

14th 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.

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25 AUG. 1965

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

## CONTENTS.

VOLUME IV.—30th March to 15th April, 1939.

	PAGE.		PAGE.
<b>THURSDAY, 30TH MARCH, 1939—</b>		<b>MONDAY, 3RD APRIL, 1939—</b>	
Members Sworn . . . . .	9005	Members Sworn . . . . .	3187
Starred Questions and Answers . . . . .	9005—21	Starred Questions and Answers . . . . .	3187—3214
Transferred Questions and Answers . . . . .	9021—43	Motion for Adjournment re Kidnapping of five Frontier Hindus by armed Torikhel Wamisris of the Trans-border Area in the Bannu District—Disallowed . . . . .	3214—15
Short Notice Question and Answer . . . . .	9043—45	The Coal Mines (Stowing) Bill—Discussion on the consideration of clauses not concluded . . . . .	3215—61
Declaration by H.E. the Governor General in Council . . . . .	9045	<b>TUESDAY, 4TH APRIL, 1939—</b>	
Election of Members to the Standing Committee for the Department of Communications . . . . .	9045—48	Starred Questions and Answers . . . . .	3263—82
The Repealing and Amending Bill—Extension of the time for the presentation of the Report of the Select Committee . . . . .	9048	Unstarred Question and Answer . . . . .	3283
The Registration of Foreigners Bill—Discussion on the consideration of clauses not concluded . . . . .	9048—88	The Coal Mines (Stowing) Bill—Passed as amended . . . . .	3283—87
<b>FRIDAY, 31ST MARCH, 1939—</b>		The Indian Tariff (Second Amendment) Bill—Discussion on the motion to consider not concluded . . . . .	3287—3332
Starred Questions and Answers . . . . .	3099—3136	<b>WEDNESDAY, 5TH APRIL, 1939—</b>	
The Sugar Industry (Protection) Bill—Introduced . . . . .	3136	Starred Questions and Answers . . . . .	3333—75
The Indian Tariff (Second Amendment) Bill—Introduced . . . . .	3136	Election of Members to the Standing Committee for the Department of Communications . . . . .	3376
The Indian Tariff (Third Amendment) Bill—Introduced . . . . .	3137	Message from the Council of State . . . . .	3376
The Registration of Foreigners Bill—Passed as amended . . . . .	3137—90	The Repealing and Amending Bill—Appointment of Mr. F. E. James to the Select Committee . . . . .	3376
The Employment of Children (Amendment) Bill—Amendments made by the Council of State agreed to . . . . .	3180—83	The Indian Tariff (Second Amendment) Bill—Motion to consider adopted . . . . .	3376—3422
The Coal Mines (Stowing) Bill—Discussion on the motion to consider not concluded . . . . .	3183—85		
Statement of Business . . . . .	3185		

THURSDAY, 6TH APRIL, 1939—		FRIDAY, 14TH APRIL, 1939—	
Starred Questions and Answers . . . . .	3423—45	Starred Questions and Answers . . . . .	3703—16
Postponed Question and Answer . . . . .	3446	Unstarred Questions and Answers . . . . .	3716—17
The Indian Tariff (Second Amendment) Bill—Passed as amended . . . . .	3446—72	The Sugar Industry (Protection) Bill—Passed . . . . .	3717—50
The Sugar Industry (Protection) Bill—Discussion on the motion to consider not concluded . . . . .	3473—91	The Indian Tariff (Third Amendment) Bill—Motion to consider negatived . . . . .	3750—63
Statement of Business . . . . .	3492	The Indian Rubber Control (Amendment) Bill—Referred to Select Committee . . . . .	3763—64
TUESDAY, 11TH APRIL, 1939—		The Indian Tariff (Second Amendment) Bill—Amendment made by the Council of State agreed to . . . . .	3765
Member Sworn . . . . .	3493	The Chittatong Port (Amendment) Bill—Discussion on the motion to consider not concluded . . . . .	3765—67
Starred Questions and Answers . . . . .	3493—3517.	SATURDAY, 15TH APRIL, 1939—	
Statements laid on the Table . . . . .	3517—37	Starred Questions and Answers . . . . .	3769—87
The Hindu Women's Right to Divorce Bill—Presentation of Petitions . . . . .	3537	Statements laid on the Table . . . . .	3787—90
The Indian Succession (Amendment) Bill—Passed . . . . .	3537—40	Reports laid on the Table . . . . .	3790—92
The Hindu Women's Right to Divorce Bill—Discussion on the motion to refer to Select Committee not concluded . . . . .	3540—96	Message from the Council of State . . . . .	3792
WEDNESDAY, 12TH APRIL, 1939—		Message from H. E. the Viceroy and Governor General . . . . .	3792
Starred Questions and Answers . . . . .	3587—3639.	The Indian Tariff (Third Amendment) Bill (as recommended)—Motion for leave to introduce negatived . . . . .	3792—95
Unstarred Questions and Answers . . . . .	3639—49	The Chittagong Port (Amendment) Bill—Passed . . . . .	3795—3802.
Message from the Council of State . . . . .	3649	Position of the Indian Oaths (Amendment) Bill and the Commercial Documents Evidence Bill . . . . .	3802—03
Draft Convention concerning Statistics of Wages and Hours of Work in the principal Mining and Manufacturing Industries, including Building and Construction and in Agriculture, adopted by the International Labour Conference . . . . .	3649—56	The Criminal Law Amendment Bill—Passed . . . . .	3803—34
Resolution re—		The Indian Soft Coke Cess Committee (Reconstruction and Incorporation) Bill—Passed . . . . .	3834—36
Position of Women under the Existing Laws—Adopted as amended . . . . .	3656—95	The Hindu Women's Right to Divorce Bill—Presentation of the Report of the Committee on Petitions . . . . .	3836
Non-Indian companies and Protective Tariffs—Discussion not concluded . . . . .	3696—3701.		

# LEGISLATIVE ASSEMBLY.

Friday, 14th 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.

#### DISPOSAL OF LAND BY THE DELHI IMPROVEMENT TRUST.

1708. \*Mr. K. S. Gupta: (a) Will the Secretary for Education, Health and Lands please state the reasons for which the Delhi Improvement Trust has not followed one principle regarding the disposal of its land and whether it has finally adopted the procedure of the tender system for the sale of land?

(b) On what basis have all these conditions been allowed to be fixed and how do the same compare with the lands recently sold by the Delhi Municipality?

(c) Are extra amenities etc. proposed to be provided by the Delhi Improvement Trust in comparison to those provided by the Delhi Municipality for which the Government have allowed it to levy monthly or yearly rents on its plots of lands over and above the sale price? If so, what are they? If not, why has the Delhi Improvement Trust been allowed to fix yearly rents and that to be enhanced also in comparison to the freehold land sold by the Delhi Municipality?

(d) Was there any proposal by the Delhi Improvement Trust to sell its land freehold or without any lease to be charged? If so, why, and how was it not accepted?

Sir Girja Shankar Bajpai: With your permission, Sir, I shall answer questions Nos. 1708 and 1709 together. 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.

#### DISPOSAL OF LAND BY THE DELHI IMPROVEMENT TRUST.

†1709. \*Mr. K. S. Gupta: (a) Will the Secretary for Education, Health and Lands please state how many plots of land have so far been disposed of by the Delhi Improvement Trust in each of the different localities, and at what prices and by what procedure?

(b) What has so far been done by it to afford better and attractive facilities to those who belong to the middle or low classes and are eager to possess houses at as low a price as possible?

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†For answer to this question, see answer to question No. 1708.

**APPOINTMENT OF AN ADDITIONAL CIVIL SURGEON IN DELHI.**

1710. \***Mr. K. S. Gupta:** (a) Will the Secretary for Education, Health and Lands please state the grounds necessitating the appointment of the Additional Civil Surgeon, Delhi? When was it sanctioned and for how long?

(b) Was the possibility of creating an appointment of Assistant Surgeon instead of the Additional Civil Surgeon considered? If so, with what results?

(c) Was the desirability of having an Honorary Surgeon of high repute in place of the present Indian Medical Service officer considered? If so, why was it dropped and why did the Chief Medical Officer only recommend the replacement of highly qualified Assistant Surgeons who have generally twenty to twenty-five years' experience at their back by private practising doctors as Honorary Surgeons and Honorary Physicians?

**Sir Girja Shankar Bajpai:** (a) The post of the Additional Civil Surgeon was created in 1937 to cope with increased medical and public health work in Delhi due largely to the opening of the Irwin Hospital and the fact that the Civil Surgeon of New Delhi moves in the summer to Simla. The post was sanctioned for six months in the first instance and was later placed on a permanent footing.

(b) The appointment of an Assistant Surgeon was not specifically considered as the duties of the post necessitated the appointment of an officer of the senior service.

(c) The answer to the first part is in the negative; the second does not arise.

**Mr. Brojendra Narayan Chaudhury:** May I know the particular reasons why the Civil Surgeon of New Delhi moves to Simla during the summer?

**Sir Girja Shankar Bajpai:** There is no particular reason. It is an old arrangement. Simla is divided into two districts for medical purposes,— Simla West, and Simla East, and, as a measure of economy, instead of keeping the western district Civil Surgeonship filled all the year round, we keep it filled only for six months.

**APPOINTMENT OF HONORARY SURGEONS AND PHYSICIANS IN THE IRWIN HOSPITAL, DELHI.**

1711. \***Mr. K. S. Gupta:** (a) Will the Secretary for Education, Health and Lands please state the scheme approved for the appointment of Honorary Surgeons and Honorary Physicians in the Irwin Hospital, Delhi, or elsewhere and its financial effect?

(b) What length of experience and academic qualifications:

(i) are possessed by those who are working as Honorary Surgeons and Physicians; and

(ii) would be required of a private doctor to make him eligible for such an appointment?

(c) Is the Education Secretary aware that the Assistant Surgeons, who have in the past worked in Delhi, have almost all been men with at least twenty to twenty-five years' service besides being highly qualified in the profession?

**Sir Girja Shankar Bajpai:** (a) Rules have been made for the appointment of honorary medical officers at the Irwin Hospital, New Delhi, a copy of which is laid on the table of the House. No other scheme has been approved.

(b) Information has been called for and a reply will be furnished as soon as it is received.

(c) Government have not checked the Honourable Member's statement but are prepared to agree that it may be correct.

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*Rules for the appointment of Honorary Medical Officers at the Irwin Hospital, New Delhi.*

1. Honorary Medical Officers will be appointed by the Chief Commissioner, Delhi, on the recommendation of the Chief Medical Officer, Delhi.

2. Honorary Medical Officers will be designated as follows:—

(1) Clinical Assistants.

(2) Honorary Assistant Surgeons or Honorary Assistant Physicians.

(3) Honorary Surgeons or Honorary Physicians.

Honorary Medical Officers appointed for a speciality such as Ophthalmology, Ear, Nose and Throat work, Pathology etc., will be appointed to one of the above three grades with further indication as to their speciality.

3. Ordinarily Honorary Medical Officers will be appointed in the first instance as "Clinical Assistant", the vacancies in the other categories being filled by promotion; but in exceptional cases the Chief Commissioner may sanction departures from this rule on the recommendation of the Chief Medical Officer.

4. *Qualifications.*—A candidate for appointment as Clinical Assistant should hold the degree of M.B., B.S., or its equivalent.

A candidate for appointment as Honorary Assistant Surgeon or Honorary Assistant Physician should ordinarily have previous service as a clinical assistant for a minimum period of two years.

A candidate for appointment as Honorary Physician or Honorary Surgeon should possess one of the higher medical qualifications, such as M.D., M.S., M.R.C.P., F.R.C.S., or one of the special diplomas signifying skill in the speciality of his appointment.

5. *Tenure of appointments.*—Appointments are tenable for three years, terminable by three months' notice in writing on either side, the period of probation being one year. The tenure of an appointment may be extended by the Chief Commissioner by successive periods of three years each if the incumbent is considered fit to continue in the post.

A Clinical Assistant must serve for two years before he is eligible for promotion to Honorary Assistant Surgeon or Honorary Assistant Physician. Promotions to the grade of Honorary Physician and Honorary Surgeon will be made as vacancies arise, and if the Honorary Medical Officer is considered in every respect fit for the appointment. An Honorary Medical Officer must retire from his appointment on attaining the age of 55 years. Honorary Medical Officers on their retirement may be appointed Consulting Physicians and Surgeons. Such appointments will be made strictly on grounds of merit and will not be subject to any age limit. Consulting Physicians or Surgeons will not ordinarily be required to do any duty at the hospital. They will be accorded all such general privilege as are granted to other members of the medical staff.

Government medical officers may, after retirement, be appointed by the Chief Commissioner in special cases, and strictly on grounds of merit, as Consulting Physicians or Surgeons.

6. Vacancies for appointments as Honorary Medical Officers will be advertised in the Press.

7. The Chief Medical Officer is empowered to grant leave to Honorary Medical Officers up to six months, provided that the leave does not extend beyond the expiration of their tenure.

He may appoint suitable substitutes during the leave period in such cases.

8. All Honorary Medical Officers are required to submit to the rules of the hospital and to the disciplinary control of the Superintendent of the Hospital.

9. Appointments of Honorary Medical Officers will be notified in part II-A of the Gazette of India by the Chief Commissioner.

10. Honorary Medical Officers will be allowed to admit their private patients to the paying wards of the hospital. They will be entitled to receive the proportion of fees for treatment allowed by the Government Rules in force. They must not accept fees privately from patients, whether in the general or the paying wards.

#### REJECTION OF THE INDO-BRITISH TRADE AGREEMENT BY THE LEGISLATIVE ASSEMBLY.

1712. \*Sardar Mangal Singh: Will the Honourable Member for Commerce please state:

- (a) whether the Government of India have considered the question arising out of the vote of this Honourable House on the 28th March, 1939, regarding the rejection of the Indo-British trade pact;
- (b) whether they have made any representations to His Majesty's Government in the United Kingdom about the modification of the trade pact in the light of the speeches of the Honourable Members belonging to the opposition parties during the course of the debate on the pact; and
- (c) whether Government have come to any decision in regard to the ratification or otherwise of the pact?

The Honourable Sir Muhammad Zafrullah Khan: With your permission, Sir, I shall reply to questions Nos. 1712 and 1713 together.

I would refer the Honourable Member to the Indian Tariff (Third Amendment) Bill, 1939, introduced in this House on the 31st March, 1939, and to the Statement of Objects and Reasons appended thereto.

#### MODIFICATION OF THE INDO-BRITISH TRADE AGREEMENT.

†1713. \*Sardar Mangal Singh: Will the Honourable Member for Commerce please state:

- (a) whether Government intend to set up a committee to examine the provisions of the Indo-British trade pact; and
- (b) whether Government intend to take up the question of the modification of the pact in the light of the criticism by the Indian public opinion generally?

#### APPOINTMENT OF AN INDIAN AGENT IN BURMA.

1714. \*Sardar Mangal Singh: Will the Secretary for Education, Health and Lands please state:

- (a) whether Government have come to any decision in regard to the appointment of an Indian Agent at Rangoon; and

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†For answer to this question, see answer to question No. 1712.

- (b) when the announcement is likely to be made about this appointment?

**Sir Girja Shankar Bajpai:** (a) The matter is still under consideration.  
(b) As soon as a decision has been reached.

**Mr. Brojendra Narayan Chaudhury:** May I know if the Government of Bengal will be consulted in this matter?

**Sir Girja Shankar Bajpai:** I informed my Honourable friend on a previous occasion that the appointment is in the discretion of the Governor General in Council. No Government is formally consulted as such, but all points of view are naturally taken into account before the appointment is made.

**Mr. Brojendra Narayan Chaudhury:** May I know whether Government do not think it advisable to consult the Governments of Madras and Bengal about what experience this officer should have about the races of Indians who live in Burma?

**Sir Girja Shankar Bajpai:** As I have already informed my Honourable friend, Government make the appointment with due regard to all the relevant circumstances, which include the requirements of the different sections of the Indian community living in Burma.

**Mr. M. Ananthasayanam Ayyangar:** May I know what are the proportions of Bengalis and Madrasis in Burma?

**Sir Girja Shankar Bajpai:** I could not say off-hand.

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

#### INDIAN LANCASHIRE COTTON COMMITTEE.

1715. \***Sardar Mangal Singh:** Will the Honourable the Commerce Member please state:

- (a) whether the Indian Lancashire Cotton Committee is still in existence; and  
(b) whether it has issued any annual reports after the Ottawa Agreement was rejected by this House in 1936?

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

(b) The last report issued by the Committee was the one for the year ending 31st December, 1936.

#### SEGREGATION OF INDIANS IN SOUTH AFRICA.

1716. \***Mr. T. S. Avinashilingam Chettiar:** (a) Will the Secretary for Education, Health and Lands state whether Government have received any representation from Indians in South Africa on the matter of attempts at segregation of Indians?

- (b) What is the latest situation in the matter?  
(c) What steps have Government taken in the matter?

**Sir Girja Shankar Bajpai:** With your permission, Sir, I shall answer to questions Nos. 1716 and 1726 together. I have nothing to add to what I stated on the 3rd of this month in reply to Mr. Abdul Qaiyum's starred question No. 1464 and the supplementaries arising from it.

