

6th April 1939

# THE LEGISLATIVE ASSEMBLY DEBATES

(Official Report)

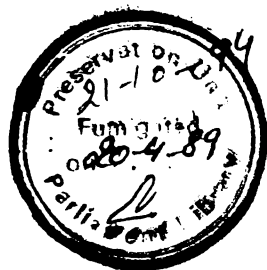
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Volume IV, 1939

*(30th March to 15th April, 1939)*

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## NINTH SESSION OF THE FIFTH LEGISLATIVE ASSEMBLY, 1939



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# LEGISLATIVE ASSEMBLY.

*President :*

THE HONOURABLE SIR ABDUR RAHIM, K.C.S.I.

*Deputy President :*

25 AUG. 1939

MR. AKHIL CHANDRA DATTA, M.L.A.

*Panel of Chairmen :*

MR. S. SATYAMURTI, M.L.A.

DR. SIR ZIAUDDIN AHMAD, C.I.E., M.L.A.

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MR. A. AIKMAN, C.I.E., M.L.A.

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MIAN MUHAMMAD RAFI, BAR.-AT-LAW.

*Assistants of the Secretary :*

MR. M. N. KAUL, BAR.-AT-LAW.

RAI BAHADUR D. DUTT (*Upto 31st March, 1939*).

KHAN SAHIB S. G. HASNAIN, B.A. (*From 10th April, 1939*).

*Marshal :*

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

*Committee on Petitions :*

MR. AKHIL CHANDRA DATTA, M.L.A., *Chairman*.

MR. A. AIKMAN, C.I.E., M.L.A.

MR. M. S. ANEY, M.L.A.

SYED GHULAM BHIK NAIRANG, M.L.A.

MR. N. M. JOSHI, M.L.A.

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# LEGISLATIVE ASSEMBLY.

Thursday, 6th April, 1939.

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

## STARRED QUESTIONS AND ANSWERS.

### (a) ORAL ANSWERS.

#### EMIGRATION OF INDIAN LABOUR IN MALAYA.

1571. \*Mr. S. Satyamurti: Will the Secretary for Education, Health and Lands please state:

- (a) the latest position with regard to the negotiations between the Government of India and the Malayan Government about the emigration of Indian labour;
- (b) what are the points in dispute between the Government of India and the Malayan delegation and the Government of Malaya;
- (c) whether the Government of India are confining themselves only to the question of Indian labourers in Malaya; if so, why; and
- (d) whether Government propose to take up with the Malayan delegation and the Malayan Government along with the negotiations the question of the status and rights of non-labouring Indians in Malaya and secure for them full citizenship rights as claimed by the Central Indian Association of Malaya; if not, why not?

Sir Girja Shankar Bajpai: (a) to (d). The attention of the Honourable Member is invited to the statement made by me in this House on the 16th February, 1939, in reply to Mr. Abdul Qaiyum's starred question No. 465. I may add that the despatch to the Malayan Governments has since issued.

Mr. S. Satyamurti: With reference to the last sentence of the answer, may I know whether the Despatch includes the question of the status and the rights of non-labouring Indians in Malaya, and the securing for them full citizenship rights, as put forward by me in part (b) of the question?

Sir Girja Shankar Bajpai: My Honourable friend will appreciate that I cannot refer to a document which is confidential. But if he would look at the answer I gave to Mr. Abdul Qaiyum, he will find that the negotiations covered the status of Indians in Malaya and the Despatch covers all the points discussed in the negotiations with the Malayan delegation.

## PROTECTION OF THE LIFE AND PROPERTY OF INDIANS IN BURMA.

1572. \***Mr. S. Satyamurti**: Will the Secretary for Education, Health and Lands please state:

- (a) whether Government have considered the adjournment motion passed by the Assembly without a division on the status of Indians in Burma;
- (b) what are the steps taken since then for protecting the life and property of Indians in Burma; and
- (c) what is the latest information in the possession of Government with regard to the safety of life and property of Indians in Burma?

**Sir Girja Shankar Bajpai**: (a) Yes.

(b) and (c). Since the adjournment motion, there have been no incidents of Indo-Burman hostility. There have been disturbances as a result of Hindu-Muslim feeling in Rangoon but the position now has eased. Replies have been given on the points raised in the debate at various times. In this connection the attention of the Honourable Member is invited to the replies given by me to questions Nos. 710, 800 and 832 on the 24th February, and the 7th March, 1939, the replies given by the Honourable the Commerce Member to his starred question No. 1203 on the 21st March, 1939, together with the supplementaries that arose out of these questions.

**Mr. S. Satyamurti**: With reference to part (c), may I know whether, according to the latest information in the possession of Government, the safety of life and property of Indians in Burma is now absolutely secure?

**Sir Girja Shankar Bajpai**: According to the report of the Agent the position now is very much easier than it has been for some time.

**Mr. S. Satyamurti**: I am not talking of Rangoon where the situation is easier, I am talking of the outlying districts in Burma, may I know whether Government have any information with regard to the security of life and property of Indians in the outlying districts?

**Sir Girja Shankar Bajpai**: The Agent, as my Honourable friend is aware, visited some of these outlying districts as a result of the trouble which occurred in January and the information which he submitted to us was that the police had been re-inforced and therefore the situation in these exposed parts also was on the whole easier than before.

**Mr. S. Satyamurti**: May I know whether the Government of India have heard from the Burma Government regarding military assistance offered by the Government of India for the purpose of securing the life and property of Indians in Burma?

**Sir Girja Shankar Bajpai**: The offer was not made to the Government of India but to the Secretary of State for India.

**Mr. S. Satyamurti**: Have they heard from the Secretary of State for India?

**Sir Girja Shankar Bajpai:** The Secretary of State has not specifically referred to that. Owing to the situation in Burma being easier, the necessity for military aid from India does not arise.

**Mr. Abdul Qaiyum:** Is the Honourable Member in a position to tell us whether the Indians who came back to India during the days of disturbance in Burma have returned to Burma now?

**Sir Girja Shankar Bajpai:** A question on that subject was asked some time ago and I said that we had no statistics as to how many Indians who returned to India went back to Burma.

**Mr. T. S. Avinashilingam Chettiar:** May I know whether any machinery has been set up to find out the amount of compensation that is to be paid for people who have suffered?

**Sir Girja Shankar Bajpai:** I answered that question only two days ago.

†1573\*.

#### RATE WAR BETWEEN SHIPPING COMPANIES CARRYING HAJ PILGRIMS.

**1574. \*Mr. S. Satyamurti:** Will the Secretary for Education, Health and Lands please state with reference to the supplementary question and answer in connection with starred question No. 205 on the 8th February, 1939:

- (a) whether the attention of Government has been drawn to the note which appeared in the issue of the *Hindustan Times* on 10th February, under the heading 'Haj traffic';
- (b) whether Government are aware that the rates were increased by Rs. 50 by the Moghul line on 6th December as compared with the rates on 2nd December;
- (c) whether Government are aware of any leaflet widely distributed by Messrs. Turner Morrison and Company under the caption "Do the Haj by Moghul Line";
- (d) if the answer to the above be in the affirmative, whether he is aware that it was in pursuance of this wide appeal made by the Moghul line and in view of the low rates offered by the Moghul line that a large number of pilgrims arrived at the ports of Bombay and Karachi in the expectation of booking their tickets at the lowest rates by the Moghul line; and
- (e) whether it was as a result of the strong intervention of the Home Minister of the Bombay Government that ultimately the Moghul line had to agree to carry these stranded pilgrims at the lowest rates at which they had carried pilgrims when the Scindia steamers were on berth?

**Sir Girja Shankar Bajpai:** (a)—(c). Yes. I would like to explain that when answering the relevant supplementary on the 8th February, 1939, I had in mind the action taken by the Government of Bombay in respect

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†This question was withdrawn by the questioner.

of needy pilgrims between the 10th and 14th January, 1939. The Honourable Member's account of the action taken by the Moghul Line in December, 1938, was correct. I regret that through a misunderstanding I had given an answer which correctly applied only to the events of 10th to 14th January, 1939.

(d) and (e). The attention of the Honourable Member is invited to the reply given by me on the 8th February, 1939, to parts (a), (b) and (e) of his starred question No. 205 and the supplementaries arising out of it.

**Mr. Husenbhai Abdullabhai Laljee:** May I know whether this advertisement by the Moghul Line calling upon pilgrims to undertake Haj through their lines has been in existence for the past number of years?

**Sir Girja Shankar Bajpai:** I want notice. I do not know how long this advertisement has been in existence.

**Mr. Kuladhar Chaliha:** Is it a fact that the passenger fares quoted by Moghul Line for Haj pilgrimage ranged between Rs. 85 and Rs. 125?

**Sir Girja Shankar Bajpai:** So far as these fluctuations are concerned, I do not think they are peculiar to any one company.

#### COMMITTEE TO ENQUIRE INTO THE LAND TENURES OF INDIANS IN FIJI.

**1575. \*Mr. T. S. Avinashilingam Chettiar:** Will the Secretary for Education, Health and Lands state:

- (a) when the committee to go into the matter of land tenures of Indians in Fiji referred to by the Honourable Member in his speech on the 16th March, 1939, will be appointed;
- (b) whether its personnel and terms of reference have been settled; and
- (c) whether it will include any Indians?

**Sir Girja Shankar Bajpai:** (a) So far as Government are aware, the question of the appointment of an agency to make recommendations in regard to the delimiting of Native Reserves will arise when it is decided to give effect to the proposals of the Governor of Fiji referred to in my reply on the 14th November, 1938, to the Honourable Member's starred question No. 1222.

(b) and (c). Government understand that the intention is that a single local Commissioner will make recommendations in regard to the delimitation of Native Reserves and that these recommendations will be considered in consultation with local Advisory Committees in various districts on which Indians will be represented.

**Mr. T. S. Avinashilingam Chettiar:** I did not follow the first part of the answer.

**Sir Girja Shankar Bajpai:** The answer to the first part is that the delimitation will be entrusted to a local Commissioner who will be appointed by the Governor of Fiji and that before any decision is taken on his recommendations the Advisory Committee which will include Indians will be consulted.

**Mr. T. S. Avinashilingam Chettiar:** When is that Commissioner expected to be appointed?



**Sir Girja Shankar Bajpai:** My information is that the Fiji Chiefs to whom this land belongs approved the proposals of the Government with regard to the policy which is to govern land delimitation sometime in September or October last, but actually no appointment of a Commissioner has yet been made.

#### SECURING OF A PROPER SHARE FOR INDIAN SHIPPING.

**1576. \*Mr. S. Satyamurti:** Will the Honourable the Commerce Member please state:

- (a) whether his attention has been drawn to the interview given by Mr. Walchand Hirachand to the United Press published in the *Hindustan Times*, dated the 17th March, 1939;
- (b) whether the Government of India have taken or propose to take any steps to secure a proper share for Indian shipping in the Orient as different from British shipping; if so, what they are; if not, why not;
- (c) whether Government propose to take any steps by way of good offices or in any other manner by exercising their powers in this behalf to persuade the British shipping interests in the Orient to co-operate effectively with Indian shipping interests;
- (d) whether Government have kept in mind or propose to keep in mind in all their trade negotiations with England and with other countries the principle that national shipping must have a substantial share of the trade in the Orient particularly in trades emanating from India or based on India's markets and India's bargaining power;
- (e) whether it is a fact that today Indian shipping carries only less than one-fourth of the entire coastal trade of India and has absolutely no place in the overseas trade of India;
- (f) whether Government have any information about the proposal of the Imperial Shipping Committee for the establishment of a new form of organisation appointed by the Government concerned and specially charged to watch over British shipping in Middle and Far Eastern waters;
- (g) whether the Government of India would have any effective voice in such an organisation;
- (h) whether the attention of Government has been drawn to the charge levelled at the interview by Mr. Walchand Hirachand that the Government of India were unable, unwilling and even hostile to the advancement of Indian shipping interests; and
- (i) whether Government propose to take any action to secure for Indian shipowners a proper share in the coastal and overseas trade of India; if not, why not?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) Yes.

(b) and (c). The Honourable Member's attention is invited to the answers given by me to part (e) of Mr. Manu Subedar's starred question No. 1385 on the 29th March and to part (b) of starred questions Nos. 1470, 1472 and 1473 on the 3rd April.

(d) I would refer the Honourable Member to what I said in this connection on the 28th March during the course of the debate on the Indo-British Trade Agreement.

(e) Taking the tonnage of Indian shipping as the basis, the reply to the first part is in the affirmative. As to the second part the reply is in the negative.

(f) and (g). Government have no information beyond what is contained in the Report of the Imperial Shipping Committee.

(h) Government have seen a Press report to this effect.

(i) The question of assisting the development of Indian shipping is constantly engaging the attention of the Government of India.

**Mr. S. Satyamurti:** With reference to clauses (b) and (c) of the question, may I know whether since the last answer was given or as part of their future programme Government intend to take any definite steps to persuade the British shipping interests to co-operate with Indian shipping interests? Have they taken any steps or do they propose to take any steps in this behalf?

**The Honourable Sir Muhammad Zafrullah Khan:** The last answer was given only on Monday last and the situation has undergone no change.

**Mr. S. Satyamurti:** I am asking whether they intend to take any steps to get into touch with British shipping interests to co-operate with Indian shipping interests, with a view to helping the latter.

**The Honourable Sir Muhammad Zafrullah Khan:** That is the question that I was answering on the previous occasion and I indicated what would be the normal course of these conversations.

**Mr. S. Satyamurti:** I want to know whether there is any correspondence or any negotiations going on between the Government of India on the one hand and the British shipping interests on the other in this behalf.

**The Honourable Sir Muhammad Zafrullah Khan:** No negotiations are going on.

**Mr. S. Satyamurti:** In connection with part (c) of the question, my Honourable friend referred to his speech regarding the Indo-British Trade Agreement. May I know whether, in regard to other trade negotiations in the future which this country may start, Government will keep in mind the question of securing for national shipping a proper share in the trade from India or based on India's markets or India's bargaining power?

**The Honourable Sir Muhammad Zafrullah Khan:** Wherever this question becomes relevant and Government are in a position to act in the manner suggested by the Honourable Member, I have no doubt they will consider the question.

**Mr. S. Satyamurti:** Is there any case of any trade agreement which covers goods carried from this country or goods brought into this country in which Government consider that the question of Indian shipping may not be relevant?

**The Honourable Sir Muhammad Zafrullah Khan:** As I have said, Government will consider whether the question is relevant and whether it can be usefully raised during such negotiations.

**Mr. S. Satyamurti:** With regard to the answer to part (e) of the question, may I know whether Government can give any information to this House as to the place occupied by Indian shipping in the overseas trade of India?

**The Honourable Sir Muhammad Zafrullah Khan:** It is a very small share but they have some share in the Haj traffic.

**Mr. S. Satyamurti:** With reference to parts (h) and (i) of the question may I know, specially with regard to the coastal trade, whether Government are taking steps to increase the quota for Indian shipping when the time for revision of the last arrangement comes?

**The Honourable Sir Muhammad Zafrullah Khan:** Really this question has been answered so many times and the Honourable Member knows that there has been no change in the position.

#### PROPOSAL TO REMOVE INDIANS FROM GOVERNMENT SERVICE IN CEYLON.

1577. **\*Mr. T. S. Avinashlingam Chettiar:** Will the Secretary for Education, Health and Lands state:

- (a) whether it is true that there is a proposal with the Ceylonese Government to send out of service all Indians employed under that Government to make way for Ceylonese;
- (b) if so, whether Government have received any representations in the matter; and
- (c) what action they have taken in the matter?

**Sir Girja Shankar Bajpai:** The attention of the Honourable Member is invited to the reply given by me to Mr. S. Satyamurti's short notice question on the 30th March, 1939, and the supplementaries thereto.

**Mr. S. Satyamurti:** Have they since heard from their Agent or the Government of Ceylon in this matter, and has my Honourable friend any information to give to this House?

**Sir Girja Shankar Bajpai:** Nothing particular, Sir.

**Mr. S. Satyamurti:** But has my Honourable friend taken steps to secure that no action will be taken by the Ceylon Government, till the matter is settled between this Government and the Government of Ceylon on a basis of mutual agreement?

**Sir Girja Shankar Bajpai:** So far as I understand, the intention is that any proposals that may eventuate will come before the State Council which does not meet now until the 9th May, and so time has automatically been secured. But I may add that we have specifically asked the Government of Ceylon that no action should be taken until the proposal has been referred to us for comment.

# REPORTS ON DR. WRIGHT'S RECOMMENDATIONS ABOUT THE CATTLE AND DAIRY IMPROVEMENTS IN INDIA.

1578. \*Pandit Sri Krishna Dutta Paliwal: Will the Secretary for Education, Health and Lands be pleased to state:

- (a) whether the Government Dairy Expert and Animal Husbandry Expert have submitted their reports on Dr. Wright's recommendations about the cattle and dairy improvements in India;
- (b) whether Government propose to lay those reports on the table; and
- (c) the decisions, if any, Government have arrived at on the recommendations of Dr. Wright in the light of these reports?

Sir Girja Shankar Bajpai: (a) and (b). The Animal Husbandry Expert to the Imperial Council of Agricultural Research and the Imperial Dairy Expert were not asked to report but merely to record their comments which are part of the departmental proceedings and cannot be laid on the table.

(c) I would invite the Honourable Member's attention to the circular letters to Provincial Governments laid on the table of the House with reference to part (b) of Mr. K. Santhanam's starred question No. 1234 on 14th November, 1938.

## ALLOWANCES OF THE IMPERIAL SERVICE OFFICERS WORKING IN THE PROVINCES.

1579. \*Mr. Abdul Qayum: Will the Honourable the Leader of the House please state:

- (a) whether he has read the United Press message in the *Hindustan Times*, of the 23rd March, 1939, on page 2, column 4, under the heading "Imperial Services; Secretary of State's Circular" which includes the following "That very recently a circular from the Secretary of State for India has been received by the Provincial Governments regarding the allowances of Imperial Services working under these Governments was officially admitted by Mr. Bhanjuram Gandhi, Finance Minister, North-West Frontier Province";
- (b) what is this circular and when was it issued;
- (c) what are its contents, and whether it forbids Provincial Governments from even touching the allowances of such public servants;
- (d) whether any of the Provincial Governments have protested and, if so, how many;
- (e) whether the Government of India were consulted before the same was issued; and
- (f) the attitude of the Central Government with regard to this circular?

The Honourable Sir Nripendra Sircar: The question should have been addressed to the Honourable the Finance Member.

## INDIAN IMMIGRATION INTO BURMA.

1580. \***Mr. Brojendra Narayan Chaudhury:** Will the Secretary for Education, Health and Lands please state:

- (a) whether the Government of India have received any communication or communications from the Government of Burma on the question of Indian immigration into Burma; if so, how many and on what date.
- (b) whether the Government of India have received a communication on the above subject dated 25th February, 1939;
- (c) whether all the letters or their summary will be placed on the table of the House;
- (d) whether the subject-matter of any of the communications cover the matter of temporary immigration of harvesters of paddy from East Bengal during the season;
- (e) the approximate annual average number of such harvesters going (i) from all parts of India, and (ii) from Bengal;
- (f) whether the letters deal with the question of stopping this seasonal immigration; if so, in what way directly or indirectly;
- (g) whether the Government of India have decided what reply should be given; if so, what is the reply;
- (h) whether the Government of India have recently, before or after the receipt of the above communication, held any inquiry into the conditions, economic and social, of the above seasonal immigration and its volume; and
- (i) whether the pressure of population on land in districts of East Bengal, such as, Noakhali, is exceptionally high, urgently necessitating emigration, temporary or permanent, such as the above?

**Sir Girja Shankar Bajpai:** Parts (a) to (d), (f) and (g). The letter referred to has been received and a reply has been sent to the Government of Burma. As the correspondence in progress is still confidential I regret I am unable to place copies on the table of the House.

(e) Government have no information.

(h) No.

(i) This may be so.

**Mr. Brojendra Narayan Chaudhury:** May I know whether Government cannot collect the number of those who go from Bengal to harvest in Burma during the harvesting season, through the shipping figures?

**Sir Girja Shankar Bajpai:** It may be possible to collect that information; I am simply saying that I have not got the information because such statistics have not been collected in the past.

**Mr. Brojendra Narayan Chaudhury:** May I know whether the attention of the Honourable Member has been drawn to the argument of the Leader of the Opposition in the Burma Assembly that the cost of living of Burmans is three times as high as that of Indians, and they want to make that one of the grounds for excluding Indians from Burma?

**Sir Girja Shankar Bajpai:** Yes, Sir; but actually things have not reached the stage of anybody deciding to exclude Indians from Burma.

**Mr. Manu Subedar:** Have Government received any information either through communication or from other sources whether the Government of Burma are considering the question of immigration only with regard to Indians or also with regard to other immigrants from other parts of the world?

**Sir Girja Shankar Bajpai:** So far as the Government of India are concerned, the question of immigration can only refer to Indians.

**Mr. M. S. Aney:** Does the Honourable Member think that the proper time for taking up the question is after the Burma Government have taken a decision in the matter?

**Sir Girja Shankar Bajpai:** No, Sir. Not only have the Government of Burma taken no decision at all but they have invited the Government of India's suggestions as to the manner in which this question should be tackled,—not the question of imposing restrictions but the question of determining certain points which have been raised by the *interim* report of the Braund Committee.

**Mr. Brojendra Narayan Chaudhury:** Since the question of immigration is under discussion with the Government of Burma, may I know why this Government do not consider it necessary to make any inquiry as to the volume of this seasonal immigration from India?

**Sir Girja Shankar Bajpai:** Because, before any decision is taken, the volume of such immigration and its character will be the subject of an *ad hoc* inquiry anyhow.

