty."

Now, Sir, I do not know whether there is anything in the point which has been made by my Honourable friend, Mr. Goswami M. R. Puri, but if there is anything in it, I dare say, the Honourable the Finance Member will ask the Central Board of Revenue to see to it that this particular

provision of law is not evaded; that is to say, no rebate or drawback is allowed on films which are not qualified, strictly speaking, for the rebate or drawback on the ground that it is absolutely worthless, after it had been exhibited for about two years in this country. We have to be thankful for small mercies in these days, and I, therefore, welcome the assurance that the Honourable Member in charge has given us that the industry might look forward to some kind of relief within the next few months; but I did not like his coupling that assurance with the problematical result of his inquiry into the question of drawbacks, because I am very much afraid that he would be disappointed, when he makes that inquiry, with its result, and I would like him to give us an unqualified assurance in this matter.

An Honourable Member: I move that the question be now put.

Mr. Chairman (Sir Hari Singh Gour): I accept the closure. The question is:

“That the question be now put.”

The motion was adopted.

Mr. Lalchand Navarai: Sir, I am very much thankful to the Honourable Members of this House who have agreed with me that this film industry is a useful industry and that, as such, it should be given every encouragement. I am not in the least disappointed by what my Honourable friend, Mr. Yamin Khan, said. I took it that he put his two view-points, one, that of his own personal attitude and the other, that of his own constituency. Sir, with regard to his personal view-point, he really said that this industry deserves some help. Sir, he thinks that when the position will change, then this industry should be helped. I think, to say that when the position will change, then only should this industry be helped, is not to say anything with assurance . . .

Mr. Muhammad Yamin Khan: Sir, on a point of personal explanation. I never said that this industry may not get help until the position changes. I said that there will be nobody in the House who will oppose the proposition that the total duty should be taken away when we shall find clearly that the cinematographs prove to be really educative and not mere places of amusement; but that, even before that time, they do deserve some kind of consideration.

Mr. Lalchand Navarai: I have taken down the words and I think the Honourable Member said: “the position may change, and then such a Resolution may be accepted.”

Mr. Muhammad Yamin Khan: I did not say that.

Mr. Lalchand Navarai: These are the words I took down. Then coming to the other question, that the films that he saw the other day had no educative value, he will excuse me if I tell him that in the fascination of seeing them, he got absent-minded. Sir, I also saw these pictures. Of course they were only portions of the films shown as samples. One of them was that of a virtuous woman,—and is virtue educative or not? The second was with regard to the love of God.

Mr. Muhammad Yamin Khan: And the third was a prostitute's house.

Mr. Lalchand Navalrai: Not one noticed by me. Anyway, I am not disappointed at his statement, because whatever he said will certainly be taken by these companies into consideration and I have already said that the guiding idea of virtue and divine love depicted must be adhered to. Now, with regard to the attitude of the Government, I feel that much sympathy has been shown, but it has also been made clear to the House that this sympathy has been shown since a very long time and even a somewhat definite promise was made in 1929. Sir, I felt very much thankful to the Honourable Member for Industries and Labour when he said that this film industry is such as should play a worthy part. He has also said that they are entitled to early relief and for that too I am thankful.

Now, the question is, when is that relief going to come? Can we be expected to rely on such indefinite statements about the relief coming at an early date and so on, when we do not have any kind of assurance of the kind of relief and its advent? To say that it will come when the finances in the Budget improve, is to make no satisfactory reply at all. Sir, when I heard the statement made by my Honourable friend, Mr. Neogy, it was clear that there is not much hope of relief in the drawback problem. But where there is a will, there is a way. I am sorry, I do not see the Honourable the Finance Member in his seat, but it is no doubt true that he will have to join hands in order to give early relief to the film industry. I know he is a genius for producing balanced Budgets and in giving help to certain industries in one way or other. Sir, I do not want to specify in what exact manner the help should be given, but I do hope and I request the Treasury Benches to give some more definite assurance than the one that has been given. My Honourable friend, Sir Cowasji Jehangir, has already put that very plainly to the Treasury Benches and I would repeat that a more definite assurance should come. The subject-matter of this Resolution has been hanging fire since a very long time, and now when there is sympathy expressed from all sides and when it is freely acknowledged that this industry should be helped, to postpone that would be really doing a disservice to an industry of this kind and would amount to not helping it at all.

Sir, before making up my mind for withdrawing this motion, I would again appeal to the Treasury Benches to be more definite and
 5 P.M. promise that they are really giving early relief. A definite statement on that point will be welcome and I will wait for it.

The Honourable Sir Frank Noyce: Sir, I have very little to add to what I have already said. I very much wish that I were in a position to give my Honourable friend, Mr. Lalchand Navalrai, and also my Honourable friend, Sir Cowasji Jehangir, rather more definite assurances than I have been able to give. But I did attempt to explain to the House the difficulties under which I am labouring. I explained to the House that it was not possible, in view of the financial position, as explained by my Honourable colleague, the Finance Member, yesterday, to accept the recommendation as it stands. I went on to explain that we would do our best by going into this question of drawback to see whether we could give relief to the industry in that way; and there was perhaps one point which I did not make sufficiently clear. I did not make it clear that, if we found on looking into this question of drawback,

that we could recoup ourselves to some extent, we are prepared to give the industry the benefit to that extent. I should like to make that perfectly clear. We are prepared to reduce the import duties *pro tanto* to anything we get from the reduction or abolition of the rebate on exposed films re-exported.

Sir Gowasji Jehangir: Will the Honourable Member consider the proposal to increase the value to above four and a half annas per foot?

The Honourable Sir Frank Noyce: I would once more repeat most emphatically that Government are opposed to any juggling of tariff valuations in order to afford protection to the industry. But I am quite willing, in consultation with my Honourable colleague, the Finance Member, to get that point examined by the Central Board of Revenue in order to make sure that the valuations of the exposed films and of raw materials are fair to both. Further than that, I cannot go and I cannot promise that the results of that re-examination will alter the present position. At present, as has been mentioned in the course of the debate, the valuation of the exposed film is four annas six pies per foot, whereas that of the raw material is only eight pies a foot. It does, therefore, seem to me that that difference in the values of the two allows for all the circumstances, such as wastage. I notice my Honourable friend is shaking his head. If he can do anything to convince the Central Board of Revenue on the subject, I am sure they will be grateful to have any information he can give.

I do not propose to follow my Honourable friend, Mr. Neogy, into his discussion of what happened to the report of the Cinematograph Committee. I can assure him that he is not alone in having been a member of a Committee, the recommendations of which were not accepted. I can recall some of my own experiences in that direction. (Laughter.) But I would say that I am not competent to deal with that very wide aspect of the case, but I have only personally been concerned with a much more limited aspect of the Cinematograph Committee's report. I can tell him what, I am sure, will gratify him that when I was Secretary to the Department of Education, Health and Lands, we did secure the acceptance of one of the recommendations in his report which was that educational films should be admitted free of duty, as they are today.

I do not wish to detain the House any longer. I am sorry that I have not gone as far to meet my Honourable friend, Mr. Lalchand Navalrai, as he would like. I hope he will now come part of the way to meet me.

Mr. Lalchand Navalrai: Sir, I am not concerned with the way in which adjustment is to be made, but what I am concerned with is that relief should be given. And, after hearing the Honourable Member, I am convinced that there is really a sincere desire, on his part and on the part of his colleagues, to give help and early relief to this industry. In that view of the case, I ask for leave of the House to withdraw the Resolution.

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

The Assembly then adjourned till Eleven of the Clock on Thursday, the 2nd March, 1933.