## SALE OF IMPROPER VACCINES.

1717. \*Mr. Brojendra Narayan Chaudhury: Will the Secretary for Education, Health and Lands please state:

- (a) whether it has been found that the anti-Cholera vaccines in the market have been found to have been prepared not from the proper strain and are worthless as antidote; and
- (b) whether Government propose to penalise by legislation or otherwise the sale of improper vaccines or to control effectively the manufacture thereof; if the latter, how?

**Sir Girja Shankar Bajpai:** (a) Some of the vaccines on sale have not been prepared from true strains and are, therefore, worthless.

(b) Government propose to make provision for controlling the manufacture and sale of biological products in the Bill for the control of drugs which is under preparation.

**PROTEST BY THE FEDERATION OF INDIAN CHAMBERS OF COMMERCE AND INDUSTRY AGAINST THE CHARACTERISATION OF A STATEMENT WITH REGARD TO CHROME LEATHER.**

1718. \*Mr. Brojendra Narayan Chaudhury: Will the Honourable the Commerce Member please state:

- (a) whether he has received a communication from the Secretary of the Federation of Indian Chambers of Commerce and Industry protesting against the Honourable Member's characterisation in this House of a particular statement of the committee of the Federation with regard to chrome leather "as false"; and
- (b) whether a reply or communiqué in reply to the above-mentioned protest will be given or issued; if so, what; if not, why not?

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

(b) I would refer the Honourable Member to Commerce Department letter No. 20-T.-(11)/39, dated the 4th April, 1939, addressed to the Federation of Indian Chambers of Commerce and Industry, a copy of which was supplied to each Member of this House.

**Mr. Brojendra Narayan Chaudhury:** May I know whether Government have since received a rejoinder from the Federation to that reply?

**The Honourable Sir Muhammad Zafrullah Khan:** Government have received a further reply from the Federation.

**Mr. Brojendra Narayan Chaudhury:** Do Government intend to abide by the advice given in that letter that they should not impute motives and should not follow the footsteps of the *ex-Finance* Member?

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

## CERTAIN GRIEVANCES OF THE TEA INDUSTRY.

1719. \*Mr. Brojendra Narayan Chaudhury: Will the Honourable the Commerce Member please state:

- (a) whether his attention has been drawn to the fact that at a meeting of the Kangra Valley Tea Growers Association held recently in Palampur town the members demanded a reduction in the import duties on certain machineries and favourable railway freights which were at present four times more than the rates by lorries carrying their goods to Amritsar and other stations (the *Hindustan Times*, dated 30th March, 1939, page 8, column 5); and
- (b) whether it is proposed to discuss the above-mentioned grievances with the Finance and Railway Departments for the welfare of the tea industry; if not, why not?

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

(b) No. The question of the reduction of import duty leviable on machinery for the industry will be considered along with similar requests from other industries as and when financial conditions permit. As regards railway freights, the North Western Railway has already quoted special reduced rates from the Kangra Valley stations which represent a reduction from 26 to 61 per cent. of the ordinary rates.

**Mr. Brojendra Narayan Chaudhury:** May I know whether the rates now quoted by the Railways are competitive with those charged by lorries?

**The Honourable Sir Muhammad Zafrullah Khan:** I am unable to say obviously.

## PROPORTION OF MUSLIMS AMONGST THE COTTON GROWERS IN INDIA.

1720. \*Mr. Brojendra Narayan Chaudhury: Will the Secretary for Education, Health and Lands please state whether Government have any statistics or reliable information to show the proportion of Muslims amongst the cotton growers in India?

**Sir Girja Shankar Bajpai:** No.

## EXPERIMENTS IN THE MANUFACTURE OF COTTON SACKS.

1721. \*Mr. Brojendra Narayan Chaudhury: Will the Secretary for Education, Health and Lands please state:

- (a) whether in America (New Orleans) cotton sacks for handling sugar are being made; whether these cotton sacks are five times more durable than jute sacks and only slightly dearer; and
- (b) whether similar experiments are being attempted in India in view of the fact that difficulties are being experienced in finding a market for India's cotton?

**Sir Girja Shankar Bajpai:** (a) Government have seen press reports to this effect.

(b) The question of finding new uses for Indian cotton is being examined by the Indian Central Cotton Committee.

**DELAY IN PAYMENT OF PIECE-WORK WAGES IN CERTAIN WORKSHOPS OF THE NORTH WESTERN RAILWAY.**

†1722. \***Mr. H. M. Abdullah:** (a) Will the Honourable Member for Commerce please state whether piece-work payments are to be made to workers in the Locomotive and Carriage and Wagon Workshops of the North Western Railway within seven days of the last day of the wage period in which the work in question is completed?

(b) Is it a fact that piece-work payments are not made to many workers in these shops for six to seven months after the completion of the work and that to one man such payments have not been made even for about one year?

(c) Is it a fact that about 175 workers have not been paid their piece-work wages for the works completed in September, 1938?

(d) Is the Honourable Member prepared to cause an independent enquiry to be instituted into this case of violation of the law enacted by this Assembly and put up a report before this House?

**The Honourable Sir Muhammad Zafrullah Khan:** The question should have been addressed to the Honourable Member for Railways.

**NOTICE REGARDING PURCHASE OF SPECTACLES IN DR. SHROFF'S CHARITABLE EYE HOSPITAL, DELHI.**

1723. \***Mr. Kuladhar Ohaliha** (on behalf of Mr. Lalchand Navalrai): Will the Secretary for Education, Health and Lands be pleased to state in reference to the answer to part (e) of my starred question No. 1804C., asked on the 5th December, 1938, and laid on the table on the 3rd February, 1939:

- (a) whether it is a fact that Dr. Shroff's Charitable Eye Hospital had put up notice boards in English, as well as in Urdu and Hindi that the patients had to purchase the prescribed spectacles from the hospital; if so, how this fact is consistent with the answers given in clause (e);
- (b) whether it is a fact that since the aforesaid answer was given the board written in English has been removed and the board in Urdu and Hindi still exists there; and
- (c) what steps Government propose to take to see that in consonance with the aforesaid answers given by Government, such boards are removed and the patients are given full liberty to obtain their spectacles from any firm they choose?

**Sir Girja Shankar Bajpai:** I have asked for information and will furnish a reply when it is received.

**LEGISLATION FOR REGULATION AND PREVENTION OF MANUFACTURE AND SALE OF ADULTERATED DRUGS AND BIOLOGICAL PRODUCTS.**

†1724. \***Sri K. B. Jinaraja Hegde:** Will the Honourable the Leader of the House be pleased to state whether Government have in contemplation of introducing a Bill for regulation and prevention of manufacture and sale of adulterated drugs and biological products?

**Sir Girja Shankar Bajpai:** I invite the Honourable Member's attention to the reply given by me to Sardar Mangal Singh's starred question No. 39 on the 4th February, 1939.

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†Answer to this question laid on the table, the questioner being absent.

## LIFE OF THE LEGISLATIVE ASSEMBLY.

‡1725. \*Mr. S. Satyamurti: Will the Honourable the Leader of the House please state:

- (a) whether any decision has been arrived at as regards the duration of the life of the Legislative Assembly; if so, what the decision is;
- (b) whether Government are aware of the keen anxiety felt by several political parties in the country as regards the date of elections to the next Legislative Assembly with a view to preparing themselves for the contest; and
- (c) whether Government propose to expedite the decision on this question and its announcement as early as possible?

**The Honourable Sir Nripendra Sircar:** I have nothing to add to my replies to similar questions asked during the last special Session and the current Session.

## POSITION WITH REGARD TO ANTI-INDIAN LEGISLATION IN SOUTH AFRICA.

‡1726. \*Mr. S. Satyamurti: Will the Secretary for Education, Health and Lands please state:

- (a) the latest position in South Africa with regard to anti-Indian legislation;
- (b) whether the Government of India have any information as regards the intentions of the Government of the Union of South Africa in respect of this legislation as to when it is to be brought into effect;
- (c) whether Government have taken any steps in the direction of preventing this legislation; if so, what they are;
- (d) whether Government are aware of the keen feeling on the part of Indians in South Africa and on the part of the people of this country against this ill-treatment of the citizens of South Africa by the Union of South Africa; and
- (e) whether Government propose to take steps to vindicate the national honour and self-respect of India and of Indians in South Africa; if so, what steps they propose to take?

## PROPOSAL TO REPATRIATE CERTAIN INDIAN LABOURERS IN CEYLON.

‡1727. \*Mr. S. Satyamurti: Will the Secretary for Education, Health and Lands please state:

- (a) whether the attention of Government has been drawn to the news appearing in the newspapers to the effect that the Board of Ministers in Ceylon have agreed to the proposal to repatriate the Indian daily paid labourers in the Government departments there;
- (b) what is the latest information in this behalf in the possession of the Government of India;

†For answer to this question, see answer to question No. 1716.

‡Answer to this question laid on the table, the questioner being absent.

- (c) whether Government have taken any steps to persuade the Government of Ceylon to stay their hands in this matter;
- (d) whether Government have received satisfactory assurances from the Government of Ceylon that they will stay their hands pending discussion of this matter between the Government of India and the Ceylon Governments;
- (e) whether the Government of India propose immediately to take steps to press on the Government of Ceylon to include this matter as one of the matters to be negotiated between India and Ceylon with respect to the next trade agreement between the two countries; and
- (f) whether Government will place on the table of the House the latest information in the matter?

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

\* (b), (d) and (f). The attention of the Honourable Member is invited to the supplementaries arising out of Mr. T. S. Avinashilingam Chettiar's starred question No. 1577 on the 6th April, 1939.

(e) This will depend upon the result of the representations that the Government of India may have to make on the merits of the scheme meanwhile.

#### IMPORT OF BURMA RICE INTO THE MADRAS PRESIDENCY.

†1728. \***Mr. S. Satyamurti:** Will the Honourable the Commerce Member please state:

- (a) whether his attention has been drawn to the question and answer in the Madras Legislative Assembly on the 28th March, 1939, about the quantity of Burma rice imported into the Madras Presidency for the last six months and the price of Burma rice as compared with the price of country rice and the extent of the fall in prices of country rice as a consequence of the imports of Burma rice;
- (b) whether the Government of India have any information on the matter; if so, whether they will place it on the table of the House;
- (c) whether the attention of Government has been drawn to the statement of the Parliamentary Secretary to the Madras Government that the Madras Government had made necessary representations to the Government of India to stop the import of rice from Burma;
- (d) whether the Government of India have been addressed by the Madras Government in respect of this matter; and
- (e) whether Government propose to take steps in this behalf, if so, what they are; if not, why not?

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

(b) I place on the table statements showing (1) the prices of rice in certain cities of the Madras Presidency from September, 1938, to February, 1939, and (2) the figures of import of rice and paddy from Burma into the Madras Presidency for the same period.

† Answer to this question laid on the table, the questioner being absent.

The final rice forecast published in the *Indian Trade Journal*, dated 2nd March, 1939, estimates that production of Indian rice in the year 1938-39 will be lower by 3 million tons, *i.e.*, by about 12 per cent. than in the previous year. It is to be expected, therefore, that this deficit will be partly made up by imports from Burma.

(d) and (e). The Honourable Member's attention is invited to the replies I gave on the 13th February, 1939, to parts (b) and (c) of Mr. Santhanam's question No. 351 and the supplementaries arising out of it.

*Prices of rice during the last week of each month in certain cities of the Madras Presidency (Rs. per maund).*

*Cuddalore.*

	Tanjore Boiled rice Superior (Kothamati Samba).	Local rice Superior (Samba).	Remarks.
September 1938 . . . . .	4.11	3.46	Burma rice is not quoted.
October 1938 . . . . .	4.22	3.57	
November 1938 . . . . .	4.33	3.68	
December 1938 . . . . .	4.22	3.79	
January 1939 . . . . .	4.00	3.57	
February 1939 . . . . .	4.00	3.57	

*Calicut.*

	Cocanada boiled.	Thadapali boiled.	Palghat boiled.	Rangoon milcha.	Rangoon full boiled.	Rangoon raw.
September 1938.	3.59	3.53	4.34	3.28	3.16	3.16
October 1938 . . . . .	3.53	3.53	4.34	3.28	3.16	3.16
November 1938 . . . . .	3.41	3.22	4.28	3.22	3.10	3.28
December 1938 . . . . .	3.97	3.84	4.46	3.78	3.60	3.78
January 1939 . . . . .	3.77	3.71	4.21	3.32	2.97	3.16
February 1939 . . . . .	3.53	3.28	4.21	3.09	2.91	3.09

*Cochin.*

	Inferior Milchar (Burma II).	Rangoon raw.
September 1938 . . . . .	3.38	3.32
October 1938 . . . . .	3.26	3.32
November 1938 . . . . .	3.19	3.26
December 1938 . . . . .	3.19	3.26
January 1939 . . . . .	3.13	3.07
February 1939 . . . . .	3.07	3.01

*Madras City.*

	Calcutta Nagra boiled.	Cocanada boiled.	Rangoon boiled milchar.	Whole sugandhi Rangoon raw.
September 1938 . . . . .	3.76	3.54	No quotation .	No quotation.
October 1938 . . . . .	3.76	3.34	No quotation .	No quotation.
November 1938 . . . . .	3.76	3.21	3.27	No quotation.
December 1938 . . . . .	4.28	3.66	3.92	No quotation.
January 1939 . . . . .	3.83	3.28	3.34	3.41
February 1939 . . . . .	3.88	3.34	3.21	3.08

*IMPORTS of rice and paddy from Burma into the Madras Presidency during September, 1938 to February, 1939.*

	Rice (Tons)	Paddy (Tons)
September 1938 . . . . .	15,254	Nil.
October 1938 . . . . .	21,529	5
November 1938 . . . . .	27,186	4
December 1938 . . . . .	13,286	2,261
January 1939 . . . . .	32,665	7,967
February 1939 . . . . .	56,997	7,722

**APPLICABILITY OF THE CHILD MARRIAGE RESTRAINT ACT TO CANTONMENTS**

1729. \*Pandit Sri Krishna Dutta Paliwal: Will the Honourable the Leader of the House be pleased to state:

- (a) whether any steps have been taken to make the Child Marriage Restraint Act (popularly called the Sarda Act) applicable to the cantonments in Central India since January 1938; if so, what;
- (b) whether Government propose to apply that Act in these cantonments; if so, when;

- (c) whether it is a fact that the Sarda Act is in force in the Non-regulated Rajputana Agencies; and
- (d) if it is also a fact that all the important neighbouring states such as Indore and Gwalior have got similar Acts in force in their States?

**The Honourable Sir Nripendra Sircar:** (a) and (b). The position is still as explained in the reply given on the 5th October, 1936, in the Assembly by Sir Aubrey Metcalfe to starred question No. 957 to which the Honourable Member is referred and in the reply given by Sir Aubrey in the Assembly on 20th March, 1936, to starred question No. 1372 to which a reference was then made.

(c) The phrase "Non-regulated Rajputana Agencies" is not understood. If the reference is to areas in Rajputana other than the administered areas, the matter is purely one for the consideration of the State administrations concerned.

(d) Here also the matter is purely one for the consideration of the State administrations concerned.

**Mr. K. Santhanam:** With reference to part (d) of the question, it is only asked whether it is a fact whether the neighbouring States have similar Acts. My Honourable friend said that this is a question to be considered by other people. The question is whether the fact mentioned in clause (d) is true or not?

**The Honourable Sir Nripendra Sircar:** I cannot say whether all the important neighbouring States—Indore, Gwalior, etc.—have similar Acts, but my information is that some of them have.

**Mr. K. Santhanam:** May I know which of the States have these?

**The Honourable Sir Nripendra Sircar:** I am afraid I cannot tell the Honourable Member without notice.

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

#### CONSULTATIONS WITH REGARD TO THE APPOINTMENT OF HIGH COURT JUDGES IN INDIA.

†1730. \***Mr. S. Satyamurti:** Will the Honourable the Leader of the House please state:

- (a) the method by which the Secretary of State for India consults the Governor General with regard to the appointment of High Court Judges in India;
- (b) whether the Governor General consults the Governors of the Provinces concerned;
- (c) whether the Governors of the Provinces consult the Chief Justices of the High Courts concerned;
- (d) whether the Governors of the Provinces consult the Premiers of the Government of their own Provinces; if not, why not;

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†Answer to this question laid on the table, the questioner being absent.

- (e) whether the attention of the Government of India has been drawn to a statement made by the Premier of Madras recently in the Madras legislature wherein he stated that the Madras Government are not at all consulted about the appointment of High Court Judges; and
- (f) whether Government propose to reconsider the whole position and arrange for the Governors of Provinces when they are consulted with regard to such appointments to consult the Provincial Governments or at least the heads thereof, namely, the Premiers; if not, why not?

**The Honourable Sir Nripendra Sircar:** (a) to (f). The Government of India Act vests the power to make permanent appointments to Provincial High Courts in His Majesty and appointments of acting and additional Judges in the Governor General in his discretion. The question, therefore, relates to a matter which is not the concern of the Governor General in Council.

#### UNSTARRED QUESTIONS AND ANSWERS.

##### ALLOWANCES PAID TO THE FAMILIES OF CERTAIN PERSONS.

**81. Babu Baijnath Bajoria:** (a) Will the Honourable the Leader of the House be pleased to lay on the table a statement showing the pension and allowance that are being paid to the following families, mentioning the names of individual persons and the monthly allowances against each of them:

- (1) late Mir Jafar family of Murshidabad, Bengal;
- (2) the family of His Majesty the King of Oudh;
- (3) the Mysore family; and
- (4) the family of late Raja Uday Narayan of Murshidabad, Bengal?