CONSULTATIONS WITH CERTAIN PROVINCIAL GOVERNMENTS ON THE  
APPOINTMENT OF AN INDIAN AGENT IN BURMA.

1581. **\*Mr. Brojendra Narayan Chaudhury:** Will the Secretary for Education, Health and Lands please state:

- (a) whether there are a large number of Indians who live in Burma as domiciled or mere residents permanent and temporary, going from Bengal;
- (b) whether the Government of Madras were consulted regarding the appointment of an Agent General for Burma or regarding the selection of the incumbent: and
- (c) whether the Government of Bengal were similarly consulted. if not, why not?

**Sir Girja Shankar Bajpai:** (a) Yes.

(b) and (c). Neither the Government of Madras nor the Government of Bengal were formally consulted in regard to the appointment of the present Agent. But the former Government, i.e., the Government of Madras, volunteered the services of an officer who was considered suitable for the post.

**Mr. Brojendra Narayan Chaudhury:** Has the attention of the Honourable Member been drawn to the following reply given by the Premier of Madras to an interpellation there?

"The Government of India in consultation with the Government of Madras selected a comparatively junior Indian."

**Sir Girja Shankar Bajpai:** That is only another way of expressing what I have stated in my reply.

**Mr. Brojendra Narayan Chaudhury:** May I know whether in matters relating to Indians in Burma the Government of India will pay attention to the fact that the number of Bengali speaking people in Burma is larger than the number of Dravidian speaking people there?

**Sir Girja Shankar Bajpai:** The point to bear in mind is that the appointment of Agent in Burma is not determined by racial considerations. We are sending a person who, we consider, may be best qualified to look after the interests of all sections of the people.

**Mr. M. S. Aney:** Is it correct to say that the Bengali speaking population in Burma is larger than the Tamil speaking population there?

**Sir Girja Shankar Bajpai:** I did not want to pursue that particular point, but I should be very much surprised if it were so.

#### PAY OF WAREHOUSEMEN IN THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

**1582. \*Qazi Muhammad Ahmad Kazmi:** (a) With reference to unstarred question No. 26, regarding binders asked on the 7th March, 1939, will the Honourable Member in charge of Labour be pleased to state whether it is or it is not a fact that the average income of the persons working on the piece system was about Rs. 21 per mensem?

(b) Is it or is it not a fact that when the system was in force a number of warehousemen applied to be taken on that system, two of them were taken and the rest were told that their cases would be considered when decision about continuing the piece system or changing it into the pay system had been arrived at?

(c) Have Government considered the advisability of increasing the pay of the warehousemen to the same extent as is given to the persons taken from the piece system?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) Yes.

(b) None of the warehousemen applied for the posts of binders on piece rates when they were first created. Subsequently, when three of these posts fell vacant, five warehousemen applied. A practical test in book-binding, etc., was held and the three men who took the test were appointed to the vacancies. No promise was held out to the remaining two men, who failed to appear at the test, that they would be considered for such appointments in future.

(c) As the duties of the two classes of employees are different, Government do not see any reason for equalising their pay.

**Qazi Muhammad Ahmad Kazmi:** Is it not a fact that they carry on the same kind of work as the binders, and there is no difference in the kind of work that the warehousemen do and the binders?

**The Honourable Sir Muhammad Zafrullah Khan:** I would draw my Honourable friend's attention to the reply to part (c) of the question which I have just read out.

**Qazi Muhammad Ahmad Kazmi:** What is the difference? Has the Honourable Member any idea as to what the difference is in the duties of these two departments?

**The Honourable Sir Muhammad Zafrullah Khan:** I do not know personally what the difference is, but the department has reported to me that their duties are not the same.

**Qazi Muhammad Ahmad Kazmi:** Will the Honourable Member be kind enough to inquire from the department as to what is the difference?

**The Honourable Sir Muhammad Zafrullah Khan:** No. I have no reason to believe that the department has in any way misled me.

**GRANT OF INCREMENTS IN THE BINDING DEPARTMENT OF THE GOVERNMENT OF INDIA PRESS, NEW DELHI.**

**1583. \*Qazi Muhammad Ahmad Kazmi:** (a) Will the Honourable the Labour Member please state whether it is a fact that in all the Departments of the Government of India Press the yearly increment is in practice except in the Binding Departments?

(b) Is it a fact that the yearly increments in the Binding Department depend upon deaths of senior binders or their retirement?

(c) Is it true that for many years if any binder died or retired a senior employee getting a pay of Rs. 18 per month was promoted to Rs. 20 amongst 12 men of the Department and the remaining 11 hands were naturally deprived of promotion?

(d) Is it a fact that most of the hands have been serving for the last 24 and 25 years and are at the end of their service and will have to retire at the salary of Rs. 18 per mensem?

(e) Is it a fact that in the Binding Department a binder getting a pay of Rs. 18 has also to meet the following expenses:

	Rs. a. p.
(1) For quarter . . . . .	2 0 0
(2) For fund . . . . .	2 0 0
(3) For water . . . . .	1 3 0
Total . . . . .	5 8 0

and that after deducting Rs. 5-8-0, every warehouseman gets Rs. 12-8-0 per month only?

(f) Have Government considered the advisability of granting yearly increment in the Binding Departments like other Departments so that the workers may be able to reach a monthly salary of Rs. 50 in the Department?



**The Honourable Sir Muhammad Zafrullah Khan:** (a), (b) and (c). I assume that the Honourable Member is referring to the Government of India Press, New Delhi. Certain employees in the Binding Section of the Press, who are on time scales of pay, get yearly increments like employees in other Sections generally. But binders and warehousemen who are on graded rates of pay do not get yearly increments; they are promoted from a lower to a higher grade as vacancies occur, on the basis of seniority and efficiency. Nine out of 12 warehousemen on Rs. 18 a month were promoted to the grade of Rs. 20 a month during the last two years.

(d) No. The majority of men in the Binding Section are drawing more than Rs. 18 a month and none of the 12 warehousemen on that pay has rendered more than five years' service.

(e) Yes.

(f) Yes, but Government saw no justification for granting an incremental scale of pay for binders and warehousemen as the fixed rates sanctioned for them compared favourably with the earnings of similar workers in private employ.

**Qazi Muhammad Ahmad Kazmi:** What is the maximum pay that these people get—Rs. 13 to Rs. 25, or is it merely Rs. 18?

**The Honourable Sir Muhammad Zafrullah Khan:** I could not say without notice.

**Prof. N. G. Ranga:** Do Government consider it right that deductions amounting to 25 per cent. of their earnings should be made in fashion?

**The Honourable Sir Muhammad Zafrullah Khan:** If Government did not consider it right, they would not do it.

**Prof. N. G. Ranga:** Can Government indicate any other group of higher paid employes from whose salaries such a proportion is deducted for any similar services they may get?

**The Honourable Sir Muhammad Zafrullah Khan:** It is not necessary to point to any other case of employees. I can assure the Honourable Member that this is a very good bargain for these particular employees.

#### CHARGING OF HOUSE RENT FROM EMPLOYEES IN THE BINDING DEPARTMENT OF THE GOVERNMENT OF INDIA PRESS, NEW DELHI.

**1584. \*Qazi Muhammad Ahmad Kazmi:** Will the Honourable the Labour Member please state whether it is true that the daftris who get Rs. 30 per month are allowed free lodging but the house rent is charged from the Delhi Government Press employees working in the Binding Department?

**The Honourable Sir Muhammad Zafrullah Khan:** This is true of some of the employees who are classed as superior. I am having the matter looked into.

**MEETINGS OF THE WORKS COMMITTEE OF THE GOVERNMENT OF INDIA PRESS.  
NEW DELHI.**

**1585. \*Qazi Muhammad Ahmad Kazmi:** Will the Honourable the Labour Member please state whether according to the rule of the Government a meeting of the Works Committee of the Government of India Press, Delhi, should be held twice a month and all the previous Managers in office have been complying strictly with this rule in this Department?

**The Honourable Sir Muhammad Zafrullah Khan:** The rules contemplate the holding of a general meeting at least once a month. The practice has so far been not to hold a meeting unless there is some business for consideration. As regards the latter part of the question, I would refer the Honourable Member to the reply given on the 31st March, 1937, to part (a) of his starred question No. 806.

**INDIAN IMMIGRATION INTO BURMA.**

**1586. \*Mr. K. Santhanam:** (a) Will the Secretary for Education, Health and Lands please state whether the Government of Burma have addressed a letter to the Government of India, dated the 25th February, 1939, on the question of Indian immigration into Burma?

(b) If the answer to part (a) be in the affirmative, will he place a copy of the letter on the table of the House?

(c) Does he propose to consult the Standing Committee on Emigration before coming to a decision regarding the attitude of the Government of India in the matter?

**Sir Girja Shankar Bajpai:** (a) and (b). The attention of the Honourable Member is invited to the reply given by me today to Mr. Brojendra Narayan Chaudhury's starred question No. 1580.

(c) The question of placing the matter before the Standing Emigration Committee will be considered.

**Mr. K. Santhanam:** May I know what the difficulty is in giving a positive undertaking that they will consult the Committee?

**Sir Girja Shankar Bajpai:** I cannot say when the thing will reach a stage when it can be referred for advice: the House may not be sitting.

**Mr. K. Santhanam:** I want to know what the difficulty is in giving an undertaking that the Standing Committee will be called and consulted in this matter.

**Sir Girja Shankar Bajpai:** As I say, I cannot say at this stage when the negotiations with Burma will reach a stage when matter can be referred to the Committee.

**Mr. K. Santhanam:** All that I am asking is, whenever a conclusion is reached, why the Standing Committee on Emigration should not be consulted and why a positive undertaking could not be given.

**Sir Girja Shankar Bajpai:** I can assure my Honourable friend that if the time factor permits, the Standing Emigration Committee will be consulted; and if my Honourable friend is at all nervous about what he might consider the non-official point of view, let me remind him that we are dealing with this matter in close consultation with the Government of Madras.

#### INDIAN IMMIGRATION INTO BURMA.

**1587. \*Mr. K. Santhanam:** (a) Will the Secretary for Education, Health and Lands please lay on the table of the House the text of the resolution which was recently passed in the House of Representatives of Burma recommending the immediate appointment of a committee to enquire into the question of Indian immigration into Burma?

(b) Will he state whether the Government of Burma has set up, or propose to set up, such a committee?

(c) Will he state the scope of the enquiry?

(d) What steps are the Government of India taking to protect the interests of this country in the matter?

**Sir Girja Shankar Bajpai:** (a) and (c). A copy of the resolution in question is laid on the table of the House.

(b) and (d). The attention of the Honourable Member is invited to the reply already given by me today to Mr. Brojendra Narayan Chaudhury's starred question No. 1580. The whole purpose of the negotiations, so far as the Government of India are concerned, is the protection of Indian interests.

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#### *Resolution in the House of Representatives, Burma regarding Indian Immigration into Burma.*

"That this House recommends to Government that a Committee with a non-official majority consisting of the representatives of all political parties in Burma be appointed immediately to examine the question of immigration into Burma'.

**Prof. N. G. Ranga:** Will Government take adequate steps to see that when this committee comes into existence the interests of Indian coolies in Burma are properly represented before the Committee and adequately protected?

**Sir Girja Shankar Bajpai:** My Honourable friend may rest assured that the point of view of Indian labour in Burma will engage the special attention of the Government of India.

#### BEDSTEADS AND LOOKING-GLASSES IN CERTAIN QUARTERS OF MEMBERS OF THE LEGISLATIVE ASSEMBLY IN NEW DELHI.

**1588. \*Mr. Sri Prakasa:** Will the Honourable the Leader of the House state:

- (a) if it is a fact that during the financial year 1938-39, the bedsteads and the looking-glasses in the quarters of the Members of the Legislative Assembly in Canning Lane and Ferozeshah Road were changed;

- (b) the cost of such change;
- (c) if this was done on the advice of anyone and the reasons for doing so; and
- (d) what has become of the o'd bedsteads and looking glasses?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) Yes.

(b) Rs. 3,268.

(c) The change was made by the Central Public Works Department as the articles in question were old and in need of replacement.

(d) They were sent to the furniture stores. Some of them have been sold in auction and the rest are still at the stores.

**Mr. Sri Prakasa:** Have Government satisfied themselves that the looking-glasses were worn out and that new ones were necessary?

**The Honourable Sir Muhammad Zafrullah Khan:** It is not necessary for a looking-glass to wear out completely before it has to be replaced.

#### PROVISION OF WATER-BASINS IN QUARTERS OF MEMBERS OF THE LEGISLATIVE ASSEMBLY IN NEW DELHI.

**1589. \*Mr. Sri Prakasa:** Will the Honourable the Leader of the House state:

- (a) if the quarters of the members of the Legislative Assembly in New Delhi are not fitted up with wash-basins; and
- (b) if Government are considering the desirability of fitting those premises with such basins?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) No.

(b) Yes.

**Mr. S. Satyamurti:** With reference to clause (b), may I know when Government will come to a conclusion in the matter?

**The Honourable Sir Muhammad Zafrullah Khan:** I could not say. The department is looking into the matter.

#### AREA IN NEW DELHI SET APART FOR FRUIT CULTIVATION.

**1590. \*Mr. Kuladhar Chaliha:** Will the Honourable the Labour Member be pleased to state:

- (a) whether Government have set apart any area in New Delhi for fruit cultivation;
- (b) if any plots have been given on lease for the purpose and, if so, with what result;
- (c) if any more plots are still available for leasing out for the purpose and, if so, how many and on what terms and conditions;
- (d) whether there has been an adequate demand for taking plots on lease for fruit cultivation; if not, what steps Government have taken to make the lease terms more attractive;
- (e) what other steps Government have taken to develop and encourage fruit cultivation; and

- (f) whether Government have grown any fruit trees on roads or in compounds of Government buildings in New Delhi?

**Sir Girja Shankar Bajpai:** (a)—(f). The information required by the Honourable Member has been called for and will be laid on the table of the House as soon as possible.

#### FINANCIAL IMPLICATION OF THE FEDERATION.

**1591. \*Mr. S. Satyamurti:** Will the Honourable the Leader of the House please state:

- (a) whether his attention has been drawn to the speech of the Chancellor of the Chamber of Princes on the 14th March, 1939, in the course of which the Chancellor stated:

“Moreover we have to examine carefully and to ensure that the power of the States to develop their natural resources remains unaffected, and that the financial implications of the scheme leave us sufficient margin to balance our budgets and to provide funds for the growing and legitimate needs of improvements in and raising the standard of our administrations and in developing beneficent activities”;

- (b) whether any negotiations are going on on these and similar lines between the Finance Department of the Government of India and the Princes;
- (c) by whom the interests of British India are represented in this matter;
- (d) whether public opinion has been or will be consulted; and
- (e) whether the opinion of Provincial Governments has been or will be taken in the matter before decisions are arrived at; if not, why not?

**The Honourable Sir Nripendra Sircar:** (a) Yes, Sir.

(b) Negotiations are not conducted by the Government of India but by the Crown Representative.

(c) By the Government of India with whom the Crown Representative is in close consultation.

(d) and (e). There has been no such consultation and I have no reason to suppose that any is contemplated.

**Mr. S. Satyamurti:** With reference to the answer to clause (d) and (e), may I know the reason why no consultation is contemplated with the Provincial Governments, in view of the fact that they are vitally interested in the satisfactory settlement or solution of this problem affecting the finances of all the units under the Federation?

**The Honourable Sir Nripendra Sircar:** Whether consultation is necessary or unnecessary is a matter of opinion, and in the opinion of the Government it is not necessary.

**Mr. S. Satyamurti:** Have Government come to the conclusion that Provincial Governments need not be consulted at all in this matter at any stage?

**The Honourable Sir Nripendra Sircar:** At the present moment they have no desire to consult them. But we may not be stopped from changing our attitude.

**Mr. S. Satyamurti:** Have Government taken the opinion of the Provincial Governments in these matters, before they came to the conclusion that they were not to be consulted on the detailed negotiations or in the final settlement, and have satisfied themselves that the Provincial Governments have acquiesced in that position?

**The Honourable Sir Nripendra Sircar:** What the Provincial Governments acquiesce in or object to I am not in a position to state; but so far as the Government of India are concerned, at the present moment, to-day at this hour, there is no desire to consult them.

**Mr. S. Satyamurti:** With reference to the answer to clause (b), I heard my Honourable friend say that the negotiations are going on between the Governor General's representative and the Princes: am I right?

**The Honourable Sir Nripendra Sircar:** I said that the negotiations are conducted not by the Government of India, but by the Crown Representative.

**Mr. S. Satyamurti:** May I know whether the Crown Representative in conducting these negotiations has the benefit of the advice and of the opinions of the Finance Department of the Government of India?

**The Honourable Sir Nripendra Sircar:** What the Crown Representative has done I am not free to disclose; but the Finance Department is available for the service, should he decide to get its advice.

**Mr. S. Satyamurti:** May I know what is the agency which advises the Crown Representative in respect of these very difficult and delicate financial negotiations?

**The Honourable Sir Nripendra Sircar:** The Crown Representative in his discretion can get any opinion from anybody he likes.

**Mr. S. Satyamurti:** As a matter of fact, I want to know whether the Crown Representative has sought and is getting the advice of the Finance Department of the Government of India.

**The Honourable Sir Nripendra Sircar:** I said in reply to part (c):

"By the Government of India with whom the Crown Representative is in close consultation."

That is the utmost I can say.

#### SUB-LETTING OF GOVERNMENT QUARTERS IN DELHI.

1592. **\*Mr. Abdul Qaiyum:** Will the Honourable Member for Labour please state:

- (a) whether Government employees who do not own houses in Delhi receive preferential treatment in securing houses built by Government as against those owning houses in Delhi; 1

(b) if not, the reasons therefor;

(c) whether there are instances of sub-letting of such houses by Government servants at a profit to unauthorised persons; and

(d) the steps taken to eradicate this evil?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) Not as a general rule but Government employees who have constructed houses with the aid of an advance from Government are ineligible for Government quarters.

(b) Any general rule declaring Government servants owning houses in Delhi ineligible for Government quarters will be unnecessarily rigid in principle and difficult to enforce in practice.

(c) Such instances have come to notice.

(d) Serious notice is taken of unauthorized sub-letting and the offenders are usually declared ineligible for Government residences for suitable periods.

**Mr. Abdul Qaiyum:** With reference to part (a) of the question, may I know the reasons why preference is given to those who do not own houses?

**The Honourable Sir Muhammad Zafrullah Khan:** The reply is given in the reply to part (b) of the question.

#### REPRESENTATION REGARDING THE POSITION OF INDIANS IN SOUTH AFRICA.

**1593. \*Mr. Mohan Lal Saksena:** (a) Will the Secretary for Education, Health and Lands be pleased to state whether Government have received any representation from the Imperial Citizenship Association, Bombay, regarding the position of Indians in South Africa?

(b) If so, will Government lay on the table a copy of the same?

(c) Is it a fact that Government have been accused therein of their masterly inactivity and failure to safeguard the interest of Indians in South Africa?

(d) Is it also a fact that Jews from Germany and nationals of other countries outside the Empire have been given more favourable treatment in the matter of acquisition of land, etc.?

**Sir Girja Shankar Bajpai:** (a) and (b). A copy of the representation, referred to by the Honourable Member, is laid on the table of the House.

(c) and (d). The Honourable Member is presumably referring to another representation made by the Association in regard to the recent Kenya Highlands Order in Council. Government have already made the position clear in their Communiqué, dated the 24th February, 1939, and in the course of the debate on the adjournment motion on the subject on the 7th March, 1939.

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*Copy of letter dated the 25th March, 1939, from the Chairman, Imperial Indian Citizenship Association, Bombay.*

I am desired by the Council of this Association to address you this letter with regard to the proposed Asiatic Segregation Scheme in the Union of South Africa.

The reported legislation has threatened the position of Indians in South Africa to such an extent that they are driven to desperation and at a few hours' notice

decided to depute Pandit Bhavani Dayal, President of the Natal Indian Congress to India in order to apprise the people and the Government of India its real implications.

The idea of segregating Asiatics in South Africa is not new in that country's politics. The main object is the eventual expulsion from South Africa by continued degradation of our unhappy countrymen there who to-day are seeking counsel and guidance.

Pandit Bhavani Dayal arrived in Bombay on the 18th March, 1939 and had a conference with the Council of the Association the same day. He explained to the Council the position of Indians in South Africa with particular reference to the reported Asiatic Segregation Scheme in the Union of South Africa.

The Asiatic Enquiry Committee of 1920, was appointed as a result of the Europeans clamour to segregate Asiatics. Its Report stated, "Indiscriminate segregation of Asiatics in locations and similar restrictive measures would result in eventually reducing them to helotry. Such measures, apart from their injustice and inhumanity would degrade the Asiatic and react upon the Europeans". The Commission recommended that "there will be no compulsory segregation of Asiatics".

The Class Areas Bill was introduced by the Union Government in 1924 but was not proceeded with due to the resignation of the then Government. Another measure known as the "Areas Reservation Bill" was introduced in 1925. After protracted negotiations between the Government of India and the Government of the Union of South Africa a Round Table Conference was held between the representatives of the two Governments at Cape Town which resulted in the Cape Town Agreement and the withdrawal of the Bill.

By the Cape Town Agreement of 1927, the Government of the Union of South Africa recognised Indians in South Africa as a part of the permanent population of the Union. The "Uplift" clause of the Agreement was a sufficient indication that in future there would be no untoward trouble between India and South Africa so far as the status of Indians in South Africa was concerned. According to the "Uplift" clause, "The Union Government firmly believes in and adheres to the principle that it is the duty of every civilised Government to devise ways and means and to take all possible steps for the uplift of every section of the permanent population to the full extent of their capacities and opportunities, and accept the view that in the provision of education and other facilities the considerable number of Indians who remain part of the permanent population should not be allowed to lag behind other sections of the people".

In announcing the Agreement, Dr. Malan said: "The Government reaffirmed the recognition of the right of South Africa to use all just and legitimate means for the maintenance of Western standards of life. The Union Government recognised that Indians domiciled in the Union who are prepared to conform to Western standards of life should be entitled to do so."

The Segregation clause in section 5 of the Transvaal Asiatic Land Tenure Amendment Bill of 1932 was amended as the result of the second Round Table Conference. These facts indicate that the Government of the Union of South Africa had agreed in principle that there should be no segregation of Indians domiciled in the Union. The latest scheme of Optional Servitude now under consideration in South Africa, however, is incompatible and inconsistent with the letter and spirit of the solemn pledges given in the past by the Government of the Union of South Africa.

It is reported that the Minister of the Interior, Mr. R. Stuttaford, has proposed to the Government that legislation be introduced granting authority to register a servitude prohibiting the lease and sale of land to Asiatics and the occupation of land by Asiatics, if, for example, 75 per cent. of the owners of properties agree to it. The servitude will be registered free of charge. The Bill, in simple words, is designed to effect segregation of Asiatics from the Europeans areas, compulsorily, if 75 per cent. of the European landlords decide to demarcate their particular area as the sole reserve of the whites.

This Bill has been the outcome of the representations made to the Minister about three months ago by a deputation of seventeen representatives of the Transvaal led by Mr. J. M. van H. Brink, member of the Executive of the Transvaal Provincial Administration. The grounds alleged by this Deputation on which promise from the Minister was secured are summarised as follows.—

(a) The Immigration of Asiatics is increasing.

(b) The laws prohibiting the ownership of immovable property by Asiatics are not properly enforced.



- (c) Indians are chiefly responsible for the boycott of National Mark Products.
- (d) Europeans and European girls are employed by Asiatics.
- (e) Asiatics with their families reside under very unhygienic circumstances on their business premises.

The deputation asked that once and for all a solution of the problem must be found, that the immediate segregation of Asiatics and separate residential and business areas must be provided for Asiatics. They stressed the desirability of passing legislation on the lines of the Class Areas Bill.

The measure is so dangerous that according to information given by Pandit Bhavani Dayal, it will have effect on Indians in South Africa as under :—

1. It will steadily bring about the utter ruination of nearly two hundred thousand Indians in the Union of South Africa of whom 85 per cent are born there;
2. The Indians in South Africa fear that the proposed bill will nullify the recommendations of the Feetham Commission according to which the ownership of land for the Asiatics in the Transvaal is allowed in limited "exempted" areas;
3. If the present Bill becomes law it will mean the death knell for 10,000 Indians now living in the Reef areas in the Transvaal.

Regarding the two specific charges (a) and (c) levelled against Indians the South African Indian Congress in a statement to the Hon. The Minister of Interior gave the following replies :—

- (a) *"Immigration of Asiatics is increasing"*.

Anyone who takes an interest in the problems of this country must know that Indian immigration from India has ceased since 1913, and that the only persons now admitted to the Union are the wives and minor children under the age of sixteen, of domiciled Indians, and a very small number of educated entrants who are allowed to enter on temporary permits.

- (c) *"That Indians were chiefly responsible for the Boycott of National Mark Products"*.

Nothing can be further from the truth; the department of Agriculture can testify that the Transvaal Indian Congress assisted greatly in the settlement of the boycott which was initiated by interested European agents in the Diagonal Street area, and that the Indian Congress was largely responsible and instrumental in calling off the boycott. These two examples are quoted in support of our contention that the conclusions of the Ratepayers' Conference are based more on ignorance, race prejudice, and misrepresentation than on any true appreciation of the position. The members of the Asiatic Land Laws Commission, presided over by the Honourable Justice Murray, inspected the areas occupied by Indians in the different rural towns, and we are confident that their findings (if given) would strongly support our contention.

The Indian community voluntarily accepted under Mahatma Gandhi's leadership the total prohibition of further Indian immigration to South Africa with expectations that the status of the resident Indian population would be maintained and improved. The same motive actuated them when they accepted the Assisted Repatriation Scheme under the Cape Town Agreement and sent back to India 20,000 of their compatriots. It was generally felt in India that our countrymen in South Africa had secured no more than their minimum claims and for that they had to make enormous sacrifices; with the sympathy, support and practical assistance of the people of India during the past crisis, they had gone to the utmost limit of honourable concession, by consenting unreservedly to the closest restriction of Indian immigration into the Union in order to allay the fear and hostility of their European fellow colonists. But unfortunately the Union Government have always gone back upon their word. The proposed Bill is a flagrant violation of the Cape Town Agreement and all other settlements previously arrived at between India and South Africa.

The Council of the Association feels that the position of the South African Indian population by the proposed Segregation Scheme in the Union has become desperate and is fraught with immense peril to the relationship between the two countries. In these circumstances, and with the danger of irreparable disaster to Indians in South Africa being imminent, the Council of the Association feels its duty to request that the Government of India, mindful of the gravity of the situation, be pleased to impress upon the Government of the Union of South Africa the desirability of staying their hand in connection with the further progress of the proposed Bill. Obviously if

this request of the Government of India is not heeded they would be free to take such measures as may appear to them to be feasible and necessary to vindicate the just rights of Indians in the Union of South Africa.

**Mr. S. Satyamurti:** With reference to clause (b) of the question, may I know, Sir, whether the Government of India have heard since from the authorities concerned as to whether any action has been taken in order to redress this injustice to Indians?

**Sir Girja Shankar Bajpai:** No, Sir, we have not heard recently.

**Mr. S. Satyamurti:** Are Government pursuing the matter with the Secretary of State for the Colonies, in order to secure minimum justice to Indians?

**Sir Girja Shankar Bajpai:** My friend is aware of what has been done in the past, and I think all that has been done recently has been to communicate to the Secretary of State for communication to the Secretary of State for the Colonies the debates in this House and in the other place expressing the strong feelings in this country. The question of further representation is still under examination.

**Mr. S. Satyamurti:** In view of the fact that the Order in Council has already been passed and that racial discrimination is actively in force, do Government propose to take any further active steps in order to see that justice is done to our nationals?

**Sir Girja Shankar Bajpai:** The matter is always receiving the attention of the Government, but I cannot tell my friend just now as to what active steps are contemplated in the immediate future.

**Mr. Huseinbhai Abdullahbhai Laljee:** May I know, Sir, whether refugee Jews from Germany are allowed to acquire land in the Highlands in Kenya?

**Sir Girja Shankar Bajpai:** I would invite my Honourable friend to read the communiqué.

#### FINANCIAL IMPLICATION OF THE FEDERATION.

†1594. **\*Mr. S. Satyamurti:** Will the Honourable the Leader of the House be pleased to state:

- (a) whether the attention of Government has been drawn to the speech of the Chancellor of the Chamber of Princes, wherein reference is made to the financial implication of the Federation;
- (b) whether any questions concerning Federal finance in relation to the States are now under active consideration by the Government of India;
- (c) if so, what they are;
- (d) whether, in respect of these questions, in so far as they affect the other units of the Federation, *i.e.*, the Provincial Governments, they will be consulted before final decisions are taken;
- (e) if not, why not; and

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†Answer to this question laid on the table, the questioner having exhausted his quota.

- (f) whether Government intend to move His Majesty's Government for an amendment of the Government of India Act, 1935, in respect of its financial provisions, and, if so, in which direction?

**The Honourable Sir Nripendra Sircar:** (a), (d) and (e). The attention of the Honourable Member is invited to the replies which I have just given to parts (a), (d) and (e) of his starred question No. 1591.

(b) and (c). It is not in the public interest to give information on these points.

(f) The attention of the Honourable Member is invited to the reply which I gave on 21st March, 1939, to parts (b) and (c) of Mr. Avina-shilingam Chettiar's starred question No. 1214.

#### REPRESENTATION FOR THE PURCHASE OF INDIAN TEA BY RUSSIA.

**1594A. \*Mr. Kuladhar Chaliha:** Will the Honourable the Commerce Member please state:

- (a) whether Government are aware that Mr. R. S. Hudson, the Secretary for Overseas Trade, has gone to Moscow to carry on trade talks for the United Kingdom;
- (b) whether his talk will include the purchase of tea from India; if so, what quantity;
- (c) whether the Government of the United Kingdom are prepared to grant credit for the purchase of Indian tea to the U. S. S. R.; and
- (d) whether the Government of India have made a representation to His Majesty's Government to make the necessary representation to the U. S. S. R. for the purchase of Indian tea and grant necessary credit?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) Apart from press reports, the Government of India have no official information in the matter.

(b) and (c). The Government of India have no information regarding the scope of the conversations.

(d) No.

**Mr. Kuladhar Chaliha:** Will the Honourable Member please represent the views of the tea industry to the U. K. Government and see that tea is exported to the United Kingdom?

**The Honourable Sir Muhammad Zafrullah Khan:** I do not know whether the Honourable Member would consider it advisable to make a representation to U. K. Government, but if the necessity arises, I can assure him Government will do so . . .

**Mr. Kuladhar Chaliha:** Will the Honourable Member please say whether the pre-war re-exports of tea from U. K. was more than 100 million pounds and in 1938-39 it is 3.9 million pounds only?

**The Honourable Sir Muhammad Zafrullah Khan:** I am afraid I cannot vouch for the figures of the Honourable Member.

## POSTPONED QUESTION AND ANSWER.

### INSTRUMENT OF ACCESSION.

**1382. \*Mr. T. S. Avinashilingam Chettiar:** (a) Will the Honourable the Law Member state whether Government's attention has been drawn to the following statement on page 9 of the *Statesman* of the 15th March, 1939, of the Chancellor of the Chamber of Princes regarding Instruments of Accession:—'Moreover as expected the States have been given a period of six months within which to give their replies'?

(b) From which date are these six months to be counted?

(c) Have any replies been so far received from the Princes?

**The Honourable Sir Nripendra Sircar:** (a) and (b). The attention of the Honourable Member is invited to the replies which I gave to parts (a) and (b) of Mr. S. Satyamurti's starred question No. 1387 for the 29th March, 1939.

(c) No, Sir.

**Mr. T. S. Avinashilingam Chettiar:** Am I to understand, Sir, that no replies have been received?

**The Honourable Sir Nripendra Sircar:** The question is, have any replies been received, and the answer is, No, and the Honourable Member can draw his own inference.

**Mr. K. Santhanam:** Is there any proposal to extend the time limit?

**The Honourable Sir Nripendra Sircar:** I am not aware of any such proposal.

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### THE INDIAN TARIFF (SECOND AMENDMENT) BILL—*contd.*

**Mr. President** (The Honourable Sir Abdur Rahim): The House will now discuss the clauses. The question is:

"That clause 2 stand part of the Bill."

Amendment No. 2. The Chair should make the position clear as regards the amendments of which notice has been given. The Chair finds a note which relates to two amendments in the name of Mr. Ananthasayanam Ayyangar to the effect that sanction has been refused, the Chair takes it, by the Governor General. But the Chair finds there are also other amendments of a similar nature. The Chair takes it that in a matter of this nature, it is for the Chair to decide whether sanction is necessary or not.

**The Honourable Sir Muhammad Zafrullah Khan** (Member for Commerce and Labour): Yes, Sir.

**Mr. President** (The Honourable Sir Abdur Rahim): If that is so, then the question would arise even where sanction has been refused, whether the amendment required sanction or not.

**Mr. S. Satyamurti** (Madras City: Non-Muhammadian Urban): May I say one thing. On your decision whether sanction is required or not will depend whether the refusal of the sanction will bar the amendment or not.

**Mr. President** (The Honourable Sir Abdur Rahim): That is what the Chair meant.

(The Honourable the President then called out the numbers on the consolidated list.)

**Dr. Sir Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadian Rural): I want to move No. 4. I move:

“That in part (ii) of sub-clause (b) of clause 2 of the Bill, for the figures ‘1946’ the figures ‘1941’ be substituted.”

Sir, yesterday, while I was speaking, I pointed out that this particular industry does not need any protection. As the Tariff Board Report is before us and the Government in pursuance of their recommendation must necessarily give a protection whether it is needed or not, they have put down certain figures, and I thought in this case protection for a period of two years would be sufficient, because, I am positive that the industry is now making very good progress, and, after two years this protection would not be necessary. In this connection I should like to point out that India is a country which does not really import large quantity of magnesium chloride. From the figures we find that though we import 899 tons, yet we export 2,380 tons. Now, whenever export is about three times of our import, we cannot call it an importing country. Certainly, we are an exporting country when our export is three times our import. It is, therefore, desirable that the period for which protection is given should be a small one, and, after that, we can decide whether we should give further protection or remove it altogether. I think, Sir, to give protection for a longer period, as is recommended in the Bill, is not justified by the facts presented to us by the Tariff Board. Whenever there is a question of protection, industrialists want always a longer protection and least interference, but in this particular case, the protection is not needed at all, because they are making enormous profits already. Their profit and loss accounts have never been presented to us; they were not shown to the Tariff Board either; they are kept very confidential from us.

On the one side the industries who deal in this keep the whole of their accounts confidential, they do not show their profit and loss accounts, they give no reason whatever for a continuation of this protection, and from the figures before us we find that they are getting enormous profits. Their cost of production is much less than the price at which they sell magnesium chloride in the United Kingdom. The sale price in the United Kingdom is Rs. 2-14-0 per cwt., and the cost of production is about half, and when they are selling it at this enormous profit and their cost of production is much less than the rate at which the article is imported into this country and much less than what they get in the foreign market, I see no reason why we should give any protection to this particular commodity. The only justification in support of this is that this commodity is mainly

[Dr. Sir Ziauddin Ahmad.]

used by the mill industry, and since the mill industry is a protected industry, therefore, every article which they use in that industry must also be protected. That is the only argument in favour of this, and that is the only argument advocated by the Tariff Board. Is this proposition economically sound? But in view of these glaring facts, how are you going to swallow this pill, and should the Government sit tight over this and not care for the interests of the consumers? If the cost of magnesium chloride goes up, the cost of cloth goes up, and, ultimately, the consumers will suffer. If that is the position, I say that the Government who are looking after the interests of the poor people, the consumers, who are not very loud, in the expression of their opinions by means of deputations and so on, should not ignore those interests. My Honourable friends, the Congress Members, who always plead for the poor people but act for the capitalists and the big people will give no support. The Government on the one side sit tight, the Opposition also sits tight and we remain neutral, and we do not know what would happen to the poor consumers of this country. If, after considering all these facts you still consider that protection is needed for a period of six years, then God save us both from our friends and our enemies. Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is:

"That in part (ii) of sub-clause (b) of clause 2 of the Bill, for the figures '1946' the figures '1941' be substituted."

The motion was negatived.

**Mr. T. S. Avinashilingam Chettiar** (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Sir, I move:

"That in sub-clause (c) of clause 2 of the Bill, in the third column of the proposed Item No. 43, for the word 'Revenue' the word 'Protective' be substituted."

I do not want to make a long speech in view of the exhaustive way in which it has been dealt with in the general consideration stage. But I would like to say this that Government have accepted that protection is necessary for wood pulp. They have not given any reasons why they want to substitute it as revenue duty. The implications of substituting the word 'protective' for the word 'revenue' are these. If it is a protective duty it cannot be withdrawn earlier than the period for which protection is sought to be given. If it is entered as protective, that will give the advantage of section 4 of the Indian Tariff Act, that is, if there is dumping or if there is otherwise greater competition than what is provided for under this item, then the Government by an executive order can give greater protection by altering the duties. Therefore, the substitution of the word 'protective' has got two advantages. The Government themselves have not opposed it in the Resolution that they have communicated to us, and I do not see any reason why it should be a revenue duty. So, Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim): Amendment moved:

"That in sub-clause (c) of clause 2 of the Bill, in the third column of the proposed Item No. 43, for the word 'Revenue' the word 'Protective' be substituted."

**The Honourable Sir Muhammad Zafrullah Khan:** I pointed out yesterday when replying to the debate on the consideration motion that the Tariff Board had found that the works cost of a ton of bamboo pulp was Rs. 111, the works cost of a ton of grass pulp Rs. 140, and the price of the imported article after paying duty, Rs. 156, and I said that that left an ample margin for the industry and made an allowance for a great deal of fluctuation in price. Nevertheless, as Honourable Members appear to have an apprehension either that prices of the imported article might slump unduly or that the revenue duty might be interfered with on other considerations, I have no serious objection to accepting this amendment.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is :

“That in sub-clause (c) of clause 2 of the Bill, in the third column of the proposed Item No. 43, for the word ‘Revenue’ the word ‘Protective’ be substituted.”

The motion was adopted.

**Mr. President** (The Honourable Sir Abdur Rahim): Amendment No. 7.

**Dr. Sir Ziauddin Ahmad:** I want to move No. 1 of Supplementary List No. 2.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair called the number and the Honourable Member did not get up.

**Dr. Sir Ziauddin Ahmad:** I want to move all the amendments standing in my name.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair is not going to call any Member by name. It is the duty of an Honourable Member to rise in his place if he has an amendment in his name. The Honourable Member must know the procedure. The Chair is simply calling out the numbers as a matter of fact to help Honourable Members. That is all.

**Dr. Sir Ziauddin Ahmad:** I want to move No. 7:

“That in sub-clause (c) of clause 2 of the Bill, in the fourth column of the proposed Item No. 43, for the figures ‘25’ the figures ‘20’ be substituted.”

I gave reasons yesterday in the consideration stage that this duty is rather too high. The amount of profit which they are earning is very great and I gave yesterday quotations also of the profits given by various companies. In view of the enormous profits which these paper companies are now distributing to their shareholders, it is not desirable that we should give them protection as provided in the Bill. The quantum of protection should be diminished. Sir, I move.

**Mr. President** (The Honourable Sir Abdur Rahim): Amendment moved:

“That in sub-clause (c) of clause 2 of the Bill, in the fourth column of the proposed Item No. 43, for the figures ‘25’ the figures ‘20’ be substituted.”

**Mr. M. Ananthasayanam Ayyangar** (Madras ceded Districts and Chittoor: Non-Muhammadan Rural): Sir, I oppose this amendment. Amendment No. 5 which has just been accepted proposed to substitute

[Mr. M. Ananthasayanam Ayyangar.]

the word "Protective" for the word 'Revenue'. He stated that one of the main grounds for that was that the price of imported pulp may go down, thereby making this revenue duty useless. My Honourable friend, Sir Ziauddin, wants to take away what was given by amendment No. 5. He wants to reduce the figure from 25 to 20. We had objection even to the protective duty of 25, for the reason that, while it protects bamboo pulp, it does not protect grass pulp, and it is obvious that if my friend's amendment is accepted, there will be absolutely no margin, and, with such a small margin, the industry cannot progress. I, therefore, submit that it is desirable to retain 25 per cent. and oppose the amendment.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is:

"That in sub-clause (c) of clause 2 of the Bill, in the fourth column of the proposed Item No. 43, for the figures '25' the figures '20' be substituted."

The motion was negatived.

**Mr. T. S. Avinashilingam Chettiar:** Sir, I move:

"That in sub-clause (c) of clause 2 of the Bill, in the fourth column of the proposed Item No. 43, after the words '*ad valorem*' the words and figures 'or Rs. 35 per ton whichever is higher' be added."

**The Honourable Sir Muhammad Zafrullah Khan:** On a point of order. I object to the amendment that has been moved.

**Mr. M. S. Aney** (Berar: Non-Muhammadan): On a point of order. Can an objection be taken before the motion is moved.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair takes it, he is going to raise the question of sanction. If sanction is required and has not been obtained, then the amendment cannot be moved at all.

**The Honourable Sir Muhammad Zafrullah Khan:** My submission is that in respect of amendments which seek to raise the level of duty, above that provided in this Bill, the necessity of sanction arises and sanction not having been obtained, those amendments are out of order.

**Mr. President** (The Honourable Sir Abdur Rahim): Is it higher than the duty under the Act?

**The Honourable Sir Muhammad Zafrullah Khan:** I am going to develop that point. It will be agreed on all hands that an amendment which seeks to raise the burden on the taxpayer above that which he would have to bear, if the measure under consideration were not to become law, would be out of order. It has been ruled before that if the amendment seeks only to raise the level of duties provided in a Bill up to or below the level at which they would stand if there were no attempt to deal with them by a new legislative measure no sanction is required as the amendment would not add to the burden on the consumer which he would have otherwise to bear. Now, the position in regard to this Bill is that it imposes fresh duties after the duties that were previously in operation have come to an end. The point will be better appreciated if I draw your attention and the attention of the House to the fact that if it had not been certified that the fresh duties which this Bill seeks to impose may be collected under the



provisions of the Provisional Collection of Taxes Act, today, there would be no duty at all. The duties which were previously in operation have come to an end.

**Mr. President** (The Honourable Sir Abdur Rahim): When?

**The Honourable Sir Muhammad Zafrullah Khan:** On the 31st March. This Bill was introduced on the 31st of March and the duties under it began to be collected from the 1st of April.

**Mr. President** (The Honourable Sir Abdur Rahim): On the 31st of March, the old duties were in force?

**The Honourable Sir Muhammad Zafrullah Khan:** Yes. The point is this. If it were not for that declaration under the Provisional Collection of Taxes Act, there would be no duties in operation today. Now, those duties are being collected under this Bill which is under consideration. If this Bill were to go, the old duties would not come into operation nor would they continue in operation. They have definitely come to an end. The position with regard to the Provisional Collection of Taxes Act is that a declaration under section 3 of that Act can only be made if fresh duties or enhanced duties are being imposed. I shall read out section 3 of the Act.