(b) Is it a fact that the allowance paid to the descendant of late Raja Uday Narayan had been transferred from district Murshidabad to Birbhum (Bengal) in or about 1817 and was acknowledged by Mr. Holt Mackenzie, acting Secretary to Government in his letter dated 18th April, 1817, addressed to Mr. C. Buller?

(c) Has the pension or allowance been continued up till now to the descendants of the late Raja Uday Narayan? If not, when was it stopped, and who was the last recipient?

(d) Is it a fact that Jagadananda Rai, a descendant of the late Raja Uday Narayan, had been allowed to enjoy the pension of his brother after the death of his brother's wife and was confirmed by the Board of Revenue in their letter, dated 19th September, 1830? If so, will Government be pleased to state if the said pension had been paid to the son of the late Jagadananda? If not, to whom was it paid, and what was the amount of pension and the period for which it had been paid?

**The Honourable Sir Nripendra Sircar:** (a) to (d). The information is being collected and will be supplied in due course.

## IRREGULARITIES DETECTED UNDER THE PAYMENT OF WAGES ACT ON RAILWAYS.

**82. Mr. Sham Lal:** Will the Honourable Member for Labour please refer to the reply given to starred question No. 1215, asked on the 21st March, 1939, and lay on the table a statement showing:

- (a) the irregularities detected by the Inspector under Payment of Wages Act and brought to the notice of the Railway Administrations; and
- (b) the action taken thereon by the Railway Administrations, if no action has been taken the reasons therefor?

**The Honourable Sir Muhammad Zafrullah Khan:** (a) and (b). As stated in my answer to Pandit Sri Krishna Dutta Paliwal's question No. 707 on the 24th February, 1939, it is impossible to state the number of irregularities detected or the action taken thereon by the Railway Administrations.

## THE SUGAR INDUSTRY (PROTECTION) BILL.

**Mr. President** (The Honourable Sir Abdur Rahim): The Assembly will now resume consideration of the following motion moved by the Honourable Sir Muhammad Zafrullah Khan on the 6th April, 1939:

"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."

**Dr. Sir Ziauddin Ahmad** (United Provinces Southern Divisions: Muhammadan Rural): Sir, I was discussing last time the question of the sugar industry and I gave some important quotations from the Fiscal Commission's Report in which I drew attention to three points. Those three points were these:

"Before coming to our final conclusion, we must refer to certain disadvantages which are inherent in any system of protection, namely, the risk of encouraging inefficient methods of production, the danger of political corruption and the possibility of a combination of manufacturers."

I will show, in the course of my speech today, that all the three disadvantages pointed out by the Fiscal Commission are now inherent in this particular industry and I will give definite illustrations later on. As I pointed out last time, so far as we are concerned we have fulfilled our obligations. We gave them the protection which was promised to them by the Tariff Board of 1931 but the sugar manufacturers did not fulfil their obligations. Neither did they pay the proper price for the sugarcane nor they gave promised wages to their skilled and unskilled workmen.

**Bhai Parma Nand** (West Punjab: Non-Muhammadan): What about the excise duty that was levied?

**Dr. Sir Ziauddin Ahmad:** My friend forgets that when the excise duty was levied, the protection was raised by an equivalent amount. As I pointed out last time, the Tariff Board gave them a protection of Rs. 7-4-0 per cwt., but by the mistake or the folly of the Government it was raised without any justification to Rs. 9-1-0. Then, we realised that it was a mistake and it should be reduced to Rs. 7-4-0. But instead of doing that, they put an excise duty of Rs. 1-5-0, thus giving them a protection of Rs. 7-12-0, that is, eight annas more than the recommendation of the Tariff Board. Later on, when the excise duty was raised to Rs. 2, the protection which they enjoyed continued to be Rs. 7-4-0, with the result that the

[Dr. Sir Ziaddin Ahmad.]

protection which we promised to them has been given to them all the time. So, as far as we are concerned, we have fulfilled our obligations but that is not the case with the manufacturers.

Now, I will show from the report of the Tariff Board itself that the manufacturers have not fulfilled their obligation. When the Tariff Board calculated the cost of production, it clearly said that the price of the cane will be eight annas a maund. This will be found on page 65 of the Tariff Board Report for 1931. So, the protection of Rs. 7-4 0 per cwt. or Rs. 5-5-0 per maund was given to them on the explicit understanding that the sugar manufacturers will purchase sugarcane at the rate of eight annas a maund. I will now quote from page 108 to show that this is what they explicitly said:

“On review of the cost of cultivating cane in different provinces and of the level of good prices, we consider that a fair price for sugarcane is eight annas delivered at factory and by the end of the period of protection this might reasonably be expected to have fallen to six annas.”

This was the price that was put down at the time when the quantum of protection was calculated.

Now, I will mention other grounds why the sugar manufacturers have not fulfilled their obligations towards the sugarcane producers. In the first place, their maund was not eight times five but it was twelve or thirteen times five seers. Secondly, they never paid eight annas for one maund of sugarcane but only about three annas. In fact, three annas is the figure which is quoted by the United Provinces Government in their official report. When this question came up before the United Provinces Legislative Assembly, the Minister stated in his speech on the 17th January, 1938, that the price which was given to the sugarcane growers at that time was only three annas. So, they made a profit of five annas directly by the sugarcane. Thirdly, they did not pay the price of the sugarcane till it was dried up, with the result that a maund of sugarcane was reduced to 25 or 30 seers. In this way the very object for which the protection was given, that is, to encourage the sugarcane growers, was frustrated.

The next thing that I wish to mention is that they treated the employees very badly. Here, I do not want to express my own opinion but I would like to quote from a speech of the Minister of the United Provinces which he delivered during the course of the same debate. He said:

“Then, again, the Government received a representation on behalf of labour, skilled and unskilled, that their condition in the factories was truly pitiable. So far as the skilled labour was concerned, the condition was that the factory owner would employ them for about six months in the year and for the rest of the year they had to shift for themselves. In some factories, so far as the higher appointments were concerned, technicians, engineers and people of that class, only half wages were paid to them for the remaining six months but in many other factories they employed engineers and skilled labour just at the beginning of the season and when the season ended, they dispensed with their services and, I believe, every year effort was made to pay less and less. If in one year they paid the engineer Rs. 300, the next year they paid Rs. 250. There was no question of an increase in the salary or any other amenity but always effort was made to cut down the wages.”

This is an extract from the speech of the Congress Minister and it clearly shows the manner in which labour, skilled and unskilled, is being treated. Of course, we have heard of this thing in the case of some educational institutions. It was pointed out in the report of a committee that some dismiss the whole staff at the end of the session and re-employ them at a cheaper rate after the vacations are over. There was a very strong

protest made by the Commission which considered these problems. But here we find that this condition has existed in these factories, as mentioned by the Minister in the United Provinces, and in spite of this fact, there was no strong protest made by the Tariff Board about the manner in which the skilled and unskilled staff was treated by these manufacturers. But that is not the point. The point that I wish to make out is this. When we calculated the fair selling price and gave them the protection of Rs. 7-4-0 per cwt., it was explicitly understood that the manufacturers will pay to the sugarcane growers eight annas per maund and they will employ the staff for the whole year and pay them wages on remunerative basis.

**Bhai Parma Nand:** You are talking about their obligations, but can you produce any evidence to that effect? When the protection was given, there was no understanding of the kind which the Honourable Member is suggesting.

**Dr. Sir Ziauddin Ahmad:** My Honourable friend has not carefully read the report of the Tariff Board. If he studies it carefully, I am sure he will change his opinion. I am quoting the figures given by the Tariff Board themselves and no sensible person will ever contemplate that a person should be employed for four or five months in the year and then he should be let off. So, this is the second point about which they have not carried out their obligations. They have been very unfair to the sugarcane growers and they were unfair to their employees. They have been very unfair to the very persons for whose benefit these sugar mills were established.

Take the case of the United Provinces. When the sugar mills were installed in Gorakhpur, it was expected that the people of Gorakhpur will get some kind of employment, skilled or unskilled labour. We found, actually, that these capitalists from the Punjab and other places came there and brought also labour from their own villages because they found Punjab labour cheaper.

**Bhai Parma Nand:** Nobody took labour from the Punjab to the United Provinces.

**Dr. Sir Ziauddin Ahmad:** My Honourable friend does not know anything about the problem and yet he wants to poke his nose into all these things. He knows nothing about the conditions of labour. I assert that these capitalists from the Punjab did take labour along with them to the United Provinces factories. In a majority of cases they did not even employ labour from the places where the factory was erected. These are the three obligations which they did not fulfill.

The next point to which I should like to draw the attention of the House is that they calculated fair selling price at Rs. 8-13-1. Here is para. 22 of the summary of Recommendations of the Sugar Tariff Board report, where it is said :

"Since about half the sugar produced in India is of second class quality which fetches on the average about eight annas a maund less than the best sugar, an adjustment on this account is necessary and the fair selling price must be raised to Rs. 8-13-1 per maund during the protective period."

In para. 27 they state clearly :

"We propose therefore that the assistance given should be by way of duty. In order to enable the industry to face initial difficulties and to safeguard the position of the manufacturer of indigenous sugar by the bel method in Rohilkund we propose that for the first seven years the duty should be fixed at Rs. 7-4-0 per cwt. and for the remaining period at Rs. 6-4-0 per cwt."

[Dr. Sir Ziauddin Ahmad.]

There it was clearly stated in 1931 that the duty of Rs. 7-4-0 will remain up to 1939 and from 1939 the duty will be reduced to Rs. 6-4-0. This was the thing which we were told very clearly and in spite of that we find that there is great objection in diminishing the duty from Rs. 7-4-0 to Rs. 6-4-0 and even they challenge the small reduction of eight annas which Government have proposed. This is very unjustifiable which I shall discuss later on. They enjoyed this protection and in addition they enjoyed special protection of 25 per cent. which was given them in 1931.

Sir Joseph Bhole formulated a theory that if we give over-protection then it is possible that by cut-throat competition the prices will be lowered. I do not accept this particular theory and I always challenged it and I maintained that it was against the interest of the consumers. It will not lower the prices. I say on the authority of the United Provinces Government that manufacturers had been paying only three annas per maund and they have now suggested that that price ought to be raised to 5½ annas per maund. It is still 2½ annas less than the price offered by the Tariff Board at the time protection was given.

Another point is they have been exceedingly unkind to labour which I have just quoted. They employ them for four or five months and then dismiss them and re-employ them at a reduced salary. As regards selling price, it is much more than was promised by the Tariff Board. Thus they enjoyed a profit at a rate higher than Rs. 7-4-0. There is no doubt that in spite of these four conditions the sugar factories made enormous profits during the year. I will just quote the profits made by some of the sugar factories which I have taken from the paper *Capital*.

*Basti sugar mills*: Capital, 12 lakhs.

Blocks grants, 35·69 lakhs.

Reserve and Depreciation, 24·08 lakhs.

Cash deposit, 1·03 lakhs.

Dividend, 15 per cent.

*Punjab sugar factory*: Subscribed Capital, 9·63 lakhs.

Block grants, 20·14 lakhs.

Reserve and depreciation fund, 24 lakhs.

Fixed deposit, 11 lakhs.

Dividend, 15 per cent.

*Upper India sugar factory*: Subscribed Capital, 10·20 lakhs.

Block grants, 18·11 lakhs.

Depreciation and reserve, 5·12 lakhs.

Cash, 12 lakhs.

Dividend, 10 per cent.

I have got figures for a large number of other factories which I do not wish to quote at length now, because I find there is not a single factory which gives a dividend of less than ten per cent. This is after allowing all other concessions. Later on we find that in South Basti sugar factory, the subscribed capital is only 6·5 lakhs, block value of their buildings, 25·21 lakhs, depreciation and reserve fund, 11·53 lakhs, cash, 34 lakhs and dividend, 15 per cent. On account of these four factors which I have just enunciated these factories have been making enormous profits. The cost of production has been Rs. 7-8-5 while the selling price has been much above that. If you take the figures for the last several years, it

will be much more than this particular amount. The price of sugar at Karachi—I am quoting from today's *Statesman* is Rs. 14-14-9, the price at Calcutta is Rs. 11-6-0, Delhi Rs. 12-8-0, Hapur, Rs. 11-8-0. This is the price at which sugar is sold.

**Mr. J. Ramsay Scott** (United Provinces: European): Are they all uniformly maunds or cwts. I think at least so far as Karachi is concerned the unit of weight is cwt.

**Dr. Sir Ziauddin Ahmad:** My Honourable friend has raised this question of cwt. and maund. This was also my difficulty in discussing the Tariff Board reports. They always shift from cwt. to maund. It is very desirable that we should adopt a uniform standard of weight. I am glad that we have already passed a Bill to that effect. I take it these quotations are in maunds. This clearly shows the prices of sugar are different in different places. The price of sugar in Delhi is different from that in Hapur and also from Calcutta, etc. Therefore, in quoting the values at a certain place, in fixing the quantum of protection there will be difficulty and, therefore, the best thing is to compare the *c. i. f.* price and the factory price instead of the price at a certain place. The Sugar Tariff Board of 1938 and the other Tariff Boards in recent years have fallen into the error of reckoning the freight from the factory to a particular locality; but prices differ in different towns and you cannot come to any conclusion. Therefore, I assert that in determining the quantum of protection of an article you have to compare the *c. i. f.* price with the factory price. In order to avoid the freight, the promoters will choose a particular location for factory to suit their own purpose. It is for the capitalist and not for the Tariff Board or the legislature to decide what would be the quantum of protection at a particular place.

My second reason for quoting these prices is that the present prices are much higher than the prices that were promised to them by the Tariff Board, and so the quantum of protection need not be so much as is provided in this Bill.

Sir, there are two other points which the Fiscal Commission mentioned and I shall draw attention to them. One was that they thought there may be a combine among the different factories leading to difficulties, and they say :

“A protectionist system certainly gives an opportunity for undesirable form 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 agree 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 is, however, 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.”

So, in the case of a combine in any heavily protected commodity, like sugar, the position of the consumers becomes very hopeless. Here we find that the manufacturers have combined together in fixing the price. There is a syndicate called the Sugar Syndicate, representing all the 143 factories in India and they determine the price. They disregard the fair selling price fixed by the Government. Government have no power to compel them to sell at the price fixed by the Tariff Board, *i.e.*, the fair selling price, and by combination they can raise the price to anything and they have actually done it now. The figures that I have given show

[Dr. Sir Ziauddin Ahmad.]

that in Delhi the price of sugar is Rs. 12-8-0 a maund which is Rs. 4 higher than the fair selling price offered to them by the Tariff Board. Then, the next thing is corruption.

For their work of combination they have a Sugar Syndicate; for their work of corruption they have got the Sugar Mills Association which collects large sums of money to spend on propaganda which is of a very peculiar kind. Before Sir James Grigg or Sir Muhammad Zafrullah Khan came to this House I said that the propaganda carried on by these sugar merchants went beyond what Lord Crewe ever dreamt of. Lord Crewe said that you can carry on propaganda on something but not on nothing. But these sugar manufacturers are doing it on nothing, and I will give an illustration to support my point. Sir, in the original Bill to impose an excise duty on sugar, Government suggested an excise duty of Rs. 1-5-0 per cwt., and *khandsari* sugar was excluded. But when the Bill was in the Select Committee these sugar manufacturers carried on such a propaganda that the Select Committee roped in the cottage industry. The Committee was hypnotised and it added the following clause:

“The duty payable under sub-section (1) shall be at the following rate, namely,

- (i) on *khandari* sugar at the rate of ten annas per cwt.; (*Entirely new thing.*)
- (ii) on all sugar except palmyra sugar at the rate of one rupee per cwt.;
- (iii) on palmyra sugar at such rate, if any, as may be fixed on this behalf by the Governor General in Council after such inquiry as he may think fit.”

Therefore, on account of their propaganda Government and the Legislature were forced to put an excise duty on the cottage industry, which was not originally thought of in the Bill. They brought in palmyra sugar also but Madras had some influence at that time on account of Sir Joseph Bhore and so it was ruled out, but a kind of duty was put on that as well. When the Bill emerged from the Select Committee, I was the only person to protest against the taxing of the cottage industry and lowering of the duty without justification. In this particular case I partly succeeded, because the duty on sugar factories was restored to Rs. 1-4-0 but we could not save the *khandsari* sugar; and Mr. Joshi, Prof. Ranga and myself were the three persons who fought for it. Therefore, I say, that though I am in favour of protection I am not in favour of that kind of protection where you kill your cottage industries and do not fulfil your obligation to the sugarcane growers and to the employees, and so on. If this is the meaning of protection I say strongly that God save us from our friends. You may protect the industries but you should not put unnecessary and unjustifiable tax on the consumers and you should not destroy cottage industries. I am sorry these things have not been noted by the Tariff Board of 1938.