**Mr. President** (The Honourable Sir Abdur Rahim): Is this an increased duty?

**The Honourable Sir Muhammad Zafrullah Khan:** This is a fresh duty.

**Mr. President** (The Honourable Sir Abdur Rahim): Lower or higher?

**The Honourable Sir Muhammad Zafrullah Khan:** It is lower than the duties that were in operation under the old Act which has expired.

**Mr. President** (The Honourable Sir Abdur Rahim): And the amendment?

**The Honourable Sir Muhammad Zafrullah Khan:** The amendment seeks to raise them above the level at which they are in operation today. It seeks to raise them up to a level lower than the duties under the old Act but higher than the duty that is in operation today. The point that I was trying to make was this. Section 3 of the Provisional Collection of Taxes Act says :

"Where a Bill to be introduced in the Indian Legislature on behalf of Government provides for the imposition or increase of a duty of customs or excise, the Governor General in Council may cause to be inserted in the Bill a declaration that it is expedient in the public interest that any provision of the Bill relating to such imposition or increase shall have immediate effect under this Act."

Now, Sir, if the present Bill is to be construed as reducing the duties from the level at which they stood under the old Act and it is  
12 NOON. sought to be argued that, therefore, any amendment seeking to increase them, not beyond the old level but up to the old level or somewhere below the old level, has merely the effect of raising the duty up to or below the old level and, therefore, does not increase the burden on the taxpayer,

[Sir Muhammad Zafrullah Khan.]

then section 3 of the Provisional Collection of Taxes Act would not apply. Then, the duty that is being collected is being illegally collected and actually there is no duty in operation today, and those who have paid duty have a claim to get a refund of any duty collected because it is an illegal imposition.

**Mr. President** (The Honourable Sir Abdur Rahim): Apart from that declaration, supposing there was no declaration, the Chair takes it this Bill will still be liable to be passed by this House?

**The Honourable Sir Muhammad Zafrullah Khan:** Actually there would then be no duty collected after the 31st March. Therefore, the argument that a duty is being collected continuously after the 31st March but at a lower rate and that, therefore, it is only a case of a reduction of duty would not hold. If it is a case of reduction of duties, whatever is being collected is not a legal duty, it is an illegal imposition and no duty is actually today in operation. On the other hand, if section 3 of the Provisional Collection of Taxes Act validly applies, then it is a case of fresh imposition of duties. Obviously, it is not an increase and if it is a fresh imposition of duties where the original duties have come to an end and have ceased to be of any effect, then any amendment seeking to raise the duty, provided in the Bill, does place an additional burden upon the taxpayer because, it is only by virtue of this Bill *plus* the Provisional Collection of Taxes Act.....

**Mr. President** (The Honourable Sir Abdur Rahim): The point the Chair wants to clear up is this. When this Bill was introduced and as the Bill now stands, it seeks to impose certain duties. At the time of the introduction of the Bill, when the House became seized of it, there was a duty in force, that is to say, under the old Act; and what the amendment seeks to do is to raise the duty to a level lower than under the old Act. Then, the question is whether the amendment ought not to be considered as referring—so far as this point is concerned—to the state of things existing at the introduction of the Bill?

**The Honourable Sir Muhammad Zafrullah Khan:** With regard to that, my submission is that this declaration under the Provisional Collection of Taxes Act cannot operate under the provisions of the Act itself from the date on which the Bill is introduced; it can only come into operation from the following day and, therefore, the new Bill did not in any manner affect the duties under the old Act or the operation of the old Act, and I would submit that the real test in these matters is this. In the absence of the Bill that is being discussed, that is to say, if the Bill were thrown out altogether, would the old duties be in operation? If they would be in operation, then the position is that, inasmuch as the House can throw out the Bill altogether and in that way restore the operation of the old duties, it is open to the House to say that the duties shall be either at the old level or at a level which is higher than that provided for in the new Bill but lower than the level under the old Act.....

**Mr. President** (The Honourable Sir Abdur Rahim): This question is not governed by any rule, but by parliamentary principles. This has been

fully explained by Sir Ibrahim Rahimtoola. The question to be decided according to that principle is : at the date of the introduction of the Bill when the Bill was placed before the House and the Member of Government obtained leave for its introduction what was the state of things so far as this duty is concerned. The Bill, as then introduced, is now under consideration, and any amendment that is sought to be made has to be considered with reference to the Bill now before the House as introduced. Then, at the date of introduction, there was a certain duty payable, and I suppose the other side would say, "What we propose by the amendment is a certain level of duty which is lower than the prevailing rate at the date of the introduction of this Bill?" You say, "no", "you want that the duty should be higher than what the Government propose by this Bill though still lower than what existed before"?

**The Honourable Sir Muhammad Zafrullah Khan:** My reply is that the Bill, when introduced, only meant a provision for the imposition of fresh duties after the duties that were then in operation would expire—they were going to expire on the date on which this Bill was introduced. The effect of the introduction of this Bill along with the declaration under the Provisional Collection of Taxes Act was that, after the expiry—not during the continuance but after the expiry of the old duties, from the following day, a fresh duty would be levied which may have been higher or lower—as it happens here it is lower—than the duty which expired, and the duty having expired, today there is no duty in operation except by virtue of the provisions of this Bill read with the provisions of the Provisional Collection of Taxes Act.

**Mr. President** (The Honourable Sir Abdur Rahim): Supposing this Bill was introduced a month earlier, what would be the position of the Honourable Member?

**The Honourable Sir Muhammad Zafrullah Khan:** If these amendments had come up for discussion by Honourable Members while the old duties were still in operation and had not expired, then, under the rulings of Honourable Presidents, they would not have required sanction.

**Mr. President** (The Honourable Sir Abdur Rahim): That means a very uncertain position?

**The Honourable Sir Muhammad Zafrullah Khan:** The case is really indistinguishable from the case on which you gave a ruling, Sir, in 1936.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair has considered that; that was the ruling in its mind when the Chair put these questions.

**The Honourable Sir Muhammad Zafrullah Khan:** The point that was discussed was this. The duty had expired also on the 31st March. The new Bill was introduced a few days later, and in between, there was actually no duty in operation but a fresh duty came into operation again in the same way as here under the Provisional Collection of Taxes Act and the question there also was whether an amendment to restore the duties to the original level did or did not require sanction.....

**Mr. President** (The Honourable Sir Abdur Rahim): That seems to the Chair the important point—the date when the Bill was introduced.

**The Honourable Sir Muhammad Zafrullah Khan:** May I draw your attention to a few lines in your ruling in the Debates for 1936, page 4318: you were pleased to say:

"The Chair had considered these amendments when notice was given, and it has also heard the arguments on both sides as to whether these amendments are in order or not. The Chair thinks the rulings are quite clear on the point. The circumstances of this case are that the duty on wheat expired, under the last Act, on the 31st March, 1936, and then the Government, under the Provisional Collection of Taxes Act, 1931, imposed a duty of one rupee per hundredweight on wheat as a protective duty; and now this Bill seeks to impose a protective duty of one rupee per hundredweight on wheat, to come into effect as soon as this Bill becomes law."

I submit that the position here is exactly the same and can be described in exactly the same words. You were further pleased to remark:

"There is no doubt that what was done under the Provisional Collection of Taxes Act, 1931, was to impose a certain duty on wheat as none existed before. . . ."

The provisions of that Act came into operation after the old duties had ceased to be in existence.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair does not really see the importance of this Provisional Collection of Taxes Act so far as this case is concerned. This provisional collection is, after all, a temporary measure.

**The Honourable Sir Muhammad Zafrullah Khan:** If it is irrelevant.....

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair did not say it is irrelevant.

**The Honourable Sir Muhammad Zafrullah Khan:** Let us say for the purpose of this argument that it is irrelevant. In that case, my case is further strengthened and for this reason. If it is a fact that the Provisional Collection of Taxes Act does not affect the question before you, then the position is that, apart from the provisions of that Act, there is no duty in operation now. The old duties have expired.

**Mr. President** (The Honourable Sir Abdur Rahim): The Bill, the Chair takes it, was introduced on the supposition that there was a duty.

**The Honourable Sir Muhammad Zafrullah Khan:** I venture to submit not necessarily. What the Bill seeks to do is to amend the Act by continuing its operation in some cases for seven years and in some other cases for three years.....

**Mr. President** (The Honourable Sir Abdur Rahim): It is an amendment to that Act.

**The Honourable Sir Muhammad Zafrullah Khan:** Yes, just as the Wheat Bill of 1936 was an amendment of the previous Act substituting a later date and then providing for the duty. My submission, therefore, is that the real position is not at all distinct from the question that was under your consideration in 1936. Exactly the same position had arisen there except that there had been an interval of a few days during which the Provisional Collection of Taxes Act was not in operation. The new Bill could only come into force after it had become law: it could not come into force earlier. The mere introduction on a particular date, I venture to submit, is immaterial. The effect in law is that the old duties are no longer in operation. If this Bill does not become law, there would be nothing in operation and therefore the question is: what would be the

burden on the consumer in the absence of this Bill? In the absence of this Bill, the burden on the consumer would be nil. This Bill seeks to impose a certain extra burden on the consumer. That is the real position.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable the Commerce Member has admitted that this amendment, which is in the name of Mr. Avinashilingam Chettiar, seeks that certain duties should be imposed on wood pulp which, in fact, will be higher than those proposed in the Bill, but lower than that in the Act which the present Bill seeks to amend. The Honourable the Commerce Member then argues that what is to be taken into account is the fact whether there is any duty at the present day or rather today when the amendment will be discussed and put to the vote of the House—and whether the proposal in the amendment would increase the burden on the taxpayers or the duty payers or not. He says that no account is to be taken of the fact that the Bill including the clause which this amendment seeks to amend was introduced on a date on which the old Act was in force and he further argues that, but for the Provisional Collection of Taxes Act, there would have been no duty at all today and, therefore, this amendment seeks to increase the burden of the people inasmuch as it wants that the duty should be higher than that provided for in the Bill which is now before the House, and, therefore, previous sanction of the Governor General is necessary. The Chair does not think, the continuance of the duty under the particular Act mentioned, for the time being, makes any difference in this case. Supposing, for instance, this Bill was introduced a month before the duty under the Act expired, Honourable Members would be perfectly justified in sending notices of amendments any time afterwards and the mere accident that when an amendment came to be discussed by the House, the duty happened to expire should not make any difference in the consideration of the amendment. The Chair thinks the crucial date to be considered is the date of the introduction of the Bill, when the House became seized of the Bill, and it was open to the Honourable Members to send in amendments on the basis of the Bill and the law existing on that day. Since this amendment does not seek to raise the duty to a figure which is higher than what was prevalent on the date the Bill was introduced, the Chair holds that the amendment is in order, and that sanction of the Governor General was not required.

**Mr. T. S. Avinashilingam Chettiar:** Sir, the amendment I have moved is:

"That in sub-clause (c) of clause 2 of the Bill, in the fourth column of the proposed Item No. 43, after the words '*ad valorem*' the words and figures 'or Rs. 35 per ton whichever is higher' be added."

I do not like to make a long speech on this matter either. I would like only to show that this duty of 25 per cent. *ad valorem*, according to the present price of paper, works out to about Rs. 32 as the Honourable the Commerce Member has stated. The report of the Tariff Board (page 20) shows the prices per ton of imported pulp. Taking the rate of £10 per ton, it works out to Rs. 133 and 25 per cent. of that comes to about Rs. 35 and the Honourable Member said that the present protection is quite sufficient at that price level. Examining the price that has prevailed I do not think that the fixation of 25 per cent. *ad valorem* will be sufficient. The price has come down to something like £8-5-0 which was the *c. i. f.* price per ton of imported pulp in 1935-36. Twenty-five per cent. of that

[Mr. T. S. Avinashilingam Chettiar.]

comes to Rs. 27-8-0 and, therefore, if the price of paper goes down, it does not work out to Rs. 32 per ton as the Honourable Member made out. Undoubtedly it works out at the price of wood pulp per ton in the last year. You must allow for a certain reduction of the price of imported pulp and we see that the price of imported pulp when it goes down cuts down the protection that has been vouchsafed, if it is at the *ad valorem* rate. For that reason I would like the minimum to be fixed as suggested in my amendment. I hope the amendment will be accepted by the Honourable Member because he himself said that he is agreeable to giving protection at Rs. 33 per ton.

**Mr. President** (The Honourable Sir Abdur Rahim): Amendment moved:

"That in sub-clause (c) of clause 2 of the Bill, in the fourth column of the proposed Item No. 43, after the words '*ad valorem*' the words and figures 'or Rs. 35 per ton whichever is higher' be added."

**Babu Baijnath Bajoria** (Marwari Association: Indian Commerce): Sir, I rise to support this amendment. The Honourable the Commerce Member said yesterday that the works cost of bamboo pulp was Rs. 111 per ton as found out by the Tariff Board and that 25 per cent. revenue duty will be sufficient to cover the protection needed both for bamboo pulp and grass pulp. But he has calculated on the basis of Rs. 111 per ton while he has very conveniently not taken into account the overhead charges which were also calculated by the Tariff Board. He said that the process of manufacturing paper is a continuous one, from bamboo or grass to paper. But, Sir, the process of manufacture consists of two different sections. The first process is to make pulp from bamboo or grass and the next process is to make paper from the pulp. As the Honourable the Commerce Member knows the more difficult task and the more laborious and the more costly task is to make pulp from the raw material, and the Tariff Board rightly said in their report that 60 per cent. of the total overhead charges should be apportioned to the cost of manufacturing pulp from the raw material and, accordingly, they calculated on this basis of 60 per cent. that Rs. 33 per ton would be the overhead charges for making one ton of pulp, and they came to the conclusion that the works cost of manufacturing bamboo pulp was Rs. 144 and the cost of manufacturing grass pulp was Rs. 173. If the *c. i. f.* price of imported wood pulp is taken at Rs. 120 per ton and the duty of 25 per cent. only is levied thereon, it will not be sufficient to enable the grass pulp to compete with the foreign wood pulp.

Yesterday, my Honourable friend, the Commerce Member, interrupted my Honourable friend, Mr. Ananthasayanam Ayyangar, and said that the Tariff Board reported that the tendency of the price of wood pulp was upwards, but I am sorry that he was mistaken when he made that interruption. I would refer him to page 35 of this report which says that at the time when the Report was made the price of wood pulp was about £12 and they said:

"We understand that prices even lower than £12 have been quoted recently. By 1939-40, it is not improbable that a further fall in prices may have occurred and it is possible that they may eventually recede to £9 a ton, *c. i. f.* Calcutta since early in 1936 they were as low as £8-15-0."

As a matter of fact, the price of wood pulp has fallen considerably since this report was published. So, Sir, in my opinion, this amendment is absolutely necessary if we are to protect the indigenous pulp from the competition of foreign wood pulp.

A point was made by Professor Ranga that grass mills should be given notice of three or four years in which they should change over from grass to bamboo. Probably, my Honourable friend does not know anything about paper manufacture. Otherwise he would not have made such an absurd proposal. The machinery required for making pulp from bamboo is absolutely different from the machinery which is required for making pulp from grass and so, it will mean that those mills which manufacture pulp from grass will have to scrap their machinery and will have to import fresh machinery or start fresh mill for bamboo. Then, again, he said that if bamboo is not obtainable in the United Provinces and the Punjab it may be transported from Madras. Probably, he does not know that in the case of either bamboo or grass, it is the freight that costs and not the material. The bamboo in the forest or the grass on the hills or in the jungle have no value; the only cost is the royalty payable for the lease of the forests and the cost of cutting, carting and railway transport. If bamboo is to be brought from Madras, then it will be much more costly than the grass obtainable in the United Provinces and the Punjab. I am making these remarks so that my Honourable friend might know that his suggestion does not hold water.

I will now refer to my Honourable friend, Dr. Sir Ziauddin Ahmad. He said that this industry has been in existence for the last sixty years and so it does not require any protection. I may inform him that up till before the war, there were four paper mills in India altogether. They were struggling for their existence, they were hovering between life and death. No dividends were being paid and it was only a matter of time when the funeral procession of these mills would be taken. It was during the war that these mills made good profits and came to their own. I may also inform him that, even afterwards, the mills were making heavy losses. As a matter of fact, the Titaghur Paper Mills lost Rs. 35 lakhs in an adventure to open bamboo paper mill in Burma. That was a complete failure and the whole capital of 35 lakhs invested therein was lost and had to be written off. My Honourable friend gave some figures showing what profits have been made by these mills. I may inform him that the share capital of Rs. 25 for one mill which he quoted was originally Rs. 50. The shareholders paid Rs. 50. And on account of the losses that were incurred by the mills 25 rupees had to be written off and the share capital had to be reduced to Rs. 25. That is in the case of the Bengal Paper Mills; and as regards the Titaghur Paper Mills the share value was originally Rs. 100; it was then split up into smaller shares of Rs. 10 and then, on account of losses, three-fourths of the capital had to be written off and the share value was reduced to Rs. 2½. And then, for the money which was due to the Managing Agents, 30 lakhs of rupees worth of deferred shares were accepted by them. That is what saved the mills. They paid 30 lakhs cash down and they had to accept deferred shares which, on that day, were practically considered to be valueless. Then another reconstruction scheme was made and it is shown in the reports read by my Honourable friend, i.e., Rs. 5 for 'A' ordinary shares and Rs. 5 for 'B' ordinary shares, etc. My Honourable friend should have understood these things before making suggestions that these mills have

[Babu Baijnath Bajoria.]

been making large profits for 60 years. The industry has been given protection only for 12 or 13 years and it has been amply proved by the Tariff Board Report that this protection has not been abused but has been used to very good purpose. And, as a matter of fact, the mills did not increase the price of paper to the same level when there was increase in the price of imported paper which they would have been justified in doing. It has also been mentioned in the Tariff Board Report which I should like the Honourable Member to go through. Sir, I think this amendment is absolutely essential for the protection of the industry and specially for those mills which manufacture pulp from grass, and I would appeal to my Honourable friend, the Commerce Member, to accept this amendment.

**Dr. Sir Ziauddin Ahmad:** Sir, before I come to the subject matter of this amendment I may refer to one or two points raised by the last two speakers. I may inform Mr. Bajoria that I was not speaking from memory but from printed reports which quoted the dividends paid by mills. So that whereas he could not give any documentary evidence in support of his arguments I quoted the authoritative reports, which cannot be challenged, as regards the dividends declared by the various companies.

My second point is, that the paper mills and manufacturing companies made enormous mistakes for which they came to grief. During the war and just after they made huge profits and began to give big dividends, without keeping any reserves for bad times; and when the bad times came, they came before the Commerce Member and the Finance Member and asked for protection. Had these capitalists been moderate in their expenditure and declaration of dividends and had they kept something in reserve, this protection, which is now required at the expense of the taxpayers, would not have been needed. I know some bad managers who intentionally make these companies bankrupt; and I gave my own case as an example. I invested some money in a bobbin company the managing agents of which owned some other company which made this bobbin company bankrupt, so much so that they have mortgaged the whole of that company for 120 years without any dividends and interest, etc. So, the one or two examples quoted by my friend, Mr. Bajoria, require serious consideration. I should like to know whether the personal equation of these managers is not the same as the personal equation of my bobbin company managing agents. Then alone will we be able to settle this matter.

Now, coming to my Honourable friend, Mr. Ayyangar, I want to quote what Lord Ronaldshay said on going back from this country that when a Madrasite begins to speak it will take you five minutes to discover that he was speaking English! There may be some exaggeration because I begin to understand Mr. Ayyangar much earlier than five minutes. But the difficulty is that as I do not follow him he also does not follow me.

Coming to the amendment itself, as was made clear by the Commerce Member and the Mover, the intention is to raise the quantum of protection. And my argument against it is that raising of protection is not needed; rather the quantum of protection should be lowered. And I mentioned two facts in support of my argument. We find that imported pulp has been continuously diminishing in this country and the bulk of



it which is manufactured in this country has been continuously increasing. On page 18 of the report we are told that in 1931-32, when this Bill first came into operation, the total quantity of pulp produced in this country was 17,571 tons and the imported pulp was 20,081 tons. In the last seven years the manufactured pulp has risen to 35,374 tons, i.e., 100 per cent. increase, and the imported pulp has diminished to 10,976 tons, i.e., reduced by half. Again, on page 8 of this report, the percentage is given and we find that whereas in 1931-32 the percentage of pulp produced in this country was 46.67 of the total, it rose to 76.32 per cent., while the imported pulp was reduced from 53 per cent. to about 23.68 per cent. It is, therefore, clear that imported pulp five years ago was more than half our total requirements, and now it is less than a quarter—it is between one-fourth and one-fifth. The import, therefore, is diminishing regularly and the manufacture of pulp in India is proceeding 'airly well'. The second point is on page 35. We find that the price prevalent some time ago was only about £8 whereas now the rate is about £13. With the high price of the imported article, it is not desirable that we should increase the quantum of protection and artificially raise the price level. Considering all these things, namely, the high price of the imported article, the constant increase in the manufactured pulp here, and the constant diminution of imported pulp, I see no justification for raising the quantum of protection . . . . .

**Dr. P. N. Banerjee** (Calcutta Suburbs: Non-Muhammadian Urban): There is no proposal to raise the protection.

**Dr. Sir Ziauddin Ahmad:** It is on this ground that the amendment has been moved and the Honourable the Commerce Member raised the point of order on the ground that the object of the amendment is to raise the quantum of protection: there is no denying the fact that the intention of the motion is to raise it: otherwise, what is the object in moving this amendment and why not accept the original motion? In fact the industry has reached a stage when protection is not needed. The House has passed the amendment and gave it protection for five years and I do not mind it. We certainly do not agree to a diminution in the quantum of protection but we ought not to agree to any increase of the quantum. I oppose the amendment.

**The Honourable Sir Muhammad Zafrullah Khan:** Sir, I dealt with this matter at length yesterday afternoon, and shall, therefore, not repeat everything that I then said on it. The effect of the present revenue duty is that today at any rate it is affording not only adequate protection, but even excessive protection to pulp. The fair selling price of bamboo pulp on a proper calculation made by the Board itself is Rs. 111 per ton and of grass pulp Rs. 140 per ton: the revenue duty afford excessive protection to the extent of Rs. 45 per ton to bamboo pulp and to the extent of Rs. 16 per ton to grass pulp and therefore there is no justification for seeking to carry this protection further, that is to say, to provide that Rs. 35 per ton which at present is higher than the revenue duty shall be the level of protection; and I would request Honourable Members to consider carefully what they are doing and what the possible consequences of what they are doing may be.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is:

"That in sub-clause (c) of clause 2 of the Bill, in the fourth column of the proposed Item No. 43, after the words '*ad valorem*' the words and figures 'or Rs. 35 per ton whichever is higher' be added."

The Assembly divided:

AYES—63.

Abdul Qaiyum, Mr.  
Abdul Wajid, Maulvi.  
Aikman, Mr. A.  
Aney, Mr. M. S.  
Asaf Ali, Mr. M.  
Ayyangar, Mr. M. Ananthasayanam.  
Bajoria, Babu Baijnath.  
Banerjee, Dr. P. N.  
Basu, Mr. R. N.  
Bhagchand Soni, Rai Bahadur Seth.  
Boyle, Mr. J. D.  
Buss, Mr. L. C.  
Chaliha, Mr. Kuladhar.  
Chapman-Mortimer, Mr. T.  
Chaudhury, Mr. Brojendra Narayan.  
Chettiar, Mr. T. S. Avinashilingam.  
Chetty, Mr. Sami Vencatachelam.  
Das, Pandit Nilakantha.  
Datta, Mr. Akhil Chandra.  
Desai, Mr. Bhulabhai J.  
Deshmukh, Dr. G. V.  
Deshmukh, Mr. Govind V.  
Govind Das, Seth.  
Greer, Mr. B. R. T.  
Gupta, Mr. K. S.  
Hans Raj, Raizada.  
Hegde, Sri K. B. Jinaraja.  
Hosmani, Mr. S. K.  
James, Mr. F. E.  
Jedhe, Mr. K. M.  
Jehangir, Sir Cowasji.

Jogendra Singh, Sirdar.  
Kailash Behari Lal, Babu.  
Lahiri Chaudhury, Mr. D. K.  
Lalchand Navabhai, Mr.  
Laljee, Mr. Husenbhai Abdullahai.  
Malaviya, Pandit Krishna Kant.  
Manu Subedar, Mr.  
Miller, Mr. C. C.  
Misra, Pandit Shambhu Dayal.  
Mudaliar, Mr. C. N. Muthuranga.  
Muhammad Ahmad Kaami, Qazi.  
Paliwal, Pandit Sri Krishna Dutta.  
Parma Nand, Bhai.  
Raghubir Narayan Singh, Choudhri.  
Rajah, Raja Sir Vasudeva.  
Ramayan Prasad, Mr.  
Ranga, Prof. N. G.  
Rao, Mr. M. Thirumala.  
Sakeena, Mr. Mohan Lal.  
Sant Singh, Sardar.  
Santhanam, Mr. K.  
Satyamurti, Mr. S.  
Scott, Mr. J. Ramsay.  
Sham Lal, Mr.  
Sheodass Daga, Seth.  
Singh, Mr. Gauri Shankar.  
Singh, Mr. Ram Narayan.  
Sinha, Mr. Satya Narayan.  
Som, Mr. Suryya Kumar.  
Sri Prakasa, Mr.  
Subbarayan, Shrimati K. Radha Bai  
Varma, Mr. B. B.

NOES—46.

Abdul Ghani, Maulvi Muhammad.  
Abdul Hamid, Khan Bahadur Sir.  
Ahmad Nawaz Khan, Major Nawab Sir.  
Ahsan, Maulvi Muhammad.  
Aiyar, Mr. T. S. Sankara.  
Ayyar, Mr. N. M.  
Azhar Ali, Mr. Muhammad.  
Bajpai, Sir Girja Shankar.  
Bewoor, Mr. G. V.  
Chanda, Mr. A. K.  
Christie, Mr. W. H. J.  
Clow, The Honourable Mr. A. G.  
Dalal, Dr. B. D.  
Dalpat Singh, Sardar Bahadur Captain.  
Essak Sait, Mr. H. A. Sathar H.  
Fazl-i-Haq Piracha, Khan Bahadur Shaikh.  
Ghulam Bhik Nairang, Syed.  
Ghuznavi, Sir Abdul Halim.  
Gidney, Lieut.-Colonel Sir Henry.  
Hardman, Mr. J. S.  
Kamaluddin Ahmed, Shams-ul-Ulema.  
Kushalpal Singh, Raja Bahadur.  
Lillie, Mr. C. J. W.  
Mackeown, Mr. J. A.

Maxwell, The Honourable Sir Reginald.  
Menon, Mr. P. M.  
Metcalfe, Sir Aubrey.  
Mukerji, Mr. Basanta Kumar.  
Nauman, Mr. Muhammad.  
Nur Muhammad, Khan Bahadur Shaikh.  
Pillai, Mr. N. R.  
Rafuiddin Ahmad Siddiquee, Shaikh.  
Rahman, Lieut.-Col. M. A.  
Row, Mr. K. Sanjiva.  
Shahban, Mian Ghulam Kadir Muhammad.  
Sher Muhammad Khan, Captain Sardar Sir.  
Sircar, The Honourable Sir Nripen-dra.  
Sivaraj, Rao Sahib N.  
Slade, Mr. M.  
Spence, Mr. G. H.  
Sukthankar, Mr. Y. N.  
Sundaram, Mr. V. S.  
Umar Aly Shah, Mr.  
Yamin Khan, Sir Muhammad.  
Zafrullah Khan, The Honourable Sir Muhammad.  
Ziauddin Ahmad, Dr. Sir.

The motion was adopted.

**Mr. T. S. Avinashilingam Chettiar:** Sir, I move:

"That in sub-clause (c) of clause 2 of the Bill, in the seventh column of the proposed Item No. 43, the words and figures 'March 31st, 1942' be inserted."

Before speaking on the amendment itself, which is consequential on the one which we have just passed, I should like to congratulate my friend, Dr. Sir Ziauddin Ahmad, because, Sir, where Lord Ronaldshay took five minutes to understand what we said, our friend is able to understand us much earlier, and that is a thing on which he needs to be congratulated.

Now, Sir, this is a consequential amendment on the one which we have just passed, and it only provides the time limit for the protective duty that is sought to be imposed.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is:

"That in sub-clause (c) of clause 2 of the Bill, in the seventh column of the proposed Item No. 43, the words and figures 'March 31st, 1942' be inserted."

The motion was adopted.

**Dr. Sir Ziauddin Ahmad:** Sir, I move:

"That in sub-clause (c) of clause 2 of the Bill, in the fourth column of the proposed Item No. 44, for the existing entry the figures and words '20 per cent. *ad valorem*' be substituted."

The object of my amendment is to lower the quantum of protection which, I believe, they do not need, but though we lost in the last division by counting of votes, yet I believe, that we have scored it morally because it has been proved that European and Hindu capitalists have joined hands . . . .

**Mr. S. Satyamurti:** On a point of order, Sir. No animadversion, I submit, can be made by any Honourable Member on the vote of this House. My friend suggested that the vote on the last amendment was a moral victory for him, because, he said, of an unholy combination of capitalists. I submit, Sir, that no animadversion can be cast on the vote of this House by any Honourable Member.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair does not think the Honourable Member wanted to criticise the vote of this House, but he has expressed an opinion that there is some sort of combination among different Parties.

**Dr. Sir Ziauddin Ahmad:** Sir, we have to face two difficulties. The first is that the consumers of this country have to face the capitalists' combination, and, here, the Hindu capitalists and European capitalists have combined, and that is a thing which the consumers have to face. I do not know what the view of the Congress back-benchers is, but that is the conclusion which will be drawn by everybody. The last division shows that the capitalists, whether belonging to this country or to outside, have combined to exploit the consumers of this country. That is the moral inference which we have drawn. In this case the Congress people have always joined hands with Europeans, and so we will be in the same position as when the Congress and the Government join together. Therefore, we have to face a double combination here, the combination of the Congress and the Government against minorities, and the combination of the Congress, representing the capitalists and the European

[Dr. Sir Ziauddin Ahmad.]

capitalists against consumers. We are really in a difficult position, and it is very hard to score any victory over these two combinations on any amendment. It suits the Congress people very well to join hands with Europeans when it suits them. They can combine with the Government also when it suits them . . . . .

**Mr. M. S. Aney:** On a point of order, Sir. My friend wants to move an amendment, but does he want to vote on it also? If he does not record any vote, is he not wasting the time of the House for nothing, and is he justified in talking of a combination of capitalists of this House?

**Dr. Sir Ziauddin Ahmad:** That is not a point of order.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member has raised a point of order. Of course, the Chair cannot compel any Party or any Honourable Member to vote in a particular manner nor can it compel any Party or individual to speak in the matter. Whether any individual Member speaks in support or against any motion before the House and then abstains from voting, is a matter for him to judge and decide what effect such speeches are likely to produce.

**Dr. Sir Ziauddin Ahmad:** I am sorry that my friend, Mr. Aney, had been sleeping. I did vote on the last occasion, and probably, he did not know it. I will see whether he will vote with me this time, I will challenge a division if he promises to vote with me.

Now, Sir, we have really two unholy combinations to face,—the unholy combination of the Congress and the Europeans and the Congress and the Government. The Congress people condemn the Europeans right and left and use all kinds of epithets, epithets of a kind which I have never heard, because I don't move in the society in which they move, but in spite of this, when it is a question of exploiting the poor consumer, there is an unholy combination between the Congress capitalists and the European capitalists. They have no hesitation whatever to ask the Congress back-benchers to vote with the capitalists. These are the two difficulties which we have got to face. These Congress people adopt a kind of three faced policy, once combining with Government against Mussalmans, then combining with the European Group against the consumers, and sometimes dragging us to defeat the Government. They follow this three-edged policy. With these words I move my amendment.

**Mr. President** (The Honourable Sir Abdur Rahim): Amendment moved :

"That in sub-clause (c) of clause 2 of the Bill, in the fourth column of the proposed Item No. 44, for the existing entry the figures and words '20 per cent. *ad valorem*' be substituted."

**Mr. Bhulabhai J. Desai** (Bombay Northern Division: Non-Muhammadan

1 P.M.

Rural): My Honourable friend, Sir Ziauddin, is very much in the same position in which my Honourable friend, Mr. Joshi, was,—only he is a little less sporting. I think in this House one cannot be of the pattern of my Honourable friend, Sir Ziauddin, all the time, and if right varies according to the judgment of different people, the combinations that take place need not worry him at all. I wish he

would take up a position of a little more affirmative attitude in all matters instead of negation which has hitherto been his process. If he did that, he would find more friends readily, and without giving any names of any labels at all. We stand for the propriety of a proposition. For instance, throughout this Bill, throughout every measure—Sir James Grigg has left Delhi, but not the shores of India, but he has left a legacy in the person of my Honourable friend, Sir Ziauddin. He imagines that protection in every industry should go and disappear. Forsooth, why? Because some bobbin industry which was a sub-industry of some other industry was ruined. You can see how in this world a thing can work by way of obsession. A man puts in a small amount of capital in a subordinate industry of another industry having a managing agent who is a bad one. As soon as he finds that he has done badly, he comes to this world and says, every industry protected is bad, merely because in the one industry in which he had put in money he happened to lose. May I ask my Honourable friend, if we can restore by way of subscriptions the amount lost by this person, would he now revise his policy of *laissez faire* attitude? I have never heard from him any other illustration on the disastrous policy of ruining industries which have been built up during the last 13 years under what is called a policy of discriminating protection. I do not know whether my Honourable friend subscribes to any protection at all; I have never been able to understand it. Yesterday, I believe, he said, I believe in protection, but I believe in what is called proper protection. I suppose the word “discriminating” is as much Latin as the word “proper”, my Honourable friend knows that, only one is a little more simple than the other. If he believes in proper protection, he can say that he does not believe in the protection which even in the wisdom of Government has been given, and that he thinks that in this particular industry the profits are too high. Does my Honourable friend do it out of sheer policy that everything should be reduced? That is a protest which I wish to make. As regards what happens, as to Europeans seeing reason in what I do, or the Government seeing reason in what I do, or occasionally your seeing reason in what I do,—that is a matter which I cannot help. If you do not see reason in what I do two times out of three, well, it is your own misfortune, not mine. I wish that you would be more times with me, I wish that we could go together all the time, but if that is your policy, I cannot help it. It may be neutrality which is no policy, or it may be friendliness which is a better policy. Therefore, your friends whom you call enemies are not enemies at all. It is an obsession of seeing the enemy where none exists. I extend my hands to my Honourable friend all the time. Then, as he himself said and his Leader said, we do not need the European support at all. But why don't you see reason with me? That is my complaint with you.

The next point that I want to make on this is, having regard to the figures given on the last occasion, and which my Honourable friend did not trouble to verify, 111 and 140 is not disputed, but what is disputed is that to those two items is not added the overhead charges, viz., the proportionate part of it up to the time of coming to the bleached pulp. Then, you add the rest of the charges upto the point of the stage of the finished article, and you find that Rs. 16 for grass pulp does not leave enough margin of protection after making allowance for the proportionate overhead charges up to the point of bleached pulp. It was for that reason that we have felt that the protection which we asked for was needed. Then, in the same spirit I am asking my Honourable friend to see that

[Mr. Bhulabhai J. Desai.]

by reducing this below 25 what you would do is to do a harm which—I do not know what paper my Honourable friend is using or buying, but in any case, that you have given protection for this period of time, my Honourable friend's figures tell me a tale which is different to the tale that they tell him. During the last seven years the quantity of pulp produced in this country is twice what it was seven years ago, and in a corresponding sense the pulp which was imported has gone down. It depends on individuals what lessons you draw from events. It depends on the balance of mind. My balance of mind, for instance, says to me that the protection has properly worked in that our pulp has grown in quantities and, therefore, I have excluded foreign paper, and the paper that I produce from them is 100 per cent. Swadeshi. Why not read the correct lesson from the facts which are common between you and me. There is no question that the facts are common. If the foreign imports have decreased and our own production has increased, what else, may I ask, is the object of discriminating protection? The whole object of that policy is that you should gradually so assist the industry that home production increases until you reach a period of time when its efficiency is such that you need no more protection. That is really the policy. If my Honourable friend's figures—I admire his industry, only I cannot agree with his reasoning, and the deduction that he draws from the very labour—and it is sterile—he has bestowed is of no value. Take the facts and draw the conclusion. Pulp has increased in production and that is stopping foreign import,—is that a correct deduction or not? Only we have succeeded in eliminating the import of pulp by this discriminating protection and it is proved beyond all doubt by the figures which have been quoted, that it is working very well and deserves to be continued.

**Mr. Sami Vencatachalam Chetty** (Madras: Indian Commerce): As one of the back-benchers with whom my Honourable friend, Sir Ziauddin Ahmad, wanted to sympathise as being dragged into the lobbies against our will, I desire to mention to him that it was not dragging, but a mere willing following of the principle that is contained in the decisions we take. (*An Honourable Member*: "Always?") Always. My Honourable friend, Sir Ziauddin Ahmad, quoted the instance of Lord Ronaldshay complimenting on the English of Madrasis, that it takes five minutes for him to understand.

**Dr. Sir Ziauddin Ahmad**: Not for me, but for Lord Ronaldshay.

**Mr. Sami Vencatachalam Chetty**: . . . to follow what we have said. I have no doubt that we take at least half an hour to understand the ideas of my friend. One thing that we like very much about him is his cheerful disposition. He has complained about this industry requiring protection for an interminably long time and he quoted the instance of an industry which has been enjoying protection for the last 60 years. I am not surprised that industries, which invested large capital in those concerns, require such long protection, having regard to the fact that persons with no capital require protection even after 60 years of age. Time after time we desire that we should be protected either by our own children or even by outsiders. That is because of the innate weakness of persons or industries. In regard to the paper industry, the case of my Honourable friend is very weak as compared with the protection to which he generally takes

objection in regard to any other industry. The paper industry has had a chequered career. It was on the fringe of collapse when, owing to the exigencies of war, the policy of protection with regard to this industry was seriously thought of by the Government and protection was accorded. My Honourable friend, Mr. Bajoria, has mentioned very telling facts with regard to the history of this industry, and I have not heard anything from this champion of anti-protection controverting those facts. As has been mentioned by my esteemed leader, the experience of my friend, Dr. Sir Ziauddin Ahmad, in business investments has been very very sorry indeed. He always speaks of being one of the consumers. Undoubtedly he is a consumer on a very large scale. Yet he cannot really ignore the existence of his neighbours who also consume according to their own might. So this protection, to whomsoever it is extended, has an effect upon the consumer, whether big or small. On the pretext of pleading for the so-called consumer, you cannot go on objecting to the protection that is very discriminately given and that is very judiciously extended to these industries.

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

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The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. Deputy President (Mr. Akhil Chandra Datta) in the Chair.

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**Mr. Sami Vencatachelam Chetty:** Sir, I find my Honourable friend, Dr. Sir Ziauddin Ahmad, is not in his seat. However, Sir, I was referring to his obsession of opposing every proposal to give discriminating protection to indigenous industries. That is the bee in his bonnet. Sir, I recollect that my Honourable friend was one of the appointed shareholders of a company floated by the Honourable the Home Member during the discussion of the Indian Companies Act. I do not know if the investment he has made in that company has turned out at any rate profitable as against the sad experience of the other company. Sir, being familiar with the vast learning which his academic qualifications indicate, I am not surprised that his gullibility is in a corresponding degree great. That is why he always falls into the error of miscalculations in regard to the possibilities of companies that are already floated or are likely to be floated. I am not again surprised, from the wording of his amendment, that he has completely ignored the fact that the Government have proposed a 25 per cent. revenue duty, which is certainly 5 per cent. greater than the protective duty which the learned Doctor wishes to propose in this amendment. That should at least have served to show to him the vital objection to his amendment. But our friend is such an optimist that he is never daunted by the stern facts confronting him. The only things of which he is afraid are combinations and permutations of the Congress Party with the other parties in this House! Even, that problem ought not to baffle a Senior Wrangler like the learned Doctor. Sir, I know he has got such an expansive mood that he would not at all be sorry even if his amendment should be lost. I am sure, he will not seek your protection, Sir, being an anti-protectionist, even if he should be attacked in this House. Sir, it may perhaps be worth repeating one argument at least to convince our friend of the futility of this amendment, viz., that he has ignored the fact that the Government themselves have proposed a 25 per cent. revenue duty for paper which is five per cent. greater than the protective duty offered by him in this amendment. I hope, Sir, having regard to his experience with regard to the other

[Mr. Sami Vencatachelam Chetty.]

amendments he will be so good as to withdraw this amendment in order that it might not be defeated by another combination. He has threatened this House with his intention to move every amendment of which he has given notice. Of course, that is conditional, provided he remembers the number of the amendment of which he has given notice. Sir, I think I have said sufficient about this so that it requires effort to induce the Honourable Doctor to withdraw his amendment. Sir, I oppose the motion.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is:

"That in sub-clause (c) of clause 2 of the Bill, in the fourth column of the proposed Item No. 44, for the existing entry the figures and words '20 per cent. *ad valorem*' be substituted."

The motion was negatived.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Dr. Banerjea.

**Dr. P. N. Banerjea**: Sir, I move:

"That in sub-clause (c) of clause 2 of the Bill, in the fourth column of the proposed Item No. 44, for the words 'Nine pies' the words 'Eleven pies' be substituted."

**Mr. Lalchand Navalrai** (Sind: Non-Muhammadan Rural): On a point of order, Sir. My amendment No. 1 on supplementary list No. 1 is with regard to raising the duty to one anna. Will that not come first, or the amendment regarding eleven pies will come first?

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Dr. Banerjea's amendment should come first. Dr. Banerjea.

**Dr. P. N. Banerjea**: Sir, a short while ago there was a great deal of discussion about capitalists and labourers. I am not a capitalist. I do not own a single share in any paper mill, nor do I own any share in any other company in India. But I am a labourer, an intellectual labourer, as I have had to earn my living through labour. At the present moment I am not earning my livelihood by means of labour, but still I have not ceased to be an intellectual labourer. My sympathies are, therefore, more with labourers than with capitalists. But as an economist, I feel that capital is as necessary for the industrial development of the country as labour, and there is really no conflict between the interests of capital and labour. They can be harmonised. That is my view. I am also a consumer of paper. So this amendment, if it affects anybody, affects me as much as it affects my friend, Dr. Sir Ziauddin Ahmad, or anybody else. Therefore, it is not from any selfish motive that I am moving this amendment.

Now, coming to the merits of the amendment, I have to say that my amendment is in accordance with the recommendation of the Tariff Board. The Government of India published a Resolution a few days ago in which they said that the Tariff Board, meaning the last Tariff Board, made a miscalculation and fell into an error. This is what they said in that Resolution:

"It appears, however, to have erred in the figure for the cost of conversion of pulp to paper. The Board accepts Rs. 140 per ton as a reasonable estimate of the cost of conversion and maintains that this estimate is lower than the figure (Rs. 141 per ton) taken by the Tariff Board in 1931 but makes an addition of Rs. 32 per ton to the above estimate on account of the cost of bleaching, selling expenses, insurance, rents, rates and taxes which were not shown separately in the former Report but were included in the single figure for cost of conversion."