What has been the result of protection for the last eight years? I find that the contribution to this industry by the taxpayers of India is about 46 crores. I shall give the figures—anybody can check them. The import duty on sugar, realised in 1931-32, was 10.70 crores; in 1932-33, it was reduced to 6.84 crores; in 1933-34, to 4.72 crores and in 1934-35, to 3.81 crores. In that year we put on an excise duty and we got in addition to 3.81 crores a sum of .97 crores or a total of 4.78 crores. In 1935-36, the import duty was reduced to 324 lakhs with the excise duty of 158 lakhs or a total of 482 lakhs; in 1936-37, the import duty was reduced to 33 lakhs which, together with the excise duty of 263 lakhs, gave a total of 296 lakhs; in 1937-38, the import duty was reduced, still further, to

25 lakhs and together with the excise duty of 331 lakhs gave a total of 356 lakhs. In 1938-39, during the last eleven months, the import duty gave 18 lakhs together with an excise duty of 349 lakhs or a total of 367 lakhs. Therefore, during the last eight years the revenue of the Government of India from sugar excise and import has been 39·34 crores. Had this sugar protection not come into existence, and had protection not been given to sugar, had the sugar Act not been passed and the Tariff Board not been appointed, then the income of the Government would have 85·6 crores under sugar. That means there has been a definite loss of revenue to the Government to the extent of 46·26 crores during the last eight years. This had to be made up by some other taxes and it really means that the taxpayers in this country have contributed 46·26 crores during this period to this industry alone. That is the contribution from the taxpayers. I have calculated the contribution by the consumers also and I have come to the conclusion that the consumers are now paying or have paid 45 crores to this particular industry in the same period. I calculate it this way. I have taken the price which the consumer would have paid by putting a duty of Rs. 6-8-0 per cwt. had the protection not been given and the Sugar Protection Bill not been passed and the prices which they have actually been paying, and the difference comes to 45 crores.

Now, Sir, the total contribution made by all the mills in India—143 in number—that is, their capital value, is 14 crores. Therefore, our capitalists by contributing 14 crores have attracted 46 crores from the pockets of my friend, Mr. Raisman, and about an equal amount from my pocket and the pocket of Prof. Ranga and Mr. Joshi. I have heard of the proverb that money attracts money. I think the proverb is correct, but I have never heard of this enormous force of magnetism that 14 crores should, in the course of eight years, have attracted 46 crores from the taxpayers and another 45 crores from the consumers! It is really a very powerful magnetism. I have not calculated in this the amount of the contribution given by the poor cultivators or the contribution made by the skilled and unskilled labour in this industry. That is really the position of the factories here in India.

With this introduction (Laughter) I now come to the Tariff Board report of 1938—the report is under consideration. As a preliminary I may say that this report ought to have been circulated: before the Government came forward with their proposals the public should have been given an opportunity to examine the arguments and find out whether the arguments are correct or not. At present I am not going to challenge anything as regards the facts, but I challenge two points: the first point is their arithmetic. If I can show that their arithmetic is wrong, then, I think I have every right to challenge their figures. The second point is that they should not calculate the price at a particular town but they should compare the *c. i. f.* prices with the prices at the factory: otherwise they would lead to no conclusion, because they may arrive at one figure by taking Calcutta as the place of reference and entirely different figures if they select Karachi or Delhi as a place of reference; and it is absolutely impossible to come to any definite conclusion in this manner.

Now, I shall refer you to page 18 of the Report. Here we find that protection has worked very well in the best interests of the industry, because, first, the acreage has increased definitely from 2·9 million acres to 4·5 million acres. The number of factories has increased from 32 to 143. The sugarcane crop has substantially increased and is in the

[Dr. Sir Ziauddin Ahmad.]

neighbourhood of 71·4 million tons out of which 69 per cent. is transformed into *gur* and only 22 per cent. into sugar and nine per cent. is used for seed and other purposes. We also find that manufacture has made enormous progress from 120,000 tons in 1931-32 to 11,29,000 tons now. The import of sugar has definitely diminished from 898,000 tons to 22,000 tons. I am glad to find that the imports have diminished because protection was really intended for that purpose but there are other factors which we cannot overlook. Then at page 31 they say this:

“The previous Tariff Board estimated the cost of cultivation of cane in Northern India at between four and five annas a maund and on this basis, allowing for interest on working capital, insurance against damage to crop, cost of transport and profit at one anna a maund, fixed the fair selling price of cane delivered at factory as eight annas a maund which they expected to be six annas a maund at the end of 15 years, allowing for the spread of new varieties of cane and improved methods of cultivation which would reduce the cost of production. Actually the price paid by factories in the United Provinces and Bihar since 1935-36 has not generally reached this level and during the 1936-37 season fell to three annas per maund.”

That is to say, the Tariff Board made a calculation and fixed the quantum of protection on the supposition that the selling price of cane would be eight annas a maund, but the finding of the Tariff Board is that it has not been more than three annas, and, now, on account of the protection Bill which the United Provinces Government have introduced, they have increased it to 5½ annas. . . .

**Mr. J. Ramsay Scott:** Rs. 0-7-6.

**Dr. Sir Ziauddin Ahmad:** The United Provinces Government have fixed Rs. 0-5-6.

**Mr. J. Ramsay Scott:** The United Provinces Government have fixed Rs. 0-7-6 a maund, and not Rs. 0-5-6.

**Dr. Sir Ziauddin Ahmad:** The Committee which the United Provinces Government appointed about four years ago said that when calculating the prices, for every increase of eight annas in the price of sugarcane, three annas will be given to the sugarcane growers. That was their basis of calculation and now this is the price they have fixed as the cost of production has gone down. Here, at pages 80-81, the cost of production is given as Rs. 6-13-10·1 per maund. I think, even this figure is too much, because they have given a greater allowance than is really justified. For the cost of raw material they have allowed Rs. 0-5-6 per maund, and then, they have put down the profit to be ten per cent. on the block capital of 16 lakhs; then they have put down over-head charges as Rs. 1-8-1 per maund, and all these I think are rather excessive. The interest on the working capital is also excessive, but making allowance for all these things, I think the figures are somewhat over-estimated, and the actual figure Rs. 6-13-10·1 is too high, but I take it for calculation.

Then, Sir, there is one point which I referred to earlier, and that is in regard to the propaganda which the sugar mills are carrying on in respect of the *khandsari* suzár. I am now giving another illustration of the manner in which they carried out their propaganda. When the Tariff Board was appointed, they engaged the ex-Assistant Director of the Council of Agricultural Research, paid him handsomely, and made him the watchdog of

the Tariff Board. Wherever the Tariff Board went, this gentleman travelled with them on behalf of the millowners. Sir, I have got a different idea of integrity; some persons may consider it all right to do this kind of thing. I think a barrister is perfectly justified to write a brief for his client and send his client either to hell or to some garden, that is his business. I think an economist may write his report and give his advice, but certainly it is not the business of an ex-Assistant Director to act as the watchdog of the Tariff Board and travel with them wherever they went, and influence them in every possible manner. This is really the kind of propaganda which the sugarcane millowners had carried on. This incident was narrated to me by an important person.

**Mr. Lalchand Navalrai** (Sind: Non-Muhammadan Rural): Did Sir Abdoola Haroon tell you about this?

**Dr. Sir Ziauddin Ahmad:** Who told me is not the question, but this is a fact that the sugar millowners engaged the services of the ex-Deputy Director of the Council of Agricultural Research for this particular purpose and he travelled with that Board throughout, all the time influencing them. All these things were clearly prophesied by the Fiscal Commission and which we are now visualising. Sir, the Commerce Department have got no means to check such things; they have no department by which they can judge the profits of these protected industries, year after year.

There is no permanent Tariff Board. We have been pressing from this side of the House two alternative suggestions, one to appoint a permanent Tariff Board to watch the effects of the protection given to some of these industries. This is not the only industry which has got protection; there is the steel and iron industry, paper and many other industries which have received protection, and, therefore, I think, there should be either a permanent Tariff Board to watch the results of the protection, year after year, or failing that, there should be a permanent department attached to the Commerce Department whose duty it should be to watch the effect of the protection, and if the Government had done either of these things, they need not have come forward with the small quantum of protection, and their opinion would have been very different.

Now, Sir, as regards sugarcane, the cost of cultivation is different in different provinces. In the United Provinces it is Rs. 0-3-1, in Bihar it is Rs. 0-3-1, in the Punjab it is Rs. 0-5-0, Bengal Rs. 0-4-0, Bombay it is Rs. 0-5-10, Madras Rs. 0-5-0, and duration of the working of factories is different in different provinces. In this connection, I should like to refer to a very interesting controversy between the Syndicates and manufacturers that is now going on. There is a desire on the part of the Bengal people to start sugar industry in their province, because when they found there is a lot of money in this industry, and it is more profitable than jute, they also thought it desirable to start sugar industry, and some people said —“Oh, why should we not grow sugarcane in Bengal and make sugar here”, but the sugar manufacturers say to the people of Bengal, “Oh, no, you satisfy yourself with jute, that is your lot, but leave the sugarcane to us”. And, though Bengal is quite as good as any other place for the sugar industry, these people are now carrying on a propaganda and inducing the Bengal people to confine themselves to jute and not to go in for the sugar industry, although the soil and other factors are very favourable for the growth and development of the sugar industry. There is a very interesting

[Dr. Sir Ziauddin Ahmad.]

controversy going on between Mr. Choudhry on the one side and Mr. Roy on the other. Mr. Choudhry, speaking for the people of Bengal, says that if in the United Provinces people who are interested in sugarcane industry could make such decent profits, there is no reason why it should not be possible for the people of Bengal also to do the same. Later on he says that "Mr. Roy has a narrow provincial outlook when I ask the people of my province to develop the sugar industry and that only reveals a regrettable phase of Mr. Roy's mentality which is certainly 'prejudiced' if not 'interested' ". (*Financial Times*, page 257.)

I say, that since there is an enormous profit, naturally there is a desire on the part of the people of Bengal to develop this particular industry, and we find the same propaganda, of which two examples I have given, is being carried on there also and they are telling that Bengal is not a province where the sugar industry could be properly developed, that the circumstances and conditions of the soil are not favourable for the cultivation of sugarcane and so on. People knew very well that very good sugarcane is grown in Dacca, in Mymensingh and also in other places, and if that is so, I don't see why the soil of Bengal should be considered as less favourable for the development of sugarcane industry, and why they should be forced to carrying less profitable cultivation of jute. But still the propaganda of the sugar manufacturer, of the millowners, is against it and they will always put a number of things in the way of its development at any other place or the opening of a new factory.

There is another point, an entirely new one, to which I would like to draw the attention of the House, and that is in connection with  
 12 Noon. point No. 1 raised by the Fiscal Commission. I have already discussed points Nos. 2 and 3 but not No. 1. According to the report of the Tariff Board of 1931 the cost of production per maund is Rs. 6-13-10.½ here, and that in Java is only Rs. 2 per maund. They say, further, at page 34 of the Report, that the price after paying freight, etc., is Rs. 2-7-0. The Tariff Board ought to have discussed this enormous difference and found out the reasons on account of which we are not in a position to reduce the cost of production here. Is this protection to continue for ever, or will the time ever come when it will be removed? The Fiscal Commission explicitly said that any protection that is given is for a limited period; it is not given for an indefinite time. When the difference in the costs of production here and in Java is so great, the Tariff Board ought to have discussed it in details and suggested what steps we ought to take to reduce the cost of production in India in order to remove from the consumers this burden of heavy taxation. If the manufacturers are allowed to go on to manufacture at uneconomic rates without any check, they will come after every five or six years with a hat in their hands, propaganda at their back and money in their pocket and the protection will never be removed.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair would remind the Honourable Member that there are other Members who wish to speak on this subject.

**Dr. Sir Ziauddin Ahmad**: Then I shall finish very soon and take up the rest of my points when I come to my amendment.

The point I want to emphasise is that there is an enormous difference between the costs of production in Java and in India, and it is the duty of the Tariff Board or of a special committee appointed by the Government or by the millowners to see how and in what manner the cost of production can be reduced in this country. (Interruption.) They may not be able to bring it down to Rs. 2 per maund, but we should reduce it from Rs. 6-13-0 to some lower figure so that we may give relief to the consumer, at least partially if not entirely.

Then I come to the quantum of protection. Here I will just say that it is simple arithmetic. The Tariff Board themselves have said on page 81 that the cost of production in India is Rs. 6-13-10-1, that it is excessive and that it can be further reduced. They have also said that the cost of production of Java sugar is Rs. 2-10-8, and, therefore, the quantum of protection is the difference between the two, and that is Rs. 4-3-2-1, per maund, and it comes to Rs. 5-0-0 per cwt. This is according to their own calculation accepting all the figures that they have given. I see no reason why the Tariff Board should recommend a protection of Rs. 7-4-0 and the Government should accept a high figure of Rs. 6-12-0. I shall not discuss this any further now.

There are one or two minor points to which I want to draw the attention of the House. The first one is about the use of molasses. The Tariff Board say:

"We recommend the manufacture of power alcohol for admixture with petrol as the only possible means of absorbing surplus molasses."

We have in this House by means of questions and resolutions been pressing on the Government that they should conduct some kind of research in order to make use of the bye-products, because if we can make use of the bye-products it would lower the cost of production. Their second recommendation is:

"The possibilities of utilising bagasse for the manufacture of paper boards deserve further investigation."

If we can utilise these two bye-products it is quite possible that they might go some way in lowering the cost of production and thus reduce the quantum of protection.

Therefore, generally speaking, I come to the conclusion that the protection which we gave to sugar in 1931 when raising 25 per cent. duty all round was really more than what the circumstances demanded. During this period, they have earned enormous sums of money at the sacrifice of the taxpayers and the consumers and the sugarcane growers, and they have accumulated and as I have said, the amount of 14 crores which they invested has been recovered several times over. Still the industry is a progressive industry and we cannot give it up, it should continue to be protected. I do not want to give it up at this stage but we should protect it only to that extent which it needs at the present moment and give as much protection as is absolutely necessary.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member is repeating himself too much.

**Dr. Sir Ziauddin Ahmad**: I am just recapitulating, Sir.

This quantum of protection should just be sufficient. If you give them a little more, then I am positive in my mind that the protection will delay

the day when it can be taken off altogether. With these words, I resume my seat.

**Mr. Akhil Chandra Datta** (Chittagong and Rajshahi Divisions: Non-Muhammadan Rural): After the departure of Sir James Grigg from this country, Sir Ziauddin Ahmad is the greatest enemy of the industry in this country.

**Mr. President** (The Honourable Sir Abdur Rahim): That Honourable Member is no longer here. The Honourable Member (Mr. Datta) can attack the Government if he likes.

**Mr. Akhil Chandra Datta:** Very well, Sir. As the Honourable Sir Ziauddin spoke against the policy of protection, allow me to present the other side of the picture. Ever since protection was given to this industry, there was never peace in that industry. The first blow upon that industry was inflicted by the excise duty of 1934. The industry was then only a baby of one year. The second blow was inflicted two years after, in the shape of the additional excise duty of 1937. Then, came the third and the heaviest blow. That was the international sugar agreement which prohibited the export of sugar by sea except to Burma and Ceylon and this attempt to reduce the protective duty is still another blow though not an excessively cruel blow. Let us consider the result of these blows. First of all, the excise duty of 1934. I must admit that the duty was not very excessive. All the same it certainly hit the new factories which began their career after the protection came into force and specially hit those factories which were damaged by the earthquake of January, 1934. Then, as regards the additional duty of 1937, we must remember the story. It was rejected by this House but was certified. Can anybody deny that that duty hit the industry in general and the cultivator in particular. I do not think there is any controversy over that question. That is the opinion of the United Provinces Government and the Bihar Government. That was the evidence of the non-official witnesses examined by the Tariff Board and that is the finding of the Tariff Board. I am reminded by an Honourable colleague that in Bengal as a result of that policy two of the five or six sugar mills had to be closed down. Now, Sir, that was the inevitable result of the additional excise duty of 1937 and we all know how the factories threatened to close down in the United Provinces and Bihar. Then, there was the intervention of the Government and they were induced to carry on their operations only on the assurance that the price of cane would be reduced and, as a matter of fact, the price of cane was reduced with the result that according to a certain estimate which I consider to be a reliable estimate, the cultivators of these two provinces lost 40 lakhs of rupees in the first three months and, so far as the factories are concerned, many factories incurred loss and although some factories made a slight profit, that was at the expense of the cultivators. This is in fact the story told by the balance sheets of the sugar mills in the United Provinces and Bihar. Then, comes the international agreement. By that time the industry had made phenomenal progress and the production was not only sufficient for the consumption in the country but there was some surplus for export and when scope for export was necessary, it was precisely at that psychological moment that under this agreement exports were stopped. We all know that ever since India became sugar-conscious

in 1932, there was a panic in the whole world market and it was necessary to solve that world problem and India had to make a sacrifice and stop her export by sea. It is common place that every country in these days is anxious to capture new markets for their exports. The only exception is to be found in India. In spite of these destructive measures, the industry prospered under the policy of protection, and in five or six years the country became absolutely self-sufficient so far as this particular commodity is concerned, I do not know whether Dr. Ziauddin realises this fact that in spite of the virulence of his speech we can now do without any import of this very necessity of life.

Now, the position is that there is over-production. We produce more than is necessary for consumption in the country. That is one fact and the other fact is that which I have already mentioned. Export has been stopped by sea and there is no prospect of export by land in the near future. That being the position internal prices will necessarily fall and if the price falls, the poorer consumer will fall back upon the *gur*.

**Sir Muhammad Yamin Khan** (Agra Division: Muhammadan Rural): *Gur* is very costly now. It is being sold at four seers per rupee.

**Mr. Akhil Chandra Datta**: But *Gur* is always cheaper than sugar. My point is, if there is no export and if there is over-production, then certainly the price of sugar will fall. If the price of sugar falls, the poorer section of the people will take to *Gur*.

**Sir Muhammad Yamin Khan**: Provided *Gur* is manufactured in sufficient quantity. There is no manufacture of *Gur* now.

**Mr. Akhil Chandra Datta**: If there is a demand, there will be a supply. Now, Sir, it comes to this. The Tariff Board report says that the present position of the sugar industry is critical. The problem now is how to stabilise the industry. We have not yet got any plan or programme to solve that problem. We must stabilise the entire industry. Some action has been taken by some Provincial Governments to give some protection to the cane growers. But no step has been taken up till now nor is there any programme to stabilise the whole industry. I hope I shall not be misunderstood. It is no doubt very essential to give protection to the cultivators. My contention is that it is equally important to safeguard the interests of the manufacturers. It is important not only for themselves but equally important in the interests of the cultivators. Unless there are manufacturers, the position of the cultivators will become simply hopeless. In fact, the interests of the cultivators and the interests of the manufacturers are inter-linked. On this question of the stabilization of the industry, various suggestions have been made by the Tariff Board, but the Government has not yet considered them. Let us hope that the recommendations of the Tariff Board for the stabilisation of the industry will be seriously considered by the Government without delay. So far as we know, the only step taken up till now is the reduction of the protective duty by the Bill before us. My point is that no case has been made out at all for the reduction of the excise duty. The reasons for this reduction of the protective duty are given by the Government in paragraphs 5 and 6 of

[Mr. Akhil Chandra Datta.]

their Resolution. One ground is that they "are disposed to consider, in the light of recent information, that the figures proposed by the Board for certain items, notably manufacturing costs and profit and for adjustment of difference in quality are susceptible of reduction". I cannot conceive of a more half-hearted and halting finding. Government say that they are disposed to consider. They do not challenge the figures given by the Tariff Board. It is not the case of Government in these paragraphs that the reduction in these items is an accomplished fact. Their only case is that these items are susceptible of reduction and it is said that the Government are disposed to consider. This reminds me of the judgment of a certain Judge in my district who, after giving all the facts against his finding, added one sentence: "But all the same I am disposed to think". It is no finding at all. Then in paragraph 6 of the same Resolution they say:

"The application to the sugar industry of an elaborate and extensive system of control by the United Provinces and Bihar Governments and their decision to levy a provincial cess on cane supplied to the factories and to enforce minimum price regulations. . . ."

My contention there is that these are not facts which go to prove that there is any chance of reducing costs of manufacture or minimising the margin of profit. After all, what is the finding? The finding is only this that the industry is still in an unstable condition. If the position is still unstable, is it fair that in the midst of that uncertainty and chaos, there should be an attempt made for the reduction of the duty? If the position is unstable, why make it still more unstable? Why not maintain the *status quo*? It is admitted "that it is not possible to fix the level of protection for the whole of the unexpired term without a further inquiry". It is so unstable just now that it is impossible even to make an inquiry and to find the level of taxation for the unexpired term of seven years. Therefore, why not maintain the *status quo* for these two years. It is said that the reduction is a very modest one. It is true that it is a modest reduction but that shows the mentality of the Government and it produces a fear in the minds of the people to invest their money in this business. Therefore, my submission is that no case has been made out for the reduction of the duty. With these remarks, I conclude my speech.

**Mr. Abdul Qaiyum** (North-West Frontier Province: General): Sir, I do not propose to make a very long speech like my Honourable friend, Dr. Sir Ziauddin. He traversed a large ground in trying to make out a case, though I could not really make out whether he was speaking for protection or for its abolition. There is one thing very striking about this, *viz.*, the attitude of the Government as regards the protection to this industry. We find, to start with, that they set up a Tariff Board and the Tariff Board's report was in the hands of the Government for about a year and a quarter. Since, then, the Government of India have been trying to come to a decision on the question of protection to this industry, and, ultimately, they find that the report of the Tariff Board, over which they had been sitting for a number of months—or may be they were deliberating but could not come to a decision, had become out of date. Then, the unexpected happens. Though there is a reduction in the amount of protection to this industry, the period of protection is cut down to two years. At least, the suggestion was that the period of protection should extend over seven years. Now, this attitude of the Government of India in the matter of

sitting over the report of the Tariff Board, and not even publishing it for the benefit of the public and the Members of this Honourable House, and then cutting down the period of protection to two years, certainly results in insecurity and uncertainty as far as this particular industry is concerned. In this connection, it is also very interesting that in all these three reports which have now been published for the information of the public and the Honourable Members of this House, the Government have differed from the recommendations of the Tariff Boards which had been set up by themselves, and they have not only differed as regards the measure of protection which should be afforded to these industries but they have also differed as regards the duration for which that protection should be afforded. Sir, here we have a case and a very strong case made out for a revision of the question of the setting up of these Tariff Boards. It is no use setting up *ad hoc* Tariff Boards to deal in a haphazard manner with some industry when matters have gone so far that the Government want some information as to the amount of protection which they should grant to it. After the Tariff Board has reported, then the Government differ from the conclusions and suggestions made by the very Tariff Board set up by themselves. Now, this is a very unfortunate state of affairs and I think that the Government of India should now seriously take into consideration the question of setting up a permanent Tariff Board, because, after all, there is no denying the fact that the question of discriminating protection has come to stay in this country, and that the vast majority of the people in this country are very staunch supporters of the interests of the cultivator and the labourer. When discriminating protection is the order of the day and is supported by the overwhelming majority of the thinking people in this country, there is absolutely no reason why the Government of India should not set up a permanent Tariff Board consisting of persons who have a great knowledge of the industries concerned,—economists, politicians and people who will represent the interests of the consumers and the cultivators, so that it will not be possible for the Government of India to have to differ from the conclusions and recommendations made by such a Tariff Board.

Now, in this connection, I should like to draw the attention of this Honourable House to the two suggestions made by the Fiscal Commission and it seems to me that these suggestions have not been seriously considered by the Government of India. Observations were made by the Indian Fiscal Commission first of all, as regards the publishing of the reports that the Government should publish the results of the inquiry promptly whether it agrees with the conclusions of the Board or not. In the present instance, it is noteworthy that the Government, who have themselves sat over the Tariff Board report all these months, characterize the report as already out-of-date. If the Government feel some difficulty about coming to any definite conclusion as regards the recommendations of a particular Tariff Board, at least, there is absolutely no substantial reason why the publication of such reports should be withheld for such an inordinately long time. Then, I come to another observation of the Fiscal Commission which pointed out that “the successful working of the scheme of protection depends on the existence of a thoroughly competent and impartial Tariff Board. The Board must be one”—the Fiscal Commission goes on to say—“which will command the confidence of the country”. We are passing through a stage when there can be no two opinions as far as the composition of a satisfactory Tariff Board is concerned, and I hope and

[Mr. Abdul Qaiyum.]

trust that the Government of India will now decide this matter once for all by setting up a permanent Tariff Board which will command the confidence, not only of the Government but, of all those people who are interested in tariff matters. In the course of my speech, Sir, I want to emphasize two or three aspects as far as this particular industry is concerned. Firstly, the condition of labour; secondly, the position of the cultivators, i.e., the people who grow sugar-cane. I must here say that I myself am a believer in protection and I think that we do need protection to develop our industries. In the matter of protection the Government of India have not moved as quickly as the country desired them to move, and their response has not been entirely satisfactory. In the beginning they did not believe in the doctrine of protection at all. They resisted that doctrine but, overwhelmed by the force of public opinion, they had to revise their policy. Even now, I think that the spirit in which the doctrine of protection is applied in this country is not in keeping with the desire of a large majority of the people. Now, Sir, believing as I do in protection, I think that when the Government of India extend protection to any particular industry, they should see to it, first of all, that the cultivator gets a fair price for its raw products and, secondly, that the labour conditions are satisfactory. Before any protection is granted to any industry, the Government of India should see to it that the employers and industrialists concerned do give an adequate guarantee as far as the condition of labour is concerned and also as far as the price of the raw produce for the cultivators is in question. It is a good thing that the Tariff Board, in this particular case, has paid considerable attention to the condition of labour, and we find that the condition of labour is far from satisfactory. Now, what do we find? Here, in the sugar industry, we have technical and non-technical labour, and ordinary labour which consists mainly of agriculturists who come and work for a certain number of months in the year. Low salaries for technical and non-technical labour is the order of the day. The employment is absolutely irregular. Now, in this connection, I should like to invite the attention of this House to the state of affairs in the corresponding industry in England, where some sort of retaining fee is paid to persons during the period when the factories are not working. I should just like to read one small extract from page 77 of this particular Tariff Board Report. In the United Kingdom labour is paid something even during the period when the mills are not working. Now, this, I am sure, does not exist in this country; and then, as a result of this casual labour and irregular employment there is a hunt for staff and a considerable haggling as far as wages are concerned. In this connection, at page 77 of the Report of the Tariff Board, they remark:

"An annual hunt for staff and unseemly haggle for salaries every season reflects little credit on an organised industry. We feel strongly on this subject and we would suggest legislation on the lines of the British Sugar Reorganisation Act which determines the principle upon which the beet sugar manufacturer in the United Kingdom shall pay wages to his factory employees. We realise that our proposals involve some additional expenditure under the head 'Salaries and Wages' but we have taken this point into consideration in estimating the cost of manufacture."

It is obvious that the Tariff Board do contemplate an increase in the wages paid to the technical and the non-technical staff as well as the ordinary labour. In computing the cost of manufacture they have taken into consideration this increase in wages. Therefore, it is the duty

of the Government of India that they should see to it that the wages paid to the labourers are adequate and satisfactory. As far as ordinary labour is concerned, the wages are hopelessly low and, in this connection, the Tariff Board have remarked:

"The type of labour employed is mainly agricultural drawn from the villages in the neighbourhood of factories" (the following words are very important) "for which the Indian Sugar Mills Association regard a salary of Rs. 7 to Rs. 10 a month as fair."

This is a highly unsatisfactory state of affairs. It is the duty of the Government that while giving every protection to indigenous industry against foreign competition, they should keep an eye not only on the actual profits which are being made in the industry, but they should bring it home to the industries concerned that a minimum decent wage should be paid to the labourers concerned, so that they can lead a healthy existence. The Tariff Board here suddenly pose to be far more generous than even the Sugar Mills Association whom they very politely condemn. They say:

"We consider that the minimum wage should be not less than Rs. 10 and have made provision accordingly."

I think, even Rs. 10 if adopted is a scandalously low wage and it is the duty of the Government to see to it that decent adequate wages are paid in this industry. If and when the employers satisfy those conditions, it is only in that case that the Government of India should extend the benefit of protection to such an industry. It is but fair that if the consumer and the country at large have to make sacrifices by paying higher amounts for their sugar, it is but proper that labour should also share the same benefit from the sacrifices which are incurred by the vast majority of people who consume sugar in this country.

We now come to the question of hours of work, and it is estimated by the Tariff Board that labour is subject to longer hours of work than is desirable, that they are put to additional duties such as loading and unloading of wagons for which they are not paid overtime work. What are the corresponding conditions in the United Kingdom? There you find that labour in the factories is given leave or holiday from one week to one month with full pay. This certainly does not exist in our country. In the United Kingdom they are paid for trips to and from the nearest town and not only that, but the employers have provided houses for all, namely, technical and non-technical and ordinary labour which is a sort of additional wage. In addition the employers have provided welfare facilities, and what is more important that even to casual labour in the English factories, the first chance of employment is offered after the slack season. In India this state of affairs certainly does not exist. I think it is fair that the Government of India should insist that labour, which is employed in such factories, should be given the first chance soon after the slack season.

Coming to the housing conditions, it is absolutely unsatisfactory and I can do no better than quote the words of the Tariff Board. On page 152, paragraph 191 under the heading "housing conditions" they remark:

"The present houses provided for some skilled workers are not satisfactory and sometimes five or more persons live in one room."

This state of affairs is certainly scandalous and I think the Government of India are responsible, they cannot shirk their responsibility for this scandalous state of affairs as far as the housing of labour or the human element in this industry is concerned.

**Mr. President** (The Honourable Sir Abdur Rahim): Today being Friday, the House will adjourn for Lunch now.

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

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

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**Mr. Abdul Qaiyum:** Sir, when the House rose for Lunch I was discussing the question of the condition of labour in the factories, and, in this connection, I should like to say that the sanitary condition of the factories in India is far from satisfactory. This has been admitted in so many clear words in the report of the Tariff Board. Not only this, but owing to the small number of inspectors the inspection of the factories on behalf of the Provincial Governments is irregular and quite unsatisfactory. There is no doubt, that in India, attempts have been made by the factory owners and the industrialists in the direction of spread of education, provision of recreation grounds, supply of medical relief, etc.; but there is no denying the fact that much remains to be done, and that what has been accomplished is far from enough. The most important point to consider in this connection is this—that the cane growers should be able to get an economic price for their produce. And here I must admit that the Congress Governments in the United Provinces and Bihar have done a lot in securing a better price for the cane grower than he ever got before; and, I am sure, that these two Governments are making strenuous efforts to raise the price of cane to that ideal which was recommended by the Tariff Board of 1931. In 1931, the Tariff Board estimated the cost of cultivation of cane in Northern India at between four and five annas per maund. Now, allowing for interest on working capital, insurance against damage to crop, cost of transport, and one anna per maund of profit, this Tariff Board fixed the fair selling price of cane, delivered at factory, at eight annas per maund. But in spite of the pious wish expressed by this Tariff Board in 1931 we find that in the year 1936-37 the price of cane in the United Provinces and Bihar had touched the low level of three annas per maund. In three annas per maund the cultivators and the growers of cane lost heavily. In 1934, the Sugarcane Act came into force which empowered the Local Governments to declare any area a controlled area. And here I must state that it would be very difficult to secure an equitable and reasonable price for the grower of cane, unless the Governments concerned are empowered to control and regulate the area which is under the sugarcane crop. It seems to me that the importance of this fact has now been realised and that attempts have been made to control the area actually under sugarcane cultivation. In the year 1936-37 there was more cane than was required; and, as I have said before, the price touched the lowest level of three annas per maund in the United Provinces and Bihar. Today, I have been informed by an Honourable Member belonging to the European Group that by means of legislation that price has now been fixed at  $7\frac{1}{2}$  annas per maund. Therefore, it is very gratifying to learn that for the first time in the history of this particular industry it fell to the Congress Governments of those provinces to realise an equitable and profitable

price for the primary producers of cane. But it is not entirely the duty of the Provincial Governments; the Government of India also are vitally concerned in the matter, inasmuch as protection is afforded by Government to the various factories which are producing sugar in India. And, therefore, it is the duty of the Government of India also to co-operate to the best of their capacity with the Provincial Governments concerned, and to facilitate their task of securing a profitable price for the growers of cane.

There are certain doubtful practices which are being resorted to at the present time, and these have been pointed out by the Tariff Board in their report. I think it is the duty of Government to turn their attention to these practices and to see that they are put down once for all. For instance, there is the practice of under-weighing and under-payment; and on page 42 of their report the Tariff Board have remarked thus:

“But making all allowances we feel bound to state that the prevalence of malpractices, a matter of common knowledge, is a serious problem.”

We know, Sir, that the agriculturists are illiterate, and that they are not capable of looking after their interests as efficiently as it is desirable. Then there is that class which is known as the “purchasing agents” who are found in this particular industry, and it has been remarked that they are responsible for most of the malpractices from which the sugarcane grower suffers at present. In this connection, on page 43 of the Tariff Board Report, the following words appear:

“We are told that at some factories if there is a serious congestion of carts, growers are prepared to part with their cane at any price or to offer bribes to subordinates to get their turn at the weighbridge. So serious is the matter of detention that a system of delivery passes for carts should be made compulsory for all factories.”

Then, it is admitted, that canegrowers' societies have met with a certain measure of success in this direction, but in spite of everything the malpractices still persist. There is no doubt that by very ordinary tactics they can be put down very easily if the authorities are so minded. The primary producers of cane are being done in the eye, and cheated of what is legitimately due to them. I have already stated that success in this direction can only be achieved if the authorities concerned control and regulate the area which is under sugarcane. Here, I must turn for a minute to my Honourable friend, Dr. Sir Ziauddin. I listened very carefully to his speech and it appeared to me that he was not in favour of protection being accorded to this industry.