Where have the Government got this information that these various items were included in the single figure of cost of conversion? The last Tariff Board went into the question thoroughly. They heard witnesses and they invited the opinion of experts in all directions before they came to their conclusion. Now, on what authority do the Government base their opinion that these were included in the report of the Tariff Board of 1931? I heard the Honourable the Commerce Member yesterday and he merely reiterated what had been said in the Resolution. He did not mention the other materials which he had before him. The Government of India thought that a readjustment was necessary and after the readjustment of certain things they thought that the protective duty proposed should be reduced from eleven pies per ton to nine pies per ton. I do not think there are sufficient materials before us to support the conclusion arrived at by the Government of India and I would ask the House to accept the recommendation of the Tariff Board.

Sir, as an economist, as a labourer and as a consumer of paper, I have much pleasure in moving this amendment.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Amendment moved.

"That in sub-clause (c) of clause 2 of the Bill, in the fourth column of the proposed Item No. 44, for the words 'Nine pies' the words 'Eleven pies' be substituted."

**Mr. Lalchand Navalrai**: Sir, I have an amendment on the paper which asks for the raising of the duty to one anna. I had thought that that amendment would be taken first and if it was accepted, then the amendment which raised the duty to 11 pies would be barred. Now, as it is decided by the Chair that the eleven pies amendment should have precedence over mine, I wish to say on this amendment that the facts are that in 1931 the Tariff Board recommended that the protective duty should be one anna and it was recognised then (in 1931) that the protection was necessary to that extent. The paper industry is an ancient industry of India. That cannot possibly be denied and the Tariff Board itself on the very first page have recognised that fact. I remember that in my early age paper was being made in my town by some crude methods. No machinery was used at that time but the production of paper was in existence even in those days. It survived for some time but then there was an onslaught on it and the paper began to be imported from foreign countries and the United Kingdom and it gave more or less a death blow to our industry. At the same time, it was recognised, in 1925, that protection should be given to this industry otherwise it will die out. Therefore, they proposed in 1931 a protection of one anna per ton. Now, that protection continued on as the House knows and it will be seen from page 22 of the Tariff Bill of 1934 that the protection given to article 44 (1) was one anna and three pies. So, it is quite plain that after 1931 it was recognised that the protection should increase. Now, the protection was increased and also a surcharge was placed upon it. The surcharge was 25 per cent. Now, the position, on the 31st March 1939, was that this protection by certain orders had been reduced from one anna and three pies to one anna only and the surcharge was also removed.

Now, Sir, that surcharge also was removed and it was brought to one anna. It requires strong materials to prove that this protection which is

[Mr. Lalchand Navalrai.]

one anna protection is a higher protection and until and unless those substantial grounds are before the House, I would request that the protection of one anna should be continued. As at present, the amendment before the House is for eleven pies only. My first submission is that nine pies which is proposed now is too low. I do not think any substantial reasons have been given to justify the retention of nine pies. On page 61 of the Tariff Board report, they say :

"Taking all points into consideration, we propose to take the average price realised in 1936-37 and 1937-38 by two companies, which manufacture mainly protected classes of paper, namely annas 0.28 pies per pound or Rs. 423 per ton as the equivalent of the import price. We have left out of account the figures of the third company as a considerable proportion of its production consists of low grade paper. Deducting the duty of Rs. 175 per ton, the price of imported paper may be taken as Rs. 248, between this figure and the fair selling price of Rs. 381 is Rs. 133 per ton. The measure of protection required may, therefore, be taken as eleven pies per pound. This protective duty is one pie per pound less than the measure of protection recommended by the Tariff Board of 1931 and four pies per pound less than the present protective duty."

I submit, therefore, that so far as nine pies are concerned, there is no case made out by the Tariff Board. What are the reasons given by the Government for this reduction in protective duty?

"The Government of India consider that the fair selling price of paper, viz., Rs. 378.3 per ton arrived at by the Board should be readjusted by leaving out these additional items of expenditure and the protective duty proposed should be accordingly reduced from eleven pies per pound to nine pies per pound."

The reason given is this: when pulp is converted into paper it costs. The Tariff Board have added to it 32 per cent. of that estimate on account of overhead charges, namely, the charges on account of the cost of bleaching, selling expenses, insurance, rents, rates and taxes, etc. Now, the Honourable the Commerce Member says that this should not be added. What is the use of arbitrarily putting that these overhead charges will not be Rs. 32.

**The Honourable Sir Muhammad Zafrullah Khan:** The Honourable Member is confusing the proportion of the overhead charges with items which I said had been calculated twice over. I am convinced that he does not perceive the distinction between the two.

**Mr. Lalchand Navalrai:** Let the Honourable Member enlighten me then.

**The Honourable Sir Muhammad Zafrullah Khan:** If my speeches of yesterday and of the day before have not brought any enlightenment to the Honourable Member, I cannot hope to succeed at this stage.

**Mr. Lalchand Navalrai:** Long speeches have to be simplified when specific amendments are moved. One thing is clear at any rate, that if the Honourable Member wanted to challenge these charges, then the Tariff Board should have been consulted.

**The Honourable Sir Muhammad Zafrullah Khan:** The Honourable Member is now talking of overhead charges. He has himself read out selling expenses, insurance rates, etc. May I inform him that they are not part of overhead charges.

**Mr. Lalchand Navalrai:** I submit that these charges which are shown here have not been explained to us. What the Tariff Board recommended should be considered by the House. So far, the Honourable the Commerce Member only, arbitrarily, said: "We do not agree with the recommendations of the Tariff Board". What I submit is that the Tariff Board should have again been consulted. If they say that the Honourable the Commerce Member is correct, then only, he can come before the House to make us accept his version. I therefore, submit that the charge should be one anna. I have also got an authority for saying that one anna should be continued. The Buyers and Shippers Chamber, Karachi, have wired to me:

"Reference Tariff Bills. Chamber strongly protest against reduction protective duty on printing paper and writing paper other sorts from one anna to nine pies per pound which would seriously affect indigenous industry particularly new Mills. Chamber earnestly urge existing protective duties be maintained."

My own amendment asks for one anna. However, if the time for protection is extended from three years to seven years, I would drop my amendment and accept the amendment which my Honourable friend has moved for eleven pies.

**Dr. Sir Ziauddin Ahmad:** Sir, before coming to this amendment, I should like to reply to two points raised by the Honourable the Leader of the Opposition in connection with my speech. No doubt he is a very astute Barrister, as he took up a portion of my speech which I delivered in some other connection and he tagged it with other matter. The remarks which I made were quite relevant but by taking them out of the context, he made them to look different. My Honourable friend, Babu Baijnath Bajoria, mentioned on the floor of the House that certain paper factories became bankrupt. I asked him whether those factories were not of the same type as my Bobbin company. Were these companies led to become bankrupt? There the argument ended and it had nothing to do with my other arguments.

The second point is that the Honourable the Leader of the Opposition said that though Sir James Grigg had gone away, he left a legacy in the person of Dr. Sir Ziauddin Ahmad. This is only a slogan. I have repeatedly expressed my views about protection. I propounded my theory on the floor of the House in 1933 and again in 1934, when the Steel Protection Bill was under consideration and long before Sir James Grigg came to this country. Whether my Honourable friend agrees with it or not, I just want to repeat here. I would very much like the whole world to be treated as one unit, but in these days it is absolutely impossible, because the whole world is moving along the path of protection; and every country is aiming at becoming self-supporting in manufactured goods and food products.

We should protect our industries so that we may produce everything ourselves. At the same time I advance the theory of protection subject to three conditions. First, the protection should be enough, so that after paying all charges like depreciation, interest and working expenses, etc., they may make a little more than the bank rate of interest. In case they make larger profits, then it should be divided between the labourers, consumers and taxpayers. Secondly, in the name of protection we should not exploit the consumers and destroy the cottage industries because they have as much claim as the capitalists. Thirdly, after protection is given

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we should not leave them alone but consider from year to year how the protection is working. If we find that the quantum of protection is too little it should be raised, and if too much it should be diminished. We should also watch the fair selling prices. But I am definitely opposed to the theory of over-protection. In the case of the Steel Protection Bill I said that Sir Joseph Bore had put 18 crores into the pockets of Tata's and I protested against it although I was in favour of giving protection to steel. And my prophecy, I made in 1934, was materialised because the value of 'B' preferential shares which had gone down to 49 went up four times. I am opposed to this particular method of exploitation. It is very easy and profitable to support the capitalists, managing agents and insurers but it requires courage to support the consumers and the cottage industries for whom I stand here. That is my theory of protection which I explained long before Sir James Grigg came to this country.

My friend, Mr. Chetty, made some humorous points of which I will reply to one only. He said that after listening to me for half an hour he could not make out what I was speaking about. I will only quote here not myself but somebody else that I can give him my arguments but I cannot give him intelligence to understand my points. I leave it at that.

Coming to this particular amendment, I am always in favour of protection wherever it is needed, if the Tariff Board recommended any particular quantum it should be supported by arguments, but at the same time we must see whether they have made any mistake in calculation. I pointed out two things and I request Dr. Banerjee to look into them because he is a trained economist and he will appreciate it from the point of view of an economist. One thing is that the fair selling price should be calculated at the factory and not at a particular place which may be difficult to choose. So, the *c.i.f.* price should be compared with the price at the factories and the freight from the factories to any particular place should not be taken, because by choosing a particular place you can manipulate your quantum of protection in any way you like. In the second place, my Honourable friend should see whether the same item has not been calculated twice over. We do not challenge their facts but we may challenge their arithmetic. So if the arithmetic is agreed to and the principle of comparing the factory price with the *c.i.f.* price is agreed to, I think there should be no difficulty in coming to some common understanding.

**The Honourable Sir Muhammad Zafrullah Khan:** Sir, where a great economist like Dr. Banerjee and a great mathematician and statistician like Dr. Sir Ziauddin differ so violently, it will be conceded that there is considerable room for adjustment. Government have tried to make that adjustment to the best of their ability. I submit, Sir, it should be left at that.

**Mr. Deputy President (Mr. Akhil Chandra Datta):** The question is:

"That in sub-clause (c) of clause 2 of the Bill, in the fourth column of the proposed Item No. 44, for the words 'Nine pies' the words 'Eleven pies' be substituted."

The motion was negatived.

**Dr. Sir Ziauddin Ahmad:** Sir, I move:

"That in sub-clause (c) of clause 2 of the Bill, in the fourth column of the proposed Item No. 45 (2), for the figures '50' the figures '35' be substituted."

This Item relates to "prints, engravings and pictures including photographs and picture post cards on paper or cardboard". This is not a protective duty but a revenue duty at 50 per cent. *ad valorem* which seems to me to be too much and, therefore, should be 35 per cent. If it were a protective duty it would have been all right but for revenue duty such a high duty is not justifiable. Sir, I move.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Amendment moved:

"That in sub-clause (c) of clause 2 of the Bill, in the fourth column of the proposed Item No. 45 (2), for the figures '50' the figures '35' be substituted."

**Mr. Sami Vencatachelum Chetty**: Sir, may I know what kind of picture postcards my Honourable friend has in contemplation?

**Dr. P. N. Banerjee**: Sir, I rise to oppose this amendment. It is a fundamental principle of public finance that articles of luxury should be taxed at a much higher rate than articles of necessity; and my Honourable friend, Sir Ziauddin, knows that these are articles of luxury and not articles of necessity. Therefore, I hope my Honourable friend will not press this amendment.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is:

"That in sub-clause (c) of clause 2 of the Bill, in the fourth column of the proposed Item No. 45 (2), for the figures '50' the figures '35' be substituted."

The motion was negatived.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is:

"That clause 2, as amended, stand part of the Bill."

The motion was adopted.

Clause 2, as amended, was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

**Mr. Sri Prakasa** (Allahabad and Jhansi Divisions: Non-Muhammadan Rural): What about this declaration? Is it also a part of the Bill?

**The Honourable Sir Muhammad Zafrullah Khan**: No. Sir, I move:

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

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Motion moved:

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

**Sir Cowasji Jehangir** (Bombay City: Non-Muhammadan Urban): Sir, I do not desire to take very much of the time of the House at this hour. My Honourable friend, the Commerce Member, explained that he insisted upon reducing the duty on magnesium chloride due to what he considered was an error of the Tariff Board on the question of freights. He thought that the Tariff Board had given credit to the industry in India more than was due to it. I pointed out on the last occasion when I spoke that, as a matter of fact, in my humble opinion, the Tariff Board was right and I gave figures to show how and in what places this commodity was consumed.....

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The Chair hopes the Honourable Member will remember that this is the third reading.

**Sir Cowasji Jehangir**: I think I can speak on anything I like.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The House is not at liberty here to discuss individual clauses over again.

**Sir Cowasji Jehangir**: No. I am speaking generally. On this particular item of magnesium chloride, it is the only change that has been made in the Bill that, I am referring to.....

**The Honourable Sir Muhammad Zafrullah Khan**: No change has been made.

**Sir Cowasji Jehangir**: I mean the only change made by Government from the Tariff Board Report. I desire to point out again to Government that in the figures I gave showing that the commodity, when sent to the Central Provinces and to the Deccan, had to go through *via* Bombay, I maintain that I am correct. I maintain that there is no other way that this commodity can reach these parts of India unless they are sent through Bombay, and I have had a map prepared (which I am not going to weary the House by showing) that it is the only way in which this commodity could get to that part of India; and, therefore, my contention is correct, that out of 6,800 tons of magnesium chloride, there is only 800 tons which goes to parts of India in which the home made article gets an advantage, and it gets a disadvantage in 6,000 tons.....

**The Honourable Sir Muhammad Zafrullah Khan**: No, no. Even according to the Honourable Member's calculation, the quantity consumed in Ahmedabad suffers a freight disadvantage of  $1\frac{1}{2}$  annas per cwt. on the average, whereas  $7\frac{1}{2}$  annas have been allowed on the whole quantity by the Board.

**Sir Cowasji Jehangir**: No. I contest that.....

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The Chair does not think the Honourable Member can go into those calculations and details at this stage. As to whether the calculations were right or wrong is a question which has been discussed threadbare at the time of the particular amendment and the Chair does not think that the House can go into these details over again.

**Sir Cowasji Jehangir**: I am not accustomed to disobey the ruling of the Chair, and I am going to obey you. What I desire then generally to point out is that the facts I placed before Government and this House are, I maintain, correct, and I would desire that Government should give this matter further consideration, and if they find that they have done an injustice, I am sure, their fair-mindedness will prompt them to rectify that mistake.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): The question is :

“That the Bill, as amended, be passed.”

The motion was adopted.

## THE SUGAR INDUSTRY (PROTECTION) BILL.

**The Honourable Sir Muhammad Zafrullah Khan** (Member for Commerce and Labour): Sir, I move :

“That the Bill to provide for the continuance for a further period of the protection conferred on the sugar industry in British India be taken into consideration.”

It is unnecessary for me to detain the House for very long over this motion. The position is that the first Sugar Tariff Board of 1930-31 recommended protection for the sugar industry for a period of 15 years. With regard to the quantum of protection their recommendation was that the protective duty should be Rs. 7-4-0 per cwt. for the first seven years and Rs. 6-4-0 per cwt. for the remaining period of eight years.....

**Dr. Sir Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): Why have you given more?

**The Honourable Sir Muhammad Zafrullah Khan:** The Honourable Member will have an opportunity to discuss that aspect of the matter.

The 1932 Act gave effect to this recommendation of the Board to the extent of levying a duty of Rs. 7-4 per cwt. for seven years. The first Tariff Board had recommended that before the 31st March, 1938, a further inquiry should take place into the conditions of the industry and, therefore, a Tariff Board was set up in 1937 to make this further inquiry. This Tariff Board reported in December, 1937. Last year the House agreed to continue the protective duty at the original rate, that is to say, Rs. 7-4 per cwt. for a period of one year longer inasmuch as, since the date of the Tariff Board's report, that is to say, since the end of 1937, a certain amount of regulation of the industry had been attempted in two of the provinces where the larger part of the industry is concentrated; and conditions last year were such that it was considered that until the effects of this regulation could be observed and estimated it would not be fair to come to a decision with regard to the level of protective duty for the whole of the remaining period of protection. Since then things have not tended towards normality. The scheme of regulation has been carried further and certain other factors have been in operation which have rendered the conditions which prevailed last year with regard to this industry rather abnormal. The effect of some of these factors has been that very high prices have ruled practically throughout last year: so that Government found themselves in this position that owing to no fault of the Tariff Board and equally owing to no fault of the Government, the conditions affecting this industry have fluctuated so much that any decision on the merits with regard to the level of the protective duty for the remaining period of protection arrived at on the data collected by the last Tariff Board would not be fair either to the industry or to the consumer.

On the other hand, there are plenty of indications in the Report of the Tariff Board and otherwise that the present rate of protective duty is excessive. Whether those conditions will continue or not for a long enough period to enable a decision with regard to the quantum of duty to be arrived at on their basis, Government are unable at the present moment to determine. So far as the Report itself is concerned, there are clear indications of rather excessive allowances in respect of manufacturing costs

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and in respect of the difference in quality between Indian sugar and Java sugar. The Board have found that there has been considerable improvement in respect of quality, and yet, they have made a larger allowance in respect of the difference in quality than was made by the first Board. Similarly, they have estimated the ruling price of Java sugar at the extremely low level of Rs. 2-7-0 per cwt. During the first four months of the last financial year the price of Java sugar was above Rs. 3, in the neighbourhood of Rs. 3-3-0 per cwt.; since then the average price has been over Rs. 4 per cwt. Government, therefore, felt that any decision on the merits arrived at while these conditions were prevailing would not be fair one way or the other, and they have come to the conclusion that the present rate of duty subject to a reduction of Rs. 0-8-0 per cwt. which works out at slightly less than six annas per maund should continue for another two years, and, it is hoped that, before the end of that period things might work back to normal, and it might then be possible to come to a decision on the merits with regard to the rate of duty that should operate during the remaining period of protection. My contention that abnormal factors have been in operation is also borne out by the communique issued by the United Provinces Government in the middle of January last. Towards the end of this communique, the United Provinces Government say :

"The Government is most anxious that the basic price of sugar should be reduced, and the desirability of achieving that end has been pointed out strongly to the Sugar Syndicate during the last four weeks. Ultimately on December 22nd, 1938, the Government definitely informed the Syndicate that unless the basic prices were reduced to the level of Rs. 9, the question of raising the minimum price would be considered. The Government regrets that in spite of that warning no serious steps are being taken so far to bring about a reduction in the basic prices. On the contrary the rise in prices has been either justified, or has been attributed to speculation in the market. Be that as it may, the Government thinks that so long as the present prices continue, it is only just that the grower should not suffer and should have his share of them. The Government has carefully considered the sugar prices ruling in different parts of the province, and, taking into consideration that factor, it has come to the conclusion that the fairest and most convenient thing would be to increase further the minimum prices on a regional basis."

That means an increase in the prices of cane. I would, therefore, submit, Sir, that all these factors were a sufficient justification for Government to postpone a decision on the merits with regard to the rate of duty. As I have said, there are ample indications that the present rate of duty is excessive, and Government, therefore, merely as a gesture have made a slight reduction in the rate, that is to say, from Rs. 7-4-0 to Rs. 6-12-0 per cwt. As a matter of fact, if a decision had to be arrived at on the merits at this stage, there would have been ample justification for a much larger reduction. Sir, I move.

**Mr. Deputy President** (Mr. Akhil Chandra Datta): Motion moved :

"That the Bill to provide for the continuance for a further period of the protection conferred on the sugar industry in British India be taken into consideration."

**Mr. Mohan Lal Saksena** (Lucknow Division: Non-Muhammadan Rural): Sir, the Honourable the Commerce Member has just delivered a brief speech in support of his Bill for conferring protection to the sugar industry in British India for a further period. Sir, it is not so much to the provisions of the Bill as to the manner in which the decisions and conclusions



have been arrived at by the Government that we object to. As you are aware, Sir, the Tariff Board submitted its Report in December, 1937. As the Government have stated in their Resolution, there was no time for them to come to any conclusions till March, 1938, and, therefore, they had introduced a temporary measure continuing the duty at the rate of Rs. 7-8-0 per cwt. for one year longer. But may I know, Sir, what has the Government been doing for the last twelve months? After all, besides the recommendation regarding the quantum of protection, the Tariff Board had come to certain other conclusions and they had made definite recommendations. May I know, Sir, whether the Government in arriving at the conclusion that the duty should be reduced by Rs. 0-8-0, did so merely by way of an experiment? Did they consult the two Provincial Governments, I mean the Government of Bihar and the Government of the United Provinces which are most vitally interested in the sugar industry and which provinces are responsible for the manufacture of 83 per cent. of sugar production in this country? As a matter of fact, I have got a telegram in my hand from the Premier of the United Provinces saying that the reduction in duty is neither desirable nor necessary. I think it was but fair that during the last twelve months the Government of India should have written to those two Governments and sent them copies of the Reports of the Tariff Board for their opinion and recommendations, but nothing was done. So, I want to know why Government did not do it or fought shy of it.

Then, Sir, before coming to the conclusions of the Tariff Board's Report, I want to draw the attention of the House to a very important point. The Imperial Council of Agricultural Research Institute did not tender any evidence before the Tariff Board. As a matter of fact, the Tariff Board have regretted the fact that they did not have the advantage of formal expression of their views on the important agricultural question which it had been necessary for them to consider, more especially with regard to the cost of cultivation and the fair price of sugarcane. The House is certainly entitled to know when this Tariff Board was constituted as required by the last Sugar Industry Protection Act, why this important body did not tender evidence before the Tariff Board. It was up to the Government to supply the Board with all necessary information in their possession in order to enable them to come to correct decisions. Sir, I do not know what the reasons were for not submitting the necessary information to the Tariff Board, but the very fact that the Tariff Board has considered it necessary to make a specific mention regretting this conduct on the part of the Imperial Council of Agricultural Institute deserves the notice of the Government.