**Dr. Sir Ziauddin Ahmad:** I am against over-protection.

**Mr. Abdul Qaiyum:** I think the sort of protection that Dr. Sir Ziauddin has in mind would be no protection, and the result would be that Java would regain the position from which we have with the greatest difficulty dislodged her. After all, the benefits of protection cannot be denied. My friend, Dr. Sir Ziauddin, has subjected himself to a lot of hard work, has gone through various reports and records, and has collected a formidable array of interesting and imposing figures. But I am afraid that the inferences which the learned doctor has drawn from these figures are not very satisfactory, nor do they necessarily follow. For instance, he dilated at considerable length on the fact that we have lost so many crores over a number of years in the form of customs

[Mr. Abdul Qaiyum.]

revenue. We cannot look at things in this way, *viz.*, that whatever was lost in the customs revenue is a positive loss to the country. He also talked very eloquently about the fact that the consumers have had to pay so much over a number of years in order to bolster up this industry. From the way he talked, it seemed that the learned doctor did not have much love for this industry. Now, there is no denying the fact that this policy of discriminating protection has done a lot for this country. After all in the year of grace 1939 we cannot be content with being mere hewers of wood and drawers of water; and the doctrine of economic self-sufficiency has come to stay. No country in the world can afford to be purely agriculturist, because, after all, India must advance not only in the direction of scientific agriculture, but we must also make rapid strides in industrialising our country. The two must go together hand in hand, and I think it is too late in the day to criticise and condemn the policy of protection by saying that it is over-protection, and that there should be less protection than has been hitherto accorded. After all, I must remind the learned doctor that it is due to this very protection that the area under sugarcane has risen to something like  $4\frac{1}{2}$  million acres, that the area under improved varieties of cane has increased from 817,000 acres in 1930-31 to 3,341,000 acres in 1936-37; and not only that, but the average yield per acre has risen from 12·3 to 15·6 tons.

This means so much work for our people. The factories which have grown up in India, according to the latest figures, provide work for 20,000 skilled and semi-skilled labourers and 75,000 workers; and I am sure that these factories also contribute directly or indirectly in the form of income-tax and other duties to the coffers of the State, Central as well as Provincial. Indirectly, also, protection has helped a lot. It has given considerable encouragement to engineering and building trades. It has found indirect employment for transport of manure, transport of seeds, transport of implements, transport of huge quantities of sugarcane from the field to the factory. In addition it has encouraged the transportation of machinery, coal, coke, lime-stone, gunny bags, etc., and it has found employment for a large number of people in the distribution of sugar and its bye-products.....

**Mr. M. S. Aney** (Berar: Non-Muhammadan): It has also added to the breeding of the ants!

**Mr. Abdul Qaiyum**: That undoubtedly is so. I was rather surprised to see from the Report that lime-stone which is a very necessary ingredient in the manufacture of this particular commodity—its value I think is quoted as  $1\frac{1}{2}$  Rs. or two rupees per ton or maund—I speak subject to correction—and the railway freight is something like 12 or 14 rupees, which is certainly a great handicap. This thing could not possibly have escaped the attention of the authorities concerned. We have all the advantages for manufacturing sugar. In spite of it all, this international trade agreement—which was trumpeted about so loudly as a blessing to this country, will act as a great hindrance. It is very interesting to note that while independent countries have been able to secure much better terms for their industrialists and for their nationals, the weaker States have fared badly. I will quote only one passage from the Tariff Board Report which will show the helplessness of the Government of India.

The official figures also indicate that in the year 1936-37 we manufactured 1,254,000 tons of sugar, which was 53,000 tons in excess of the estimated consumption in this country. That being the position, to declare India as a free market to the extent of 53,000 tons under the International Sugar Convention is not a fair proposition to India. After all, why should India, which can produce not only for its entire internal consumption but also can export to other countries, be declared a free country even to the extent of 50,000 tons? I would like to read just one extract to show that the weaker the country the worse the terms which its nationals get in this particular international "swindle". We find on page 15 of the Tariff Board Report:

"Among the non-exporting countries the United States will continue to import from the free market at least in the same proportions as at present. The United Kingdom will limit home production to 618,00 metric tons, and exports from the Colonies to 965,254 metric tons."

But the following passage is interesting:

"Australia is given an export limit of 406,423 tons and South Africa one of 209,000 tons."

Australia has not only reserved its entire internal market for its own industry but, in addition, the Australian Government has managed to get an export quota of something like 400,000 tons. Now let us see how India fares:

"India will prohibit seaborne exports to places other than Burma."

This is no concession to India because even before this convention came into force we used to export sugar to Burma:

"China will endeavour to see that her imports do not decrease and if possible increase."

Why? China is a weak country and, therefore, a duty has been cast on China to see that her nationals eat as much sugar as before, and if possible even increase their consumption. Therefore, the theory holds good—the weaker the country the worse the terms which the Government of that country has been able to secure. After all, why should India be included in the free market to the extent of 50,000 tons? It certainly passes my understanding why this should be so. India is quite capable of meeting all its internal demand and we could have turned our trade relations with the United Kingdom to much better account by insisting in the Indo-British Trade Agreement that Great Britain and its Colonies should buy and receive a specific quota of Indian sugar. I fail to see why this was not done, and why this matter, like shipping, was entirely left out of the picture.

I think I heard the word 'stop' from my Honourable friend, Mr. Gadgil, and for once I am not going to disappoint him. I will obey his orders and stop. With these remarks, Sir, I close my speech.

**Prof. N. G. Ranga** (Guntur *cum* Nellore: Non-Muhammadan Rural): Sir, I thought my friend, Dr. Sir Ziauddin Ahmad, was not opposed to protection to this industry. He wants only some reduction to be made in the amount of protection granted to this industry. Sir, I am personally in favour of protection to this industry because one of the three conditions has been satisfied by the industry, that is the fixation of the minimum price for the primary producers of sugarcane, but the other two conditions

[Prof. N. G. Ranga.]

are not satisfied. To that extent I join hands with my friend, Mr. Abdul Qaiyum, as well as Dr. Sir Ziauddin Ahmad in complaining that this industry has not played fair with the nation as a whole. We want minimum wages to be fixed for labour which is employed in this industry. It does not mean that we do not want minimum wages to be fixed in this country for all the other industries.

**Mr. M. S. Aney:** What are they getting now?

**Prof. N. G. Ranga:** I shall tell you presently. But we do want minimum wages to be fixed for all industries in this country, but the case for minimum wages in a protected industry like this is very much stronger, because, as far as this industry is concerned, a minimum assured profit can be looked for by the industrialists because of the protection that is granted to it. Under those circumstances it is only right that we should expect all the partners in this particular industry, the growers of sugarcane, the labour employed and the industrialists themselves together with the consumers, to get their proper benefit. That is why we are so very keen about the fixation of minimum wages.

It is not the fault of the industry itself if it has so far failed in providing these minimum wages, because, Sir, as it has been seen, not only in this country but elsewhere also, not only in regard to this particular industry but in regard to almost all the industries, the industry has never been able to either fix or to conform to any standard of minimum wages of its own accord. It has always been the function of the State to fix a particular limit and then say below that particular limit no labour should be paid its wages. Therefore, I charge the Government of India for its failure to carry out this particular condition. The Government of India might say it is not part of protection, but it is a part of the protection, Sir. Both the Fiscal Commission of good old days and the Tariff Board have made it perfectly clear that behind the shelter of tariff walls in this industry, labour should be provided adequate wages. As I have said once before in another connection, the Government of India themselves have come out with their policy in regard to the contract labour that is employed on the Railways, and there they have fixed certain minimum conditions of decent wages which should be conformed by their own contractors in regard to the labour employed by them. The same thing can be done and ought to be done even in this particular industry. The Government of India have failed to do this, not because it is against their own policy, but because they want to follow one particular policy with regard to Railways and another policy in regard to this particular industry. It may be all right for the Government to come forward here and say that these industrialists are making such huge profits and, therefore, the protection should be reduced. If the industrialists are making these profits, then it is for the Government to see that labour employed in this industry is assured a minimum wage, and not to simply come forward with this negative policy of reducing the protection offered to this particular industry.

Thirdly, Sir, there are the consumers. I am also in favour of seeing that the prices are reduced as soon as possible and to as great an extent as possible, but under the present circumstances unless and until the Government satisfies us that labour is paid adequately and the peasants are properly protected, I certainly cannot be a party to any proposal for

a drastic reduction in the total amount of the protection given to this industry. What is it beyond the fixation of minimum prices by the three Governments of the United Provinces, Bihar and Madras for cane that is done by the Governments concerned either the Central or the Provincial, for the cane growers? As far as research in the production of cane is concerned, they have done very little. They may say they have done a lot, but it is not enough, because the Government of India have failed to make adequate grants to the various research schemes that are started and that are being carried on in various parts of the country. The Tariff Board itself bears eloquent testimony to this fact and says that amount of research in this direction is not enough and that more money is needed. Three years ago, my friend, Sir Girja Shankar Bajpai, offered to place five lakhs of rupees per annum for the improvement of marketing conditions and also for research for the benefit of sugarcane growers. We do not know what has happened to that particular offer. In these three years we should have had at least 15 lakhs to be placed at the disposal of the research people for the benefit of sugarcane growers. We do not know what they have done with that money or whether they have placed this money at the disposal of the research people or whether they have simply forgotten all about it and, therefore, allowed it to be merged in the general revenues. But out of the revenues that the Government is getting from the import duties, it is the duty of the Government to set aside a good portion for the development of research in this country. They have not done so, and I am not satisfied with the Government because of that. Then, Sir, there is the question of marketing facilities for cane producers. It may be said by the Government of India that it is all a provincial matter, and, therefore, they cannot be blamed but it is the duty of the Government of India to see that marketing facilities are adequately provided and communications are also developed in these various provinces so that these producers are able to benefit themselves sufficiently as a result of this protection. We do not know what they have done; we do not know what they propose to do.

Therefore, I suggest that it would be well for the Government of India to publish an annual report of the working of this protection in regard to these various parties concerned in this country. I want them to publish facts in regard to the fixation of the minimum prices, marketing facilities; I want them to see that transport facilities are made available by the various Provincial Governments with or without the special aid of the Central Government and also the amount of research that is being carried on by the Government of India as well as by the Provincial Governments. I want them also to publish facts in regard to the prices for *gur*, *khandsari* sugar and sugar itself in various parts of the country, and lastly, Sir, I wish to sound a note of warning. There is a sort of craze now in various parts of the country to lay out more and more land under sugarcane, because to raise this particular crop, for the time being, is much profitable than any other crop. If we were to allow this to go on unchecked, I am afraid there will soon be glut in the market and over-production of sugarcane, and, therefore, the cane growers will be placed entirely at the mercy of the manufacturers. It may be that the consumers may be able to gain, but at what expense, and at whose expense? Not only at the expense of the manufacturers, but also at the expense of the cane growers. Therefore, I want the Government of India to see that cane production is not allowed to develop in an arbitrary and anarchical fashion as it is done in

[Prof. N. G. Ranga.]

various parts of the country, but it should be confined to particular provinces and in particular areas so that there may be no danger of over-production of cane. But then, there will be some people, especially those who come from Bengal, who say that Bengal is much more suited to grow cane than either Bihar or the United Provinces. There will be no end to this sort of argument. We began to use this against Lancashire and wanted to develop our own textile industry. It may be all right as between two countries, but as between two provinces in the same country this argument does not hold good. And what is more. For good or for bad these two provinces have had a major share in the production of this crop and in its production the poor kisans have had to invest large sums of money, and if in a thoughtless manner, inter-provincial competitive manner, all the other provinces are to try to compete with these provinces and baulk them of the little benefit that they are getting then there will be no end of trouble in the country. I want the Government of India to call for a conference of Industries Ministers and Ministers of Agriculture of the various provinces and get them to agree to a crop planning arrangement so that there will be no danger whatsoever of overproduction and the provinces that are already having a predominant share will not be made to suffer and the other provinces will be allotted only particular quotas of production of both cane as well as sugar. Otherwise, the sugarcane growers themselves will suffer. After all, taking my own province as an example, we find that we grow certain crops that other provinces do not grow, we benefit from tobacco, groundnut and even gingelly, whereas other provinces are not able to grow these crops. Just as we are able to derive particular benefit from these crops, those two provinces will also be allowed to benefit from the production of sugarcane. The Government may turn round and say, it is all a provincial matter and we cannot very well deal with it, but, there again, the Government of India will be committing a mistake. It is the duty of the Government of India to use their good offices, and more than that, to discharge their own duty especially in view of the fact that they have thought fit to protect this particular industry.

**Mr. M. S. Aney:** Let us have some idea as to how this can be done.

**Prof. N. G. Ranga:** They can certainly call for a conference and make it perfectly clear to these Ministers that some agreed crop planning should be prepared. . . .

**Mr. M. S. Aney:** And accepted by them: otherwise the protection will be withdrawn.

**Prof. N. G. Ranga:** If they are not going to agree to any such constructive programme and if they are going to leave all these people to their own wits, then there is no meaning whatsoever in making large numbers of consumers in this country pay three or four times as much as they have to if sugar were to be allowed to be imported freely into this country.

**Mr. M. S. Aney:** Is the Honourable Member quite sure that Provincial Ministers will necessarily agree to an arrangement like that?

**Prof. N. G. Ranga:** I have some confidence in the reasonableness, on the whole, not only of our Ministers but also of the Legislatures behind them and the people of this country. I, in my own humble way, claim to speak for the kisans also, and I can assure my Honourable friends as well as the House that kisans today are coming to realise what is good for them and they have themselves, in the last All-India Kisan Conference, passed a resolution calling upon the Central and Provincial Governments and States to prepare a crop planning scheme and thus make it possible for our kisans—not only the agriculturists who produce sugarcane but also the kisans producing all other crops—to assure themselves a much more reasonable price for each one of the crops than they are able to grow now. I have that much confidence in the feasibility of the scheme. Therefore, I place it before the Government for their serious consideration. With these remarks, I support generally the need of the industry for protection.

**The Honourable Sir Muhammad Zafrullah Khan** (Member for Commerce and Labour): Sir, by this time the House must be almost sick of sugar, and I shall, therefore, not speak very long about it. At the end of the debate, I feel I have more to meet a case why Government have not proposed a greater reduction in the duty rather than a case why they have proposed a reduction at all. On the general case two points have been raised on which I might offer one or two observations. One is the complaint with regard to the delay that has taken place in coming to a decision on the Tariff Board's report. I dealt with that matter to some extent in my speech when moving for consideration. Here, all that I desire to say is, that in this particular case the delay has caused no prejudice to the industry. During the last year the industry has enjoyed protection at a higher level than would have been the case if a decision could have been arrived at on the merits. Even now, what has happened is that for another two years the industry will continue to enjoy protection at a level which I feel is higher than the level at which it is likely to continue as the result of the further enquiry, unless some extraordinary circumstances supervene. Government have been extremely cautious in their decision, and as I tried to explain in my first speech, though there was ample justification for a further reduction of the duty, as the industry has not yet got back to a stable condition, it would perhaps not have been fair to reduce the duty further. One criticism has been that Government's decision involves a curtailment of the period of protection. That, Sir, is a misapprehension. I tried to explain when I spoke on this motion on the 6th that the decision with regard to the rate of duty is provisional for a period of two years and that Government would come to a decision with regard to the remaining period of protection after the further investigation that may be necessary has been completed. The second matter to which I would like to advert was the criticism of the International sugar agreement to which expression has been given during the course of the debate. It has been alleged that India adhered to that agreement inasmuch as His Majesty's Government wanted to conciliate the Dutch Government having regard to the proximity of Singapore to Java. I should have thought that the connection between the two matters was rather remote.

**Mr. Suryya Kumar Som** (Dacca Division: Non-Muhammadian Rural): You will find that the Admiral of the Japanese Navy advised the Japan Government to look towards the East Indies which is very fertile and thinly populated.

**The Honourable Sir Muhammad Zafrullah Khan:** As I was saying it is rather difficult to appreciate an argument of that kind; that is to say, that India agreed not to export sugar for five years, because, according to the Honourable Member, if it had not agreed to restrict itself in that way, somehow the Dutch Government would have fallen out with His Majesty's Government! When one considers that India has in the past required a very high level of protection against Java, that the industry still asserts that it requires a very high level of protection against Java, one fails to understand in what manner India has been prejudiced by giving that undertaking. It has been said that we could have exported large quantities of sugar if there had not been this agreement but not one Honourable Member has tried to proceed further and to show how it was possible to compete with Java sugar in the world markets when, inside India, it is necessary to impose a duty of Rs. 7-4-0 per cwt. or Rs. 6-12-0 per cwt., on Java sugar, as the case may be. If Java is able to land its sugar in Bombay according to the Tariff Board at Rs. 2-7-0 per maund and according to the average prices that have been ruling during the last year, say at about Rs. 4 per maund and the price of sugar in India has ranged round about Rs. 9 and Rs. 10 per maund, I fail to see by what method of reasoning Honourable Members have been able to persuade themselves that had it not been for this international restriction Indian sugar could have competed in the world markets at economic prices. If there is anything in that argument, if that argument has any reasonable basis, then I should say there is no justification for the industry to ask for protection inside India. The mere fact that the industry asks for protection inside India is a complete answer to the argument that India can produce sugar at prices which would enable it to compete in world markets. The debate really has disclosed nothing which would indicate that the action proposed by Government is not justified so far as the rate of duty is concerned. As a matter of fact, all the factors which operate today indicate that the duty is still at a high level and is more than adequate to protect the indigenous industry.

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

"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."

The motion was adopted.

Clause 2 was added to the Bill.

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

"That clause 3 stand part of the Bill."

**Dr. P. N. Banerjea (Calcutta Suburbs: Non-Muhammadan Urban):** Sir, I move:

"That sub-clause (a) of clause 3 of the Bill be omitted and the brackets and letter '(b)' occurring in sub-clause (b), be omitted."

My amendment seeks to restore the level of protection to the rate at which it existed on the 31st March last. The Bill seeks to lower the rate of protection and the proposal of the Commerce Member is contrary to the recommendation of the Tariff Board. The Tariff Board recommended that the quantum of protection should be maintained at its then existing present level for some time to come. But the Honourable the Commerce Member held up the report of the Tariff Board for more than

a year and now has come before us with the proposal to reduce the rate of protection. This is a very unfair method, and I desire to record my protest against the manner in which the Tariff Board has been treated in this instance. The protection given to the sugar industry has been eminently successful, and this protection has been given only for a period of eight years. If the industry has shown a good deal of progress during this period we should see to it that protection should not be withdrawn or the amount of protection should not be reduced.

**The Honourable Sir Muhammad Zafrullah Khan:** On that argument, it should never be reduced and the industry will never stand on its own legs.

**Dr. P. N. Banerjea:** What is the normal period for which protection should be given? Is eight years too long a period for which protection should be continued? My view is that the industry should be allowed sufficient time to stabilise itself, and when it has stabilised itself and there is no fear of Java sugar again entering the country, then and then only should the quantum of protection be reduced. I am opposed to protection being given for all time, but in the present instance, no case has been made out for reducing the protection. We should, therefore, accept the recommendation of the Tariff Board. From that point of view I urge that my amendment should be accepted.

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

"That sub-clause (a) of clause 3 of the Bill be omitted and the brackets and letter '(b)', occurring in sub-clause (b), be omitted."

**Dr. Sir Ziauddin Ahmad:** I have got an amendment later on for the reduction of the duty and whatever I have got to say I say in opposition to this motion and I will move my motion without a speech. I advanced three arguments against this motion. First, I draw the attention of my Honourable friend to the recommendations of the Tariff Board on page 108, item No. 27:

"In order to enable the industry to face initial difficulties and to safeguard the position of the manufacturer of indigenous sugar we propose that for the first seven years the duty should be fixed at Rs. 7-4-0 per cwt. and for the remaining period at Rs. 6-4-0 per cwt.",

so that the Tariff Board of 1931 definitely recommended that from the year 1931 to 1939 the duty ought to be Rs. 7-4-0 and in 1939 it should be reduced to Rs. 6-4-0. Circumstances have changed in my favour and not against me because I have shown, in a very extensive manner, the amount of profits which these sugar manufacturers have earned. There is no reason to go back to this particular recommendation. The second argument which I advanced is, look into the figures of the 1938 Tariff Board. My friend will find that even the protection of Rs. 6-4-0 is too high, and it ought to be lower. I refer him to pages 180 and 181 of the Tariff Board Report where the fair selling price and the cost of production have been given. The cost is five annas six pies: That is correct, because though they have been paying three annas, the United Provinces Government by passing the Sugar Protection Bill have now regulated that this price should be actually paid to the sugarcane grower. I do not contest that. Now, all the details of the manufacturing charges are given on pages 192 and 193 of this report. Now, there they provide for the permanent staff, *viz.*, a manager on Rs. 825 a month, a Chief Chemist on Rs. 600 a month, a Chief Engineer on Rs. 600 a month, an Assistant Chief Engineer on Rs. 225 a month, and another

[Dr. Sir Ziauddin Ahmad.]

Assistant Chief Engineer on Rs. 225, three Shift Engineers on Rs. 375 each, one Cane Superintendent on Rs. 125 a month, etc., etc. Total salaries per month Rs. 2,975. Now, may I ask whether the sugar factories employ this staff? If you go there you will find that they do not employ that staff which has been definitely put down in the calculation and large numbers of them are only liable for employment for six months. Coming to the other charges you will find that these charges, which have been calculated in order to determine the selling price, have not actually materialised and the sugar manufacturers never pay the salaries which are here provided for them. Then, coming to the other items, for example, five per cent. interest on working capital, this to my mind is also rather heavy. Instead of 2 as. 1/7 p., it ought to be 1 and 1/3; five per cent. is at present a very high price. All these mills have got ready money in their hands which is already provided for in the budget and it is unnecessary for them to borrow at such high rate. Then, under item No. 14, they have calculated a profit of ten per cent., not on the capital share but on the block capital. This is also rather high,—a ten per cent. profit on the block capital in these days when the bank charges are 2½,—and this ought not to be two annas seven pies as provided by the Tariff Board but ought to be reduced to one anna six pies. Now, if we make all these necessary reductions which are, I think, just and reasonable and according to facts, then the cost of production per maund will be reduced to Rs. 6, but, anyway, I do not challenge the statement. All right, let us take Rs. 6-13-10½ and give an allowance of extra profit to the sugar manufacturer. Now, let us see how we are to calculate the quantum of protection that is needed. The price of Java sugar *c.i.f.* is Rs. 2-10-10 as given in the Tariff Board report here, which I do not contest. Take the difference between Rs. 6-10-10½ and Rs. 2-10-10, the protection needed is Rs. 4-3-0 per maund. Give them that protection, *i.e.*, Rs. 5 per cwt. If we take the figures given in this Tariff Board report then the only protection which is justifiable is Rs. 5 per cwt. But the addition of the freight from the sugar factories to Calcutta, etc., are rather unfair. We should compare the *c.i.f.* price with the price at the factory. If we do that, then it works out to be Rs. 5 per cwt. But I honour the promise made in 1931 and I say, although they need Rs. 5 at present according to the figures of the Tariff Board—but I honour our own promise of 1931—I am prepared to give them Rs. 6-4-0 as was said in 1931. I believe honestly that even Rs. 6-4-0 is too much. The real protection needed is Rs. 5.

The second point raised by my friend is that we should give them a protection till it can stand on its own legs. The cost of production of Java sugar is Rs. 2 per maund in Java itself. Here, we have got Rs. 6-13-0 as our cost price. Now, in how many centuries and in what manner are we going to reduce our cost to the level of two rupees per maund as in Java so that protection may not be needed? How can I expect you to believe that this protection, even after half a century or three quarters of a century, will cease to exist, unless I am told that steps are being taken to reduce the cost of production to the level of Java. I think, it is very desirable that we should now make every effort to reduce the cost of production. Government should undertake a special inquiry to suggest the method of reducing the cost, so as to bring them to the level of Java and then and then alone the protection will no longer be necessary. I shall now make two more points. The price of sugar at Calcutta is Rs. 11. The

moment you book it for any other town, say, Singapore, then the value of sugar, Rs. 11-6-0 or even Rs. 9 will at once be reduced to Rs. 2-10-0. The price of one maund sugar on the shore is rupees eleven, but the moment I put it on the boat for export its price comes down to Rs. 2-10-0 at which we can get Java sugar. Now, who will pay this difference of Rs. 7? Evidently the taxpayers of this country. Sir, I am not against protection, but I just want to remind you that for every one rupee which the capitalist contributes for this enterprise, he gets Rs. 3-10-0 from the taxpayers and Rs. 3-6-0 from the consumers. For every rupee which any capitalist puts in, he is sure to get Rs. 7 more from the consumer and from the exchequer. . . .

**Bhai Parma Nand:** May I remind my Honourable friend that they are selling it at Rs. 2-8-0 now, simply to drive out Indian sugar from the market by unfair competition? What was the price they used to charge for Java sugar previously?

**Dr. Sir Ziauddin Ahmad:** The Tariff Board have given it *in extenso* that the price of Java sugar always varied between Rs. 2 and 4, and the duty varied between 5 per cent. before the war, then 15 per cent., and then the present duty. I am not going to repeat the whole argument. I am not against the protection but I just want the capitalist to keep in mind this that for every rupee he invests in this, he gets Rs. 7 more from the taxpayer and from the consumer. I am in favour of the proposition that we ought to make this industry stand on its own legs but, at the same time, we ought to realize that we are protecting the industry not for the benefit of the mills but it is also for the benefit of the sugarcane growers, and that they ought not to destroy altogether the cottage industry. And, thirdly, they ought gradually to lower the cost of production in order to bring it down as much as possible to the level of Java sugar. Of course, that may take some time. Sir, I am in favour of protection, but not excessive protection, and I am not in favour of such a kind of protection as is really for the benefit of the capitalist; I am in favour of a system of protection whereby the interests of the consumers, the interests of the sugarcane growers, the interests of workers and all other interests are safeguarded,—and not only for the benefit of one interest only, *viz.*, the capitalists, and this latter kind of protection I shall always oppose.

**Mr. Suryya Kumar Som:** Sir, I rise to support this amendment. I rise to speak now because it gives me some opportunity to reply to some of the observations made by my Honourable friend, Sir Muhammad Zafrullah Khan. He has asked us why this agreement was entered into and how does it affect India? As an innocent man he says, how does it affect India? The proper question to ask is, why did you enter into this agreement without consulting the Indian interests?

**The Honourable Sir Muhammad Zafrullah Khan:** Is the Honourable Member in order on the amendment?

**Mr. Deputy President (Mr. Akhil Chandra Datta):** The House is now on the amendment which relates to the quantum of protection and not to the question of the International Agreement. The Honourable Member has to show how his remarks are relevant to the amendment before the House.

**Mr. Suryya Kumar Som:** My remarks about the International Agreement are relevant, because I am trying to show that by this agreement the sugar industry of India has been much crippled and has been rather restricted in its activity. If this agreement was not in the field, India might have exported a large quantity of sugar and the sugar mills would have been more prosperous and the price of sugar would have gone down and they would have needed lesser protection. Therefore, my remarks are relevant. As I was saying, the proper question should be: why did you secretly, without the knowledge of anybody in India and without the commercial interests of India being represented in that Conference, enter into an agreement debarring India to export its sugar? Why did you do it? Why did you spend so much ink and paper to write down all that? That is the proper question. I will show why you did it and also how it affects India. Unfortunately, I have not got the book with me from which I quoted various figures the other day. In my last speech I quoted the price of sugar in England, America, Canada, South Africa and other places and I showed that the price of sugar sold in India is almost half of that which prevails in those countries. I quoted these figures from the speech of Sir Gavin Jones, the President of the Associated Chambers of Commerce. It is argued that it is at the cost of the consumers that this protective duty is being maintained and, as an argument against that, he has shown that without this protective duty all those countries are purchasing sugar at double the price at which Indian consumers are purchasing. So, the question of protection has nothing to do with the rise of the price of sugar. It is the world situation and the world prices that determine the price of imports from other countries. Now, let me give one figure to the House. In America the price of sugar is about 4d. per pound. In India the price is about 2d. per pound. I have already shown that all over the world higher prices obtain for sugar as compared to India. So, if there was no such agreement and if in England the price of sugar is 15 to 20 rupees per maund, where was the difficulty for India to export its sugar to England and to America? You think that because the price of sugar has gone from Rs. 6 a maund to Rs. 9 or 10, it is very high, but in other countries much higher prices prevail. If that is so, there was the opportunity for India to produce more sugar and export it to foreign countries. The very fact that England was induced to commit India to such an agreement is proof positive that there was some gain for somebody else and some loss to India.

Now, there is another difficulty which has been created apart from the lowering of this protective duty. That difficulty is that this agreement is hanging like the sword of Damocles over all these mills. Only for one or two years this will go on and we have already got a hint from the speech of the Treasury Bench that it may be cut down to anything. Is this a healthy condition for an industry to develop? Why do you not limit it to five or six years? Why don't you make it a permanent condition for a definite period so that the investors may take into consideration this fact and may invest or not invest in this business.

**The Honourable Sir Muhammad Zafrullah Khan:** With great respect, I must again point out that the Honourable Member is absolutely irrelevant. He is talking not of the rate of duty, but of the period.

**Mr. Suryya Kumar Som:** Don't you frown at me. I must ask the protection of the Chair.

**The Honourable Sir Muhammad Zafrullah Khan:** I am only raising a point of order. I said and I repeat because it is no offence to the Honourable Member that there may be a thousand difficulties but they can only be discussed under relevant clauses and relevant amendments. The present amendment is with regard to the rate of duty. The Honourable Member is out of order in discussing the period.

**Mr. Suryya Kumar Som:** This is a point which the Chair will decide and I will abide by it. But why should the Honourable Member frown at me? I will give all these points because it is no use quarrelling on these petty matters. On the amendment, I would submit whether it is not very strange that for over a year they had this small report before them and they had enough time to consult and collect statistics during that period. Even within that period they could not come to a decision. Do you believe it? Is it sincere? I am afraid there are much worse things behind this because, even after more than a year, they have not been able to come to a definite decision.

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

That is the point, and now they lower it by eight annas and give you sufficient indication that nobody knows what they will do after two years. This short period given for the continuance of this protection is very unfair for the industry. If you have had sufficient time and material to stick to this reduction, then do it and do it for seven years or more.

**The Honourable Sir Muhammad Zafrullah Khan:** I am afraid I must take a point of order. The Honourable Member is discussing and has now for some time been discussing the question of the period. I was submitting, Sir, the question of the period of protection is irrelevant to the amendment now before the House which relates to the rate of duty. I pointed this out once before but the Honourable Member persists in discussing the question as to how long this rate should continue.

**Mr. President** (The Honourable Sir Abdur Rahim): The point of order is validly taken. The Honourable Member must confine his remarks to the amendment before the House which relates to the rate. The Honourable Member must not discuss the question of the period on this amendment.

**Mr. Suryya Kumar Som:** All right, Sir. The Government Resolution also does not give us sufficient materials for going against the report of the Tariff Board which report was drawn up by eminent persons and after careful consideration. The Government Resolution does not justify a departure from that and as facts stand, I submit that no case for reduction has been made out. I, therefore, support the amendment.

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

“That sub-clause (a) of clause 3 of the Bill be omitted and the brackets and letter ‘(b)’, occurring in sub-clause (b), be omitted.”

The motion was negatived.

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

“That in sub-clause (a) of clause 3 of the Bill, for the word and figures ‘Rs. 6-12-0’ the word and figures ‘Rs. 6-4-0’ be substituted.”

Sir, I made a speech on the last occasion giving full details. Therefore, I simply move the amendment now.

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

“That in sub-clause (a) of clause 3 of the Bill, for the word and figures ‘Rs. 6-12-0’ the word and figures ‘Rs. 6-4-0’ be substituted.”

**Mr. Muhammad Nauman** (Patna and Chota Nagpur *cum* Orissa: Muhammadan): Sir, I rise to support the amendment moved by my Honourable friend, Dr. Sir Ziauddin Ahmad. It is not a question where a detailed debate is at all necessary. There are Honourable Members in this House who happen to be representatives of consumers and the surprising factor is that they have become more supporters of industrialists and the capitalist classes. Sir, I should not be misunderstood, I myself believe in industrialisation of the country, but the industrialisation of the country should not be at the unlimited sacrifices of the consumers who are called upon to pay higher price for an unlimited period of time. Sir, my Honourable friend, Dr. Banerjea, in moving his first amendment, made a contention that he would rather prefer to give protection to the industries for all times.

**Dr. P. N. Banerjea:** No, never. I never said that.

**Mr. Muhammad Nauman:** If the Honourable Member did not say that, I accept his word. What I want to say is that although we believe in the industrialisation of the country, we should not allow our people to invest money in industries in the fond hope that these industries will always be spoon-fed for all times to come by way of protection. They ought to realise that they have got to compete in the world market on economic prices or on economic valuations which the world situation may determine from time to time.

**Dr. P. N. Banerjea:** After a reasonable term of years.

**Mr. Muhammad Nauman:** But you did not say what is a reasonable term of years. Will 50 years be a reasonable period?

**Dr. P. N. Banerjea:** Do you consider eight years a reasonable period?

**Mr. Muhammad Nauman:** My Honourable friend has not quoted the precedent of any industry in the world which says it wants protection for all time or even for 40 or 50 years. So far as my knowledge of the industrial history of the world is concerned, after the War of Independence in America, United States authorities only allowed a moderate protection for a period of about ten years on the average. I challenge even my Honourable friend, Dr. Banerjea, to quote the legislation of any country where protection is given for such a long period as is desired in India.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member must confine himself to the quantum of protection. The period of protection is not the subject-matter of the amendment.

**Mr. Muhammad Nauman:** It has been explained by reference to the calculations made by the Tariff Board itself, which my Honourable friend, Dr. Sir Ziauddin Ahmad, quoted just now, that the prices work to Rs. 5 per maund only. Besides, the calculation is based on deliveries made in Calcutta alone which probably the Tariff Board thought was necessary, because the Java sugars were mostly quoted c. i. f. Calcutta. What I want to point out is that when Java sugars are quoting at Rs. 2-10-0 per maund in Calcutta it is certainly surprising that our industrialists cannot compete without a protection of 200 per cent. or something like that. My Honourable friend, Bhai Parma Nand, suggested that we did not realise what the price of Java sugar was at Calcutta before the Indian industry came into existence. That is perfectly correct. Java sugar is quoting low prices after Indian protection; does he realise that when Java sugars were quoting at Rs. 15 or Rs. 20 which Bhai Parma Nand is referring, the world prices were based on many other factors which brought those figures of prices and if the industry would have been in India in existence then, probably the manufacturers would have required the same amount of protection or even more than what was required seven years before and is required today. I certainly feel that we should treat the industrialists properly and, at the same time, tell them that we believe in giving protection only to a certain limit and while we are willing to sacrifice the consumers of the country, who are after all our own people, it must be for a reasonable amount and for a limited period only. With these few words, I support the amendment that it should not be more than Rs. 6-4-0.

**Mr. K. Santhanam** (Tanjore *cum* Trichinopoly: Non-Muhammadan Rural): Sir, I want just to make one point. I was rather surprised that the Honourable the Commerce Member should stand up and suggest that the quantum of protection has no relation to the period of protection.

**Mr. President** (The Honourable Sir Abdur Rahim): He raised a point of order, and the Chair ruled that, while discussing an amendment relating to the quantum, the period is not relevant *ipso facto* to such amendment. The amendment merely related to a certain rate of protection.

**Mr. K. Santhanam:** If a certain amount of protection is given for a certain time . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair cannot allow its ruling to be discussed.

**Mr. K. Santhanam:** Now, Sir, we are asked to assent to a decrease of eight annas per cwt. The conditions of the sugar industry are such that today on the statistics, we cannot make a case for or against the decrease of eight annas. Actually the internal competition has been very great, so great that the price of sugar at the moment is much less than that of foreign sugar, *plus* the import duty even at the reduced level. But there is no guarantee whatsoever that the present prices will continue for any length of time and so, we want the Honourable the Commerce Member to give a

[Mr. K. Santhanam.]

guarantee that though he has reduced it arbitrarily by eight annas, that if for any reason the prices go up, he will restore the protection to the original level and if necessary to a higher level by the operation of clause 4 of the Tariff Act. It is only on that basis that we can agree to be any party. Therefore, as the reduction is only eight annas and only for two years we are practically powerless to argue the case on its merits. It is a wrong way of dealing with any kind of protection. The stability of the industry is the only condition on which any protection can be effective. Now, they are adopting new tactics; they are saying that world conditions are most unsafe and, therefore, the protection policy will be a hand to mouth policy. It is a most unfortunate policy which Government have adopted. I do not want to elaborate the points which were made by my Deputy Leader in his speech; but, at the same time, I want to put in my word of protest against the manner in which this thing is being dealt with in a temporary, hand to mouth basis so that even the legislators are hardly able to deal with it in any intelligible or rational manner.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is: "That in sub-clause (a) of clause 3 of the Bill, for the word and figures 'Rs. 6-12-0' the word and figures 'Rs. 6-4-0' be substituted."

The motion was negatived.

**Mr. President** (The Honourable Sir Abdur Rahim): The question is: "That clause 3 stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

Clause 1 was added to the Bill.

The Title and the Preamble were added to the Bill.

**The Honourable Sir Muhammad Zafrullah Khan**: Sir, I move:

"That the Bill be passed."

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

"That the Bill be passed."

The motion was adopted.

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### THE INDIAN TARIFF (THIRD AMENDMENT) BILL.

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

"That the Bill further to amend the Indian Tariff Act, 1934, for certain purposes, (*Third Amendment*), be taken into consideration."

Article 16 of the Trade Agreement signed between the United Kingdom and India on the 20th March last provides:

"This Agreement shall come into force on a date to be mutually agreed between the two Governments. . . . Pending the coming into force of the present Agreement the two Governments will apply its provisions as far as may be possible."

It is in pursuance of that undertaking that this Bill has been introduced.

**Mr. S. Satyamurti** (Madras City: Non-Muhammadan Urban): Which part of it?

**The Honourable Sir Muhammad Zafrullah Khan:** The second sentence that I have read out.

This Bill seeks to give, as far as is possible, effect to the provisions of the Trade Agreement and seeks to do the following things:

It seeks to take power to regulate the duties on piece-goods in accordance with the Cotton Articles of the Agreement; it also reduces them immediately in accordance with the provisions of the Agreement. It takes away the preferences enjoyed by the United Kingdom in India which are not to be continued under the Trade Agreement. It also provides for one new preference on motor cycles and it adjusts the preferences with regard to the colonies. Sir, I move.

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

“That the Bill further to amend the Indian Tariff Act, 1934, for certain purposes (*Third Amendment*), be taken into consideration.”

**Mr. Bhulabhai J. Desai** (Bombay Northern Division: Non-Muhammadan Rural): Sir, I rise to oppose this motion, and it would not be necessary to elaborate the grounds in view of what the proposal before the House is and the contents of the Bill. My Honourable friend has told the House that the Bill which he is now moving for consideration is a Bill which is intended to give effect to what is euphemistically described as the provisional agreement between the Government of India and the Government of the United Kingdom. Of course, by a process of legislation and enactments in this country it is perfectly obvious that the provisional agreement has already begun to operate in that under the Acts in force the new duties would function. But if that were all, we would not want to re-examine the provisions of the Bill which is before the House, because the contents of the Bill are in substance the contents of the Agreement and with a view to giving effect to it. But there is a further reason which I wish to urge before this House. At all events we anticipated that Government would follow the policy of accepting the vote of the House on the question of the termination of the Ottawa Agreement in reference to the present agreement. There is really no integrity behind accepting the vote of the House in terminating the previous agreement inasmuch as that policy was to be continued whether a new agreement is to be entered into at all without the vote of this House or contrary to its vote as it is in this case. In other words, the only object of terminating the previous agreement was to place the Legislature in a condition where, having terminated the first, they will be able to examine on the merits the second proposal and thereby determine through the vote of the elected representatives of the people whether the proposed agreement was for the benefit of the country at large. That vote, Sir, has been unequivocal in its effect, whatever the efforts which may be made either by the press or other propagandists. For, in order to understand the responsibility in this matter of those who have to pay for the terms of the agreement, the only effective or valuable vote is that of the elected representatives including my friends of the European Group. But, at all events, so far as the other 39 Members of the House are concerned, it is an idle travesty to imagine that they either had the

[Mr. Bhulabhai J. Desai.]

option to vote one way or the other or that many of them, looking at them as they sit there, have applied their mind to the question really which was before the House, whether India should or should not accept this agreement. The fact remains that by their discipline, by their appointments and by their nominations they are bound to vote in favour of what was put before them. The effective vote, therefore, of the elected Members of the House is quite clear on this particular issue. But what is worse, as I was submitting to the House was this that at all events we believed that when the Bill was brought in, to the extent to which this House could vote on its different provisions, it would at least have the freedom to vote on it.

As regards one part of that, I frankly confess that by reason of your recent ruling, it would have been open to this House, if we proceed to the consideration of this Bill, to move up the cotton textile duties to what they were before the introduction of this Bill. But the fact remains that in so far as the surviving preferences are concerned, which, if there had been no agreement, we wanted to omit and get rid of altogether, we gave notice of amendments with a view to terminating the Tariff Act so far as to make all preferences in favour of the United Kingdom. As regards those amendments permission to move them has been refused, so that we fully appreciate that this House is not getting any real chance of expressing its opinion at all events by means of moving amendments, so that the Bill which is brought in for all practical purposes would restore things to the situation in which our vote would have wanted to restore it, namely, there being an agreement between the two countries to be adjusted according to the economic conditions of both countries and the other world conditions.

There is also the further point which has been made and which was made during the course of the debate, namely, that it was somewhat unfortunate, whether it was designed or not, I do not know—but it was unfortunate that the Finance Member, with a view to making up his deficit, was obliged, at all events as he conceived it, to impose an extra import duty on certain types of cotton. The result of all these measures was that the House considered that taking the plus and the minus, the agreement, as was put before them was not one which they believed to be generally in the interests of the country at large. For these reasons we feel that a re-discussion of the provisions of the agreement would not serve any purpose. I therefore, oppose this motion.

**Dr. P. N. Banerjea** (Calcutta Suburbs: Non-Muhammadan Urban): Sir, I rise to oppose this motion, and I do so on three grounds. In the first place, I wish to point out that the subject-matter of this Bill was discussed a few days ago in this Assembly and the Assembly recorded its verdict on it. Now, this Bill has been placed before us before a fortnight has elapsed. What does this signify? It signifies the unrighteous attitude of the British Government towards India. The other day Hitler said in one of his speeches "England after having acted unvirtuously for three hundred years is now in her old age speaking of virtue". I am not an admirer of Hitler or of any other dictator. But truth should always be welcome from whatever quarter it may come. So far as India is concerned, England has treated her in the most unvirtuous manner for a long time past. In 1833, the Charter Act provided that the colour bar should be

removed and this was emphasised by the Queen's Proclamation of 1858. Now, what has been done? We find that the Honourable Sir Nripendra Sircar, who towers head and shoulders over every one of his colleagues and who, in capacity and in character, is far superior to all the officers of the Government in India, has not been considered fit to be a Governor of a Province, while men very much inferior to him have been made Governors. You, Sir, who have held the high position of a Chief Justice.....

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member had better leave the Chair out of it.

**Dr. P. N. Banerjea**: I am referring to the Honourable Sir Abdur Rahim . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): These personal references to the Chair are hardly relevant or desirable. The Honourable Member had better think of anybody else.

**Dr. P. N. Banerjea**: I can quote many other instances. Indian gentlemen who have served the Government ably for many years and have occupied eminent positions have not been appointed Governors while their juniors by virtue of a different complexion . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair does not think this Bill provides for the appointment of any Governor.

**Dr. P. N. Banerjea**: These are merely instances of the unrighteous conduct of the British Government and their subordinates, the Government of India.

My second ground is that this Bill has encroached on the rights of the Assembly.

**Mr. N. M. Joshi** (Nominated Non-Official): The Assembly has no rights in their opinion!

**Dr. P. N. Banerjea**: My Honourable friend, Mr. Joshi, says that in the Government's opinion the Assembly has no rights. I wish to point out that Mr. Montagu, then Secretary of State for India, made it clear in 1920 and 1921 that when the Indian Legislature decided upon a particular point that should be final so far as Indian fiscal policy was concerned . . . . .

**Sir Syed Raza Ali** (Cities of the United Provinces: Muhammadan Urban): If the Government of India and the Legislative Assembly are in agreement and only then.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member need not interrupt.

**Dr. P. N. Banerjea**: I can quote to you the speeches made by Mr. Montagu. Sir Basil Blackett also emphasised this particular point. I have got his speech with me and I will ask my friend to contradict me if he can. Sir Basil Blackett said in 1923 . . . . .

**Sir Syed Raza Ali:** Let us begin with Montagu.

**Dr. P. N. Banerjee:** I have not got his speech with me just now. I should have thought that it was known to everybody and that it was not necessary to quote it. Sir Basil Blackett said:

"I accept whole-heartedly the doctrine that it is India's right to decide what fiscal policy she shall have and so long as I remain a Member of the Government of India, I shall whole-heartedly attempt to assist in the introduction of the policy which India has chosen."

This point was further emphasised by successive Finance Members and Members for Commerce. Now they are going back upon it. They may say that the Government of India have not agreed with the verdict of the Assembly. But the Assembly represents the views of the people of India and the Government of India are the subordinates of the British Government. So, if India's point of view is to be considered, it is the verdict of this Assembly, and not the opinion of the Government of India, which ought to count.

My third ground for opposing this motion is that it is derogatory to our self-respect. The other day we rejected the motion of the Commerce Member, and are we going to insult ourselves by going back upon our own decision? This Bill is really an insult to the whole House, and shall we accept this insult? I hope this House will be no party to such a procedure.

Sir, time and again the Government of India have treated this Assembly in a most disgraceful manner, and this is another instance in which they are going to treat us shabbily. And what should be our reply? Our reply should be that we refuse to take into consideration this Bill. Sir, in the name of fairness, in the name of the rights of the Assembly, and in the name of our own self-respect I appeal to all Members to reject this Bill.

**Sir Abdul Halim Ghuznavi** (Dacca *cum* Mymensingh Muhammadan Rural): Mr. President, I support this motion. The Trade Agreement was brought before this House sometime ago and discussed and so far as I am concerned I felt and I said so that as a whole it was good for India. I am being supported in that point of view by even the Congressmen that as a whole it is good for India. The only difference was about the Lancashire quota on cotton. And why? My friends here know the reasons very well. The difference is that the whole agreement is to be sacrificed for the sake of the cotton mill interests in India. Lancashire interest clashes with the interests of Ahmedabad and Bombay millowners . . . . .

**Mr. Mohan Lal Saksena** (Lucknow Division: Non-Mohammadan Rural): What about the shipping interests?

**Sir Abdul Halim Ghuznavi:** Shipping interests do not come in here. And why? I repeat myself,—suppliers of sinews of war must be protected and the rest may go to dogs. That is the position that my friends here have taken.

Sir, so far as the Indian Chambers are concerned, the Muslim Chamber of Commerce, Calcutta, favours the Indo-British Trade Agreement; it says it should be approved. That is the telegram they have sent to me.

**Mr. Manu Subedar** (Indian Merchants' Chamber and Bureau: Indian Commerce): And you are the President?

**Sir Abdul Halim Ghuznavi:** Yes.

**Dr. P. N. Banerjea:** Quoting his own view?

**Sir Abdul Halim Ghuznavi:** I was not in Calcutta when they held the meeting there. I was in Delhi then.

**Dr. P. N. Banerjea:** Then, I am sorry, I withdraw.

**Sir Abdul Halim Ghuznavi:** A Committee was appointed there to go into the whole matter, and the Committee reported to the Chamber, and the substance of their recommendation was sent here by telegram. This is what this telegram says:

"Committee Muslim Chamber favour Indo-British Trade Agreement which should be approved. Secretary."

I said, Sir, that one of the biggest benefits that Bengal gets through this agreement is about jute. What do we find today? Here is a cutting from the *Statesman*, dated the 11th of this month. This is what it says:

"A memorandum signed by Mr. Athole, F. Stewart, the President, and Mr. George R. Donald, the Secretary of Dundee Chamber of Commerce has been sent to the Board of Trade, all members of the Cabinet and Scottish M.Ps. urging immediate Government action to include some form of protection for the Dundee jute industry against the huge and increasing imports of jute goods into the United Kingdom from India in the new trade agreement between Britain and India. The agreement was signed by the representatives of the two Governments last week. . . ."

That is the feeling in Dundee. They want some sort of protection. They want a clause to be inserted in the Agreement so that there shall be free entry of jute and no preference on finished goods. Now, what does it mean? It means high price of jute for the cultivators of Bengal. The cultivators of Bengal get the benefit of these high prices which otherwise they would not have got . . . .

**Mr. N. M. Joshi:** War material.

**Sir Abdul Halim Ghuznavi:** War material? . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): Order, order. The Honourable Member is entitled to have his say. He must not be interrupted in this manner.

**Sir Abdul Halim Ghuznavi:** Then, Sir, the Members of the Chamber of Commerce are certainly good judges as to whether this particular Trade Agreement is good or bad. I say that a great deal of attention has been given by the Muslim Chamber of Commerce to this question, and when they have unanimously come to this view that they should support it, I have no hesitation in supporting it.

Now, Sir, my friend, the Honourable the Leader of the Opposition, just said that they did not want even to go into the consideration  
 4 P.M. question; he said it was not worthwhile, because they were not allowed to make the amendment which they wanted to make. He said, they had already said all that they had to say in regard to this Trade Agreement,

[Sir Abdul Halim Ghuznavi.]

and, therefore, he would say nothing more, he would not even discuss it; he said he would dismiss it straightaway. Is that the attitude to be taken, I ask? My Honourable friend, the Leader of the Opposition, is laughing . .

**Mr. Badri Dutt Pande** (Rohilkund and Kumaon Divisions: Non-Muham-madan Rural): What do you propose?

**Sir Abdul Halim Ghuznavi:** You ask me what I propose? . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member should not take notice of these interruptions.

**Sir Abdul Halim Ghuznavi:** My friends over there and here want to dispose of the Bill without further considering, even the merits of the Bill. Sir, we, Muslims, are in a very peculiar position. We have to fight two enemies,—Muslim Enemy No. 1, the Congress . . .

**Some Honourable Members:** Oh, oh!

**Sir Abdul Halim Ghuznavi:** . . . and Muslim Enemy No. 2, the Gov-ernment . . . . .

**An Honourable Member:** And Muslim League No. 3.

**Sir Abdul Halim Ghuznavi:** Don't be led away by the fact that I have resigned from the Muslim League. Muslim League is in my blood. I will give you an explanation in the lobby as to why I resigned from the League. I resigned because I wanted to exercise my vote . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member need not discuss the reasons as to why he resigned from the League.

**Sir Abdul Halim Ghuznavi:** The League is in my blood. I want to fight the Congress, and that is why I have resigned. I will fight the Con-gress on behalf of the Muslim League . . . . .

**An Honourable Member:** With the mandate of the Muslim League?

**Sir Abdul Halim Ghuznavi:** Certainly, with the aid of the Muslim League.

**Mr. Badri Dutt Pande:** Single handed you will fight?

**Sir Abdul Halim Ghuznavi:** Yes, I will fight single handed if need be. Sir, I am not going to take time by going into details. If I am satisfied that the Trade Agreement is good, I will support it with my vote, and not merely say it is very good and so on. But, Sir, we have to fight the Congress. We cannot fight the two together.

**An Honourable Member:** Oh, oh!

**Sir Abdul Halim Ghuznavi:** In fighting the Government, we have to co-operate with the Congress; otherwise victory will be far off. We are now to fight the Congress, and not the Government.

**An Honourable Member:** Always under protection.

**Sir Abdul Halim Ghuznavi:** Now, Sir, look at what they have done in all the provinces . . . . .

**Mr. Bhulabhai J. Desai:** How is this all relevant, Sir? I am