The other thing to which I want to draw the attention of the House is, that the Government of India, notwithstanding the express verdict of this House, ratified the sugar agreement by which it was agreed that there would be no export of sugar from India. As a matter of fact, while discussing this agreement, the Tariff Board have not approved the various provisions of this agreement, especially in regard to the quotas allowed to the various countries. After this, I would come to the recommendations and conclusions of the Tariff Board. The first of them is, as mentioned in the Government Resolution :

"Permission should be accorded for the manufacture of power alcohol on the understanding that it bears the same rate of duty as petrol."

[Mr. Mohan Lal Saksena.]

Now, we find at page 111 of the Tariff Board's report.

"The industry and Provincial Governments are united in the view that the manufacture of power alcohol is from the economic point of view the only profitable outlet for molasses in present conditions. We have carefully considered various other schemes for the utilisation of molasses and we find that most of those proposed are still in an experimental stage and are not yet commercial possibilities. . . . We recommend, therefore, that permission be accorded for the manufacture of power alcohol in India, on the understanding that it bears the same rate of duty as petrol."

You are aware that day after day questions have been put in this House requiring of the Government as to what steps were being taken for the utilisation of molasses for manufacturing power alcohol, but every time no definite answer has been given. It was up to the Government to have consulted the interests concerned during the last eighteen months or so and to have come to some decision regarding this important recommendation of the Tariff Board. There are other recommendations regarding the utilisation of the bye products, but the most important among them I consider is that relating to the manufacture of power alcohol. The next recommendation to which I would like to draw the attention of the House is the inadequate provision for research work. It is in paragraph 39 of the Summary. Paragraph 36 says :

"Research work on the agricultural side of the Sugar industry is inadequate in comparison with other sugar producing countries : in particular research work on insect pests and diseases which are responsible for appreciable damage to the sugar cane is very backward."

Then they recommend :

"An allotment of 3 annas per cwt. from the excise duty is recommended for central research and assistance to provincial agricultural departments."

The House is entitled to know what decision the Government have taken regarding this important recommendation of the Tariff Board. Do the Government agree with the conclusions reached by the Tariff Board or do they not agree with them, and to what extent are the Government in agreement with this important recommendation or conclusion of the Board? The House will remember that in 1937, Sir Girja Shankar Bajpai had stated in this House that about Rs. 5 lakhs would be set apart for research work, but up till now, notwithstanding repeated questions put in this House, we have not been informed as to how much money was used, how much money was allotted out of this excise duty, and what portion of it was given to the Provincial Governments for encouraging research work. In paragraph 43 of their Summary the Tariff Board recommend that the possibilities of establishing industries, subsidiary to Sugar Industry, be investigated. The House is entitled to know what the Government think of this recommendation and what steps they have taken during the last 18 months regarding giving effect to it. There is another point brought out by the Tariff Board at page 149 about the lack of statistical information which could have helped the Board in coming to a more definite conclusion. They say :

"The lack of complete and accurate statistics, as we have shown, has been a cause of embarrassment to the Sugar Industry, especially on the marketing side. To meet its requirements statistical information is necessary of the acreage and production of sugar cane, of the imports and internal production of sugar, of the movements and stocks of sugar and finally of its selling price at important centres."

This is also a very important recommendation of the Tariff Board that there should be arrangements made by the Government for keeping

complete and accurate statistics concerning the sugar industry. There are other recommendations regarding marketing, but the last recommendation was regarding the necessity of holding an all-India Conference to consider all problems connected with the sugar industry. This is paragraph 50 of the Summary:

"We recommend the rationalisation of the Industry under some form of State control. For this purpose we suggest the convening of an all-India Conference representing all interests at an early date."

This is a very important recommendation and the House is entitled to know what the Government thinks of it. The Honourable Member has referred to the activities of the United Provinces and the Bihar Governments and the efforts made by them to help the sugar industry, but the House is entitled to know what the Government of India have done for helping the sugar industry and giving effect to the recommendations of the Tariff Board. There is one thing more which I must mention, and that is, while the production of sugar in India by all processes in 1936-37 was 12,54,000 tons, there is a 53,000 tons increase in the estimated consumption of sugar.

So, we find that the total quantity of sugar produced in India is more than the actual quantity estimated to be consumed by fifty-three thousand tons. Because of the International Sugar Agreement which was ratified by the Government of India against the expressed verdict of this House, it is bound to stand in the way of the progress of the sugar industry. Last year, when the Government had introduced the Bill extending the protective duty for a year, the House could understand that the Government had had no time to consider in detail the report of the Tariff Board and therefore all these questions were not raised. But this year, that is, about 15 months after the presentation of the report and after it had been in the Commerce Department for 15 years, the House expected that the Honourable Member would place before it a fuller statement giving the views of the Government regarding the various conclusions reached by the Tariff Board and the House is entitled to know what steps are being taken by the Government to give effect to them. The Government in their Resolution have said that the Tariff Board has calculated the quantum of protection on orthodox lines, but the Government has not said what the other lines are and on what basis they have come to their conclusions. As a matter of fact, as the Honourable Member has pointed out, it was only a gesture—a feeler. If that were so, the proper course for the Honourable Member was to have to reduce this duty. We do not object to that. But we want to know what the Government has done in regard to the other recommendations of the Tariff Board. Do they agree with them? If they do, what steps they propose to take to give effect to them. If they do not agree with them, on what basis they differ with those conclusions of the Tariff Board? Since the sugar industry is a very important industry and it vitally affects the revenues of the provinces also, it was up to the Government to have consulted the two Governments at least, the Governments of Bihar and the United Provinces, before having even introduced a measure which the Honourable Member has characterised to be a gesture measure. It was only due to those two Governments that they should have been consulted and I am sure they could not have stood in the way of the Government, but the Government would have got their views in the matter.

[Mr. Mohan Lal Saksena.]

Sir, I do not wish to oppose the measure but as the Premier of the United Provinces has said, the lowering of the duty is neither desirable nor necessary and I would like to tell the Honourable Member that there is bound to be a loss in revenues under customs, because of the reduction in duty. As a matter of fact, even the Tariff Board in their report have said that there is bound to be a fall in the Government revenues because of the imports in sugar falling down. So, we want to know what will be the exact or the estimated loss which the Government will suffer on account of the lowering of this duty and how is that loss going to be made up. As has been pointed out by Mr. M. P. Gandhi, the loss will be in the neighbourhood of 22 lakhs. So, the House is entitled to know how the Government is going to adjust the budget. Sir James Grigg will be leaving India very shortly and he believed in a balanced budget. I want to know how do the Government of India reconcile the theory of a balanced budget with the introduction of a Bill lowering the duty which is going to entail a loss of about 22 lakhs? How do the Government of India propose to balance the budget? I hope that theory is not given up before he has left the shores. With these remarks, I conclude my speech:

**Mr. Suryya Kumar Som** (Dacca Division: Non-Muhammadan Rural):

Sir, before I go into the merits of this proposal for lowering the protective duty, I think I had better give the history of this sugar tariff in India and also show on how many occasions Government's actions caused a great deal of injury to the sugar industry. In 1932, the Tariff Board fixed the protective duty at Rs. 7-4-0 and including the excise duty it will come to about Rs. 9-4-0. In 1932, so far as I remember, there were about 30 to 35 mills in the country. Now, within the next two years, that is, in the years 1934 and 1935, the number of mills rose to about 130. Before this protective duty was imposed, Java and other foreign countries used to import to India one million tons of sugar. That was the actual quantity that was required for India and in this way about 20 to 25 crores of rupees was drained away from this country. Then came the protective duty and within two years we found that the number of mills went up to 130 from 35. Year before last over eleven lakhs tons of sugar was produced in India. That was a little more than the country could consume. Now, India has become self-contained so far as sugar is concerned. Sir, in my opinion the history of the development of any industry in the world will not show such a brilliant record as has been shown by the sugar industry of India. India which used to import about one million tons of sugar began to produce within two years of the protection more than she could consume. Over 40 crores of rupees have been sunk in this industry. When India became self-contained in sugar production, this bureaucratic Government, for reasons best known to themselves, began to try their best to thwart the further development of the industry by various means in order to check export of sugar from India. In 1934, the sugar producing countries, besides India, came to an arrangement which is called the Chadbourne scheme. According to that arrangement, the production was controlled amongst those countries and that made the sugar market a little steady. But India was not with-in that scheme. So, India was free to produce as much sugar as it liked and sell it at a lower price. Then, Sir, the European countries began to think how to bring India within this scheme of control. A favourable

circumstance arose to influence England. All of you know that the Dutch own largest number of sugar factories and this Dutch Government owns most of the islands round about Singapore. So the Dutch Government found that it would not be very difficult to influence the British Government in their favour and save them from the competition of Indian mills. There was an unholy alliance by which the British Government, in order to befriend the Dutch Government, entered into an iniquitous agreement behind our back, which is called the International Sugar Agreement of 1937. India was not represented in it. A member of the bureaucracy was there and he signed away the right of India to export her sugar. By that agreement India was bound down not to export sugar except to Burma and Ceylon for five years. What was the necessity of the British Government to enter into this agreement. Britain is not a substantial producer of sugar. They have not much interest in the sugar industry. They entered into an agreement with the Dutch Government in order to save themselves from the machinations of Japan because the Singapore naval and air base was in danger, if Japan is given any air or naval base in any of those islands by the Dutch Government. It was an unholy alliance.

[At this stage, Mr. President (The Honourable Sir Abdur Rahim) resumed the Chair.]

Instead of helping this growing sugar industry, you stabbed it from behind. By this, one difficulty was created for India and that is that it could not produce more than a million tons, because if they produce more than that they cannot export it. Now, Sir, it is mysterious to all of us and the whole of India why this Tariff Board Report was kept a secret for over a year. Not only that, Government took no action on that report on the excuse that they did not have sufficient time to consider it. They had so many officers drawing Rs. 4,000 and 6,000 and they had no time to consider this small report. Can any one believe it? If you could not go through it, we could have gone through it. The merchants could have gone through it and prepared their case. Question after question was put in this Assembly but Government would not disclose whether the report was in favour of continuing the protective duty or increasing it or decreasing it. That was a State secret for 16 to 20 months. I say, they were deliberating how to do to thwart the further growth of the sugar industry in India. This attempt to lower the duty by eight annas is the second attempt to thwart the sugar industry. This is the background of this proposai. The proposal of the Government to lower the tariff by eight annas is based on only two grounds. One is that circumstances have changed since the Tariff Board's Report and, therefore, the duty also must change. The second is, that much water has flowed down the Ganges since December, 1937. In the provinces, action has been taken by the Provincial Government to organise the sugar industry and the sugar industry is getting steadier and steadier and the provinces have also been levying taxes on sugarcanes. Now, let us examine the first ground. Their case is that in 1937 the price was low but that since then there has been a change in the conditions of the sugar market. I admit there is some rise in prices of Java sugar. It has increased to a certain extent but what is the certainty that this rate will be steady? I submit that this sugar market has been vacillating month by month and year by year with great uncertainty. The report of the Tariff Board will show that. Now, at a certain month, the price is lower. At a certain month the price is higher. If it was the

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principle of the Government that protection would be granted according to the price at the time, then how is it that in 1932 knowing the markets of the world and knowing how business was going on with prices constantly vacillating the Government came to a decision to give a definite protection for 15 years? It was quite possible that the market would rise and fall. I find in the previous Act there is a provision which will show you the intention of the Government of India. I would invite attention to paragraph 4 of the Sugar Tariff Act of 1932. The Government saw through the possibility of variation in prices and provided against that possibility, *viz.*, that if during these fifteen years Java landed sugar at Calcutta at a very much lower price, then, the Government was given the power to intervene, and without the sanction of the Assembly, to increase the protective duty to an extent which would serve the purpose,—but that section 4 has not given the power to the Government of India to lower it within that time (six years). I would draw the attention of the Honourable Member in charge to paragraph 4 of the previous Act. Without considering these aspects, the Member in charge has just got some stereotyped and unconvincing reply prepared probably in his office. You will find, however, from section 4 of the previous Act that it is clear that the Government of India rightly or wrongly but deliberately decided to give protection to the sugar industry for fifteen years at a certain rate and they accepted six years definitely,—and it was for a very good reason, because, if you want to develop an industry, you must give it a certain definite prospect over a definitely long period so that the capital may be attracted and sunk in the industry. But your uncertain attitude “this month I will increase and next month I will decrease the duty”, is not helping the industry but killing the industry. Because no industry will take such risk. If you do want to kill the industry, do it now. Do not kill other capitalists who are going to start sugar mills this year. I have known many friends of mine who are going to start sugar mills. Well, let them know what is their fate for a certain reasonable period. You find that in the previous Act of 1932 the Government of India deliberately decided to give a certain amount of protection over a certain period of time. That was the intention and that attracted so much capital. Now, I find, that in 1937, when they got this report, they found that these fellows recommended continuing the rate of protection. So they thought, what is to be done? “Java is to be one of our friends, so something must be done for Java”. Sir, I do not know how many consultations secretly took place behind our back with Java, and they were also temporizing with the war clouds in the horizon of Europe and, therefore, they waited till March, although this report required one hour at the most to study. So, I say, at last they have come forward with a proposal to help Java to the extent of Rs. 8 per month. That is not a joke.

And now I will come to the arguments by which they support their proposal. Their another argument is that the Provincial Governments are taking interest in the sugar industry and levying taxes on the cane supplied to the mills and so on and so forth. I should say that that is a fact which should induce you to increase the protection, not to decrease it, because these fellows have to pay additional taxes in the Provinces over and above the excessive excise duty. But that is an argument which goes against you. It is clear, Sir, as we are hearing for

some time, that there is competition between the Provinces and the Centre as to who will suck the blood more, and sucking is now going on both by this more powerful tube-well as well as by the ordinary well in the provinces—the Provincial Governments sucking two rupees and that fellow three and a half annas per maund of sugarcane. That is the sort of competition in taxation that is going on and that constitutes a better case why this protective duty should not be decreased, if not increased. Now, where are these poor fellows to go? Where are the millowners and the cultivators to go? If he goes that way, the Provincial Government exploits him. If he goes this way, then you exploit him. They are in a terrible fix. Where is he to go and how is he to live? So I say that ground is against you. Then the Government say that recently, in the beginning of this financial year, there was some rise in the price of sugar. Now, do Government undertake that within the period, if it comes down, they will bring up this protective duty to its proper level and will, if necessary, raise it higher? We find that at that time, I have mentioned the market was vacillating; is it not vacillating now? The Chadbourne scheme is there from 1934, and the iniquitous agreement came in 1937 but still the price is vacillating. When then will it be steady? It will never be steady. So do not go upon that basis. Go upon the reasonable basis on which this market has been going on for the last ten or fifteen years. So, that argument is as shaky as the other;—the provincial taxation is rather in my favour.

Sir, a certain class of people are never in want of "reason"; if they fail; they would then catch hold of any other reason. So the arguments supporting the proposals submitted by the Government stand no examination at all. Therefore, this House will have to consider this proposal on its merits—independently of what the Government adduce as their arguments—keeping in their mind's eye the conspiracy against this sugar industry and the unholy agreement that preceded this proposal. I say that this Tariff Board was appointed by you; none of them were Congress agitators, none of them were disloyal, none of them were extremists, they were very learned and eminent men who were selected by you. They made a thorough inquiry and submitted a report; that report you now brush aside with this sort of unconvincing argument? I can very well understand if a mistake is made that is transparent on the face of it, on facts and figures. It is only in those cases the reports of respectable bodies like the Tariff Board should be rejected or followed. Your action will lower the prestige of the Tariff Boards. It will be a great mischief. There were crocodile tears shed on behalf of consumers by my Honourable friend, Sir Ziauddin Ahmad. I submit he knows nothing about the economic effect of excise duty or protection on commerce and industry. I will show to the House by figures that after this protective duty was levied in 1932—a sum of Rs. 7-4-0—in 1936, India was selling sugar at the lowest price in the world. Other countries like Australia, Canada, New Zealand, England, everywhere the price of sugar was almost double the price at which it was being sold in India. Therefore, the cry that the consumers suffer by prospective duties, is not right. In 1936, that in four years after this protection was granted, there were 140 mills in full working condition in India and they were producing a million ton of sugar and India became not only self-contained but India was able to spare sugar for export to other countries. What was the price prevailing then in India? In India the price was 2-63d. per pound in the United Kingdom 2-81, in New Zealand it was 3-7, in the United

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States of America, it was 3.12, in Canada 3.12, in Australia over 4d. per pound and so on. It will be observed that the price in other countries was nearly double that in India. It was not affected by the protective duty. So these crocodile tears for the consumers are really imaginary. The consumer will take care of himself. I appeal to the Government to allow this nascent industry to develop. It will bring a good return in the shape of income-tax, in the shape of your excise duty and it will give employment to a lot of unemployed in this country. The most important thing is that the poor cultivators will have a very good market for the canes which they can easily grow in this country. As you raise your excise duty, these poor illiterate fellows, the cultivators will suffer. The Abdoola Haroons and the Birlas will make their money all right. What is the lot of the poor cultivator whose very life blood is sucked by the Haroons and the Birlas. Sir Abdoola Haroon or Mr. Birla will not run their mills at a loss and they won't unprofitably pay four annas towards super-tax. When these additional Rs. 2 excise duty has been added, it is made up by the mills by lowering the price of sugar cane. This affects the cultivators. Nobody in this Assembly lifts his voice in support of the poor cultivator. They all speak for the consumer or the capitalist. I appeal to the Honourable the Commerce Member that in dealing with sugar, he must have a kind heart for these cultivators who really suffer. The millowner instead of getting ten per cent. dividend will get eight per cent. But the poor cultivator will be ruined. He will get only ten pies instead of four annas for his maund of canes. So, I strongly protest against this proposal of lowering the protective duty. I think I have succeeded in proving that Government have made out no case for the reduction of the protective duty or for disturbing the *status quo*.

**Mr. Manu Subedar** (Indian Merchants' Chamber and Bureau: Indian Commerce): Sir, with regard to the sugar, I will draw the attention of the House to the fact that a Committee was appointed by the pre-reform Government in 1915 to ascertain whether this country could be made self-sufficient in the matter of sugar. The report of that Sugar Committee was suppressed, held over, not considered, pigeon-holed and various other treatments were given to that report for many years, until we had, in 1930, a definite move in this direction giving protection to sugar industry. Sir, I want to draw the attention of the House further to the fact that this is one of the industries which has completely belied the free trade tendencies in all, except in my Honourable friend, Dr. Sir Ziauddin Ahmad. This industry has definitely proved that Indian capital is not shy, it has also proved that there is no dearth of Indian capital, if only the Government will create suitable conditions in which Indian capital can function. This industry has made progress, so considerable a progress that there was very rightly a protest registered against the action of Government that they went behind the back of this House and without a properly accredited representative in the London conference actually agreed, without any ratification from this House, to the prohibition of the export of sugar from this country for five years. This was in 1937. Why was the public in India so much upset at the action of Government in agreeing *ex-parte* without consulting this House to the definite prohibition of any export of sugar from this country for five years? As it happens the period of 1942 up to which protection is carried coincides with the same period. Many people realised that there was going to be over-production of sugar in this country and the



apprehension was fully justified that on account of this over-production, India would be having a large surplus stock to go out.

The third thing with regard to this industry which I want to make clear, in order to show the enormity of Government action in this matter, is that this is one of those industries which definitely affects not only the Government of India in their pocket in relation to excise duty and customs duty, but it is an industry which affects the Provincial Governments as well, it affects those Indian States in which sugarcane is grown, in which sugar is manufactured, it affects the cane cultivators and the agriculturists. Sir, the Government of India are guilty in their small memorandum of two or three pages in answer to the Tariff Board's 200 pages, they are guilty of rank heresy in which they say that such duties must ultimately fall on the consumer. I say this dogmatism is not at all justified. It is not justified and there are conceivable cases, as certainly in the case of sugar at present in this country, when the full brunt of these duties may fall on the sugarcane cultivator and not on the manufacturer and, certainly, not on the consumer.

Now, Sir, with regard to the Tariff Board I want to make quite clear the position which we take up. The demand from this side has always been that the Tariff Board should be like the Federal Court, a permanent body consisting of independent parties whose judgment cannot be questioned and who would render to the Government of India an advice which the Government of India could not lightly reject. While this is our demand and we keep to this I must say that it is really extraordinary the way the Government of India are in the habit of behaving with their advisers. We had only recently the case of non-official advisers called by Government, worked to death during a period of two and a half years, gagged during the interval and then completely and unceremoniously repudiated. That was in connection with the Indo-British Trade Agreement. Now, we have the case of the Tariff Board. Generally speaking, the Government of India adopt the policy of giving seats on the Tariff Board as a political reward to party men, to those of their friends who have failed to register in public life and who have endeavoured conscientiously to help Government sometimes by selling the country. It is not unusual to find the Tariff Board treated like this.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair does not think the Honourable Member is justified in casting any reflection like that.

**Mr. Manu Subedar:** I did not say anything about any particular Tariff Board. There have been 24 Tariff Boards . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member must withdraw what he said.

**Mr. Manu Subedar:** Very well, Sir, I withdraw.

Sir, a Tariff Board constituted arbitrarily on the assumption of merit which may remain only in the eyes of Government, has been frequently criticised by the public and the trade with which the Tariff Board is concerned,—even such a Tariff Board as we had in the case of sugar is completely and unceremoniously repudiated in a Resolution here. The head of this Tariff Board was an Indian Civil Servant of greater merit and service than any of the Civil Servants sitting over there. He was the Finance

[Mr. Manu Subedar.]

Member of Madras Province; there was a Muslim businessman, at one time a Member of this House; and there was a distinguished economist from Lahore,—the great Punjab about which we must always speak with trepidation. This Tariff Board made a report. That report was suppressed by Government for a period of 15 months. Even if we accept the fact that they were not able, last year, to come to definite conclusions,—after all, there was not much conclusion to come to because all the facts had been carefully sifted and certain definite recommendations had been made,—I maintain that it was possible even last year for them to act on that. In any case, even if we grant that there were specific reasons why it could not be done last year, may we know why the report was kept away from the people who were directly concerned with the report right up to the last day and why it was thrown at our heads only a few days before the Bill was introduced? Sir, this is really going beyond an ordinary joke,—this suppression of the report and throwing extensive written material at our heads only a few days before a Bill is introduced. Does the Honourable the Commerce Member know that as soon as a Tariff Board is appointed there is considerable activity in the trade which is affected, that every factory and company concerned sits down with a long questionnaire for days and days and much midnight oil is spent and at the end of all this all necessary material is prepared for this inquiry, an inquiry which took eight months i.e., major part of a year. The inquiry cost this country perhaps a sum exceeding two lakhs of rupees and must have cost the industry itself two or three lakhs in the preparation and submission of all these details. All this is unceremoniously thrown aside and the industry is made to pass a second hurdle, a second examination and a second test, and that is done *ex parte*, in the office of the Honourable the Commerce Member.

Sir, the Commerce Member is much endowed, I will say he is highly endowed, he is heavily endowed; there is too much "Dow" everywhere. In fact, I find the horny hand of my Honourable friend, Mr. Dow, too much in this Government Resolution and memorandum, and I cannot help thinking and wishing that the Commerce Member should be a little less endowed in future in order to make his proposals acceptable to us. Sir, that Government Resolution, I will say, is pompous, it is superficial. It is pedantic, it is misleading, it is not worthy of a big Government in its treatment of a large industry invoked by their own invitation, by their own efforts and doing not particularly badly so far as the self-sufficiency of the country in an important article for the country is concerned. Now, Sir, when Sir James Grigg presented his budget and in that budget brought out a very cryptic item of four crores and 20 lakhs as the total amount he will get either from excise duty or from Customs, it was quite clear to some of us that there was some mischief brewing in the Government coterie. The shadow of Sir James Grigg has fallen on the Honourable the Commerce Member. It is not for me to know the secrets of what is happening in inner Government but I should like to know, if it is at all possible, whether the whole incentive with regard to the treatment of this industry did or did not come from Sir James Grigg who took umbrage at the remarks of the Tariff Board, assisted, of course, very ably by Mr. Dow who is endowing the Commerce Member. Sir, that part of the recommendations of the Tariff Board which deserves the greatest attention is one which Government have dismissed in one line, namely, what Government propose in order to see that the industry develops on right lines without ruinous internal competition and whether anything can be done in order by rationalisation to save both Indian labour and Indian capital,—as it happens in this case, the

cane grower in two large provinces. There are various other forms to which reference has been made, and I shall draw the attention of the House to the fact that in particular the attitude of the Government of India with regard to molasses seems to be most unsatisfactory.

We have here my Honourable friend, Sir Girja Shankar Bajpai, who must have been worried at more than one dozen questions of mine on this subject as to whether the Government of India propose to do anything in this matter. What we found frequently from him was that the Government of India are most anxious to do everything possible in their power, but that they are only waiting the report from Bihar. They keep on awaiting the report and, even after the receipt of the report, they will keep on awaiting some other inquiry, some other experiment, something else. They are always correct and we are always wrong in asking impatiently that the Government of India should do something in order to make this country even partially independent of outside supplies with regard to motor oil, in times of emergency, which might occur at any time now in the world. Sir, the two main points which are to be considered in connection with this Bill are these. First of all, there is the period. The period of seven years is not because it is a mystic and somewhat attractive figure but as a result of the considered opinion of the committee which the Government of India had appointed and which said that the protection should be for a period of 15 years and that the actual rate should be examined at the end of seven years. This period has been cut down to two years and the rate has been cut down, as my Honourable friend, Mr. Mohan Lal Saksena, pointed out, arbitrarily without any counter-figures of any kind being adduced.

The one thing which the Government of India have said in their memorandum and which is most unconvincing is that as today's price is  $3/8$  for Java there is no apprehension that it would go down to  $2/7$ . Now, Sir, I gave evidence before this Tariff Board and I can say that we urged that as during the seven years the price had more than once dipped down to  $2/7$ , it was necessary to guard the Indian industry against dumping of this kind; and with your permission, Sir, I will mention the ground on which this apprehension, in future, might become real. It is wellknown that Java is using the currency of Holland which is a currency of very high value; but any moment that Java devalues its currency that moment you will have Java sugar planted here cheap, and then, even  $7/4$  might not prove adequate. That danger is always there. Even a rumour that there is going to be a change in Java currency would bring down sugar prices by Rs.  $1/8$  or Re 1 at once in this country. It is no use putting up a wall round the industry if you keep three or four holes in it by which the enemy can walk in. As Mr. Som rightly said, either kill it if you want to kill it; otherwise give adequate protection. There was a suggestion before the Tariff Board by a well-known English firm associated with sugar—Messrs. Begg Sutherland & Co.—who said that instead of this kind of protection, instead of tinkering with the matter, why do not the Government arrange that all profits over a certain percentage might go to Government and that the industry may be thus protected. At all events that was a suggestion worth considering and I am sorry that in the memorandum of Government which I have characterised as pompous, pedantic, sonorous and misleading, Government have not dealt with that and many other points.

Lastly, there is the question of introducing changes in the middle of the season. It is possible that there is nobody on that side of the Government officials dealing with this matter who have ever bought or sold in merchandise, much less who have done so in a field which contains forward markets,

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long term contracts, agency arrangements and other things. It is a tragedy that men who do not themselves know, and who would not be guided by those whom they have themselves authorised, who would not take their cue from chambers of commerce and others who can speak in this matter with authority—it is a pity that such men are called upon to judge; and they sit in judgment in a manner and with the results which we see. If there was anything which could prove that this Centre has become absolutely unreasonable and untenable today, it is this; and by the entire absence of any co-operation or of any attempt at any consultation with the Provincial Governments, who are vitally interested in this matter, they have proved their complete ineptitude, and the sooner they get out of this place the better it will be for the whole country . . . . .

**The Honourable Sir Nripendra Sircar** (Leader of the House): You come in.

**Mr. Manu Subedar:** I am not wanting to come in. I want to get you out first.

**The Honourable Sir Nripendra Sircar:** You will not be allowed to come in by higher powers!

**Mr. Manu Subedar:** Don't you worry, Sir Nripendra: we shall send you there once you come and sit on this side.

I was saying, Sir, that the Government of India have acted ineptly and harshly in bringing in this change of duties in the middle of a season; and it is a further tragedy that they arm themselves with and use powers in order to disallow changes in the direction of postponing this till November, which we wanted by means of an amendment. I am reading from the Tariff Board Report at page 160:

“From the foregoing analysis the conclusion is forced upon us that in the peculiar circumstances of the sugar industry a change in the level of excise duty without notice in the middle of the season leads to unexpected complications and undesirable consequences.”

It occurred once before in the case of excise, and, I say, a change in the customs duty in the middle of the year as the Government are doing now is going to have the same unhealthy effect. The more is the pity that this is done by men who claim to understand but who, unfortunately, as the thing itself demonstrates, have failed to understand the case. Sir, I register the protest of the business community against the manner in which the sugar industry has been treated by this action of the Government.

**Dr. Sir Ziauddin Ahmad:** Sir, certain allegations were made by my Honourable friend, the Leader of the Opposition, to which I replied; but I reserved one couplet because I thought it would be more suitable to quote it on the occasion of the Sugar Bill. That couplet is:

*‘Badam gufti-o-Khursandam  
āfāk-Allah niko gufti,  
Jawab-i-talkh mi Zebad.  
lab-i-la'ale-Shakar Kha ra’*

**Mr. B. Das** (Orissa Division: Non-Muhammadan): We want the translation of that couplet.

**Mr. President** (The Honourable Sir Abdur Rahim): There is nothing unparliamentary in it!

**Dr. Sir Ziauddin Ahmad:** The translation is:

"You call me bad names and I am very pleased; and I assure you that bitter replies always suit the red tongue with sugar coating."

**Some Honourable Members:** No, no.

**The Honourable Sir Muhammad Zafrullah Khan:** It means ruby red sugared lip.

**Dr. Sir Ziauddin Ahmad:** Sir, 52 per cent. of the sugar produced in the whole of India is produced in the United Provinces and out of this sugar produced in the United Provinces, more than 60 per cent. is produced in my constituency and I am very much in touch with this industry: that is the only industry in which the United Provinces is primarily interested and, therefore, if I take a little long in dealing with this particular subject, I may be excused.

Before proceeding further, I would like to quote two paragraphs from the Fiscal Commission's Report which will throw a very great light on the discussion before us. I refer to chapter VI, page 47, where they say:

"The most important of these (*that is, the disadvantages of protection*) is the danger of fostering the growth of political corruption. The interests at stake in the determination of a rate of duty are frequently large. In some countries important financial interests find it profitable to offer to legislators inducements which are not necessarily of an obvious or crude nature, or to spend money on getting their own nominees into the legislative bodies which have the decision of matters vitally affecting their prospects."

Later on, they say:

"Moreover, we think that the system which we propose, whereby the enquiry into the conditions of each industry will be conducted by an impartial body with the utmost publicity, and the conclusions arrived at and the reasons for them will be known to the public when the case of the industry comes before the Legislature, will reduce the opportunities for political corruption to a minimum."

So, this is really a very important recommendation of the Fiscal Commission that the Tariff Board Reports should be broadly published, public criticism should be invited, and those opinions and criticisms should be placed before the Legislature when they begin to deliberate on those Reports and that is a thing which the Government have consistently ignored, and they have not complied with these very important recommendations laid down by the Fiscal Commission.

Now, the second important thing which will also come up for discussion in the case of sugar is raised in the second paragraph by the Fiscal Commission:

"Another undesirable feature which the history of protectionist countries discloses is the tendency towards combinations of manufacturers for the purpose of exploiting the domestic consumer. A protectionist system certainly gives the opportunity for undesirable forms of combination. In a free trade country no combination of manufacturers is able to keep the price of a commodity above the world price. If all the manufacturers of a particular country agreed not to sell below a certain price which was above the world price, the only effect would be that their home market would be captured by foreign manufacturers selling at the world price. The case of protectionist countries, however, is different. Here we have a tariff wall, affording, when the foreign manufacturer has been partly or wholly excluded, a certain latitude of price to the home manufacturers. If the latter do not combine the home price will be regulated by the ordinary conditions of internal competition. But by means of combinations it is possible for the home manufacturers to keep the price distinctly above the true competitive level without inviting foreign competition. It

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is, we think, no accident that the two countries in which understandings, agreements, or combinations of manufacturers have been developed to the highest point, namely the United States and Germany, are the two leading protectionist countries of the world. But should any such combinations arise in India which appear to be to the detriment of the Indian consumer, we do not think it would be difficult to find a remedy. The matter should be investigated by the Tariff Board which we propose should be established, and if the Board reports that the combination is in effect injurious to the interests of the Indian consumer, and the Legislature accepts the view, the protection given to the industry could be lowered or withdrawn, or possibly special legislation could be introduced to deal with the matter."

These two are important matters, and I will read one more sentence, and it is this: "There ought to be constant supervision over the proposals of the Tariff Board".

These are the three relevant passages which I have read from the Fiscal Commission's Report, and they throw a great light on the discussion which we are going to have on the question of sugar. Sir, this is the first time I heard, though practically everything connected with the sugar industry is published, that a Report was written in the year 1915 relating to Sugar industry. Of course, it could not be a Report of the Tariff Board, because the Tariff Board originated after the Fiscal Commission; but still we know that after the war every country began to expand the growth of sugarcane. Cane sugar manufacture has developed in Cuba and under the patronage of Japan in Formosa, the beet-root sugar manufacture expanded in Europe, and specially in Russia where the cultivation was 56,000 tons in 1921-22, it developed to two million 690 thousand tons in the year 1931-32. This excess growth, after the war, had a disastrous effect all over the world, so much so, we find that in the year 1930 the total production of sugar from the cane was 19.1 million tons and the production of sugar by means of beetroot was 9.3 million tons, and the total production was 28.3, and the consumption in that year was 26.9, so that there was a surplus of 1½ million tons in sugar in one particular year. This over-production continued for several years so much so the prices came down, abnormally, and the problem became a world problem necessitating curtailment of production and regulation of the movement of sugar. The Government at that time were compelled to appoint a Tariff Board to inquire into this matter. The Tariff Board recommended the raising of the customs duty, which I will discuss later on. But the world situation at that time was very bad—I think it has not altogether improved,—even now there is excess production in the world market. Therefore, Sir, when we consider the problem of sugar for the whole world taken together, as my friend, Mr. Som, has discussed, we should also consider this very important factor, that there has been a very large surplus stock of sugar in the whole world, and this surplus stock is bound to affect the markets not only of India but of all the countries in the world, and it is very desirable that we should consider this matter very seriously. It is not possible to raise the price level of any article until we understand the world situation and co-operate with other countries.

Coming now to India, Sir, we produced 3.1 million tons in the same year, and our consumption was four million tons. So, we were really better off. We did not have over-production in this country, and, consequently, we were not seriously affected immediately, but we were bound to

be affected on account of the world prices, had timely action not been taken by the Government to regulate the prices. Now, out of 3.1 million tons produced by India, about 51 per cent. is produced by the United Provinces and the rest is produced by the Punjab and Bihar. The other provinces contribute comparatively a small proportion to the stock of sugar produced in this country. In this connection, I should like to point out the very good work done by the Coimbatore Research Institute, because they have introduced a special variety of sugarcane which is giving out much more sugar than the older varieties which existed in this country. Of course, opinions differ even about this new type of cane, because some people say that it is medically injurious. I had the opinion of one or two doctors on this point, but still we cannot very much rely upon casual opinions. We must go by the facts, and by so doing we find that while the old type of cane which we cultivated in the United Provinces produced only 350 maunds of sugar cane per acre, the Coimbatore variety produces 600 maunds per acre. Still it falls far short of the actual production in other countries, because we find that in Java they produce one thousand maunds per acre, and, I think, we should aim at this production in order to compete successfully in the world market.

Sir, at the time when the Tariff Board wrote their Report in 1931, our position was a peculiar one. I would refer the House to page 23 of their Report. The first point was about the prices. In 1920-21 the price of sugar was the highest. After the war the highest rate in that particular year was Rs. 40 per maund, and the lowest was Rs. 17-12-0 per maund, so that the average price was Rs. 29 per maund, but on account of over-production in the world and the surplus stock, the prices in 1929-30 went down to Rs. 9. This was really a very important factor which the Tariff Board of 1931 had to take into consideration, that is, within ten years on account of over-production the price of sugar had fallen from Rs. 29-14-0 to Rs. 9-0-2.

Then, Sir, the second thing which I will discuss later on is the question of duty, as to how the duty varied from time to time. Then the third thing we should take into consideration is that, at the time when the Tariff Board made their Report, the Government of India was getting 10.7 crores from the customs duty on sugar alone. That was really the income which they had been deriving and in order to introduce this protection, they had to forego this, and I shall discuss this later on.

Then, Sir, the next thing is about the production and the import, which is given at page 107, No. 15, we find:

"We consider that the agricultural aspect of the case for protection is the most important. It is essential in the national interests that the area under sugar cane should not diminish and that a fresh outlet should be provided for cane by encouraging the expansion of the White Sugar industry. Unless steps are taken to develop the White Sugar industry a disastrous slump in the *gur* market is probable which will seriously affect the agricultural classes, disorganise the agricultural system and involve the abandonment of better cane cultivation in large areas."

This was the view they took, that protection was primarily for the benefit of the sugar cane growers and not for the benefit of the capitalists.

I shall now take up the question of duty first. The duty before the war was five per cent. *ad valorem*; after the war it was raised to 15, and then to 25. In February, 1930, when they found that the price had gone down abnormally and there was a surplus stock in other countries who

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were selling at dumping prices, the Government raised the duty to Rs. 4-8-0 per cwt., and, in March, 1930, even before the Tariff Board reported, they raised it to Rs. 6-8-0, and this was done on account of the surplus stock and the dumping nature of the sugar market in this country. In 1931, the Tariff Board wrote its report and it recommended a protective duty of Rs. 7-4-0 per cwt. and this was arrived at after a very elaborate calculation by the Tariff Board of 1931 and we still stand by it. Then came, what I call, one of the follies of the Government which I have repeated several times. In 1931, they raised the duty on everything by 25 per cent. without considering whether it was a protective or a revenue duty. This duty was immediately raised by the Second Finance Bill of 1931 by 25 per cent., that is, it rose up to Rs. 9-1-0 per cwt. But there was one omission they made. No distinction between sugar and sugar candy was made. When we discussed the question of sugar candy, in 1934, Government took about a year to consider the problem, and by the time they agreed to raise the duty on sugar candy from Rs. 9-1-0 to Rs. 10-8-0, most of the factories manufacturing sugar candy had disappeared because they could not stand the Japanese competition any longer. In April, 1934, an excise duty of Rs. 1-5-0 was put and, at the same time, they put an export duty as well, so that the import duty that was fixed at that time was Rs. 1-5-0 excise duty *plus* Rs. 7-12-0, which was eight annas more than the protection given by the Tariff Board, altogether Rs. 9-1-0. So that the import duty remained the same and it was divided internally into Rs. 7-12-0 for the purposes of import and Rs. 1-5-0 as excise duty. In February, 1937, this excise duty was raised again by eleven annas and it came to two rupees, and now the protection was reduced to the normal figure of Rs. 7-4-0. Even with the second Excise Duty Bill they did not lower, even by one anna, the protection given by the Tariff Board of 1931. Though they levied a duty of Rs. 2 per cwt. as excise duty, they kept the protection at the figure recommended by the Tariff Board, that is, Rs. 7-4-0, so that the import duty went up by three annas to Rs. 9-4-0. Therefore, so far as the Legislature is concerned, we have not done any injustice to the sugar mills and we gave them the pound of flesh which was promised them in 1931.

But let us see in what way they treated the cultivators for whose benefit primarily this duty was imposed, and here I shall give one or two points as regards the way in which they treated the sugarcane growers. There are several ways in which they cheated them. The first method is the maund of the mills is not eight *pansaris* (one *pansari* is equal to five seers), but it is 12 or 13 *pansaris*. So that when the canegrowers took cane to the mills, the latter did not pay them in Government maunds of 40 seers; in Sugar Mills, maund was twelve times five or 12½ times five seers. This information I give from my own personal knowledge in my own constituency. I went to the sugar mills when this complaint came to me and I verified that the complaint was correct. That was one way in which the poor people were cheated. The second way in which they were cheated was that the bullock carts containing the cane were not weighed the very same day, but they were made to stand for two or three days with the result that the cane got dried up and the weight of the cane became less. Thirdly, the prices they paid were very low. I shall deal with that matter later. The Tariff Board of 1931 gave the mills a



definite warning that the sugarcane ought to be purchased at eight annas per maund, but they actually purchased at two or 2½ annas per maund, and that maund consisted of 13 times five seers and not eight times five seers. In these three ways, the mills have been exceedingly unkind to the poor cultivators for whose benefit this protection was primarily given. Not only this, but the people of my province were not benefited at all. The mill-owners brought their own people during the crushing season from their villages and, afterwards, when the work was over, sent them back. Even the workmen in my constituency were not employed in the manufacture of sugar. That being the case, you can well imagine why the people of my constituency have raised their voice of protest against a protection which gives benefit only to a few persons. If you examine the balance sheets of these mills, you will find that as soon as the duty was raised to Rs. 9-1-0 in the year 1931, their dividends, in some cases, were cent per cent.; in 1933, in some cases, it was 75 per cent. They thus took back the capital they had invested several times over in the course of two or three years. Even now, in spite of all the disadvantages, there is not a single sugar mill which pays less than ten per cent. That is the minimum dividend that they pay. Of course, some of these people, in order to avoid payment of income-tax or a high dividend to the shareholders, transfer the money to some other . . . .

**Mr. S. Satyamurti** (Madras City: Non-Muhammadian Urban): They are all blackguards according to you! There is no honest man excepting yourself!

**Dr. Sir Ziauddin Ahmad:** I am not a capitalist, and the question does not arise. I call a spade a spade, but you do not do so.

**Sir Syed Raza Ali** (Cities of the United Provinces: Muhammadian Urban): Sir Ziauddin Ahmad has learnt this lesson from my Honourable friend, Mr. Satyamurti.

**Mr. S. Satyamurti:** That is South Africa!

**Dr. Sir Ziauddin Ahmad:** This is the way in which they treated the labourers and sugarcane growers, but I am glad to say that this thing is being looked into by the Congress Government. Though I hold no brief for them and though they have not done 999 things correctly, yet at least one thing they have done and that is they have given some protection to the agriculturists and they have seen to it that the agriculturists do get the eight annas promised by the Tariff Board.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair understands that the Honourable Member does not wish to conclude  
5 P.M. his speech now.

**Dr. Sir Ziauddin Ahmad:** I have not yet come to the Tariff Board of 1938.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member can continue his speech on the next official day.

## STATEMENT OF BUSINESS.

**The Honourable Sir Nripendra Sircar** (Leader of the House): As I intimated on a previous occasion, it was looking inevitable that I shall have to request you to fix more dates for official business, and I am now asking you to fix 14th, 15th, 17th, 18th, 19th and 20th.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair directs that the Assembly will sit on the 14th, 15th, 17th, 18th, 19th and 20th for the transaction of official business.

**The Honourable Sir Nripendra Sircar**: Subject to cancellation if by any mischance we finish earlier.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 11th April, 1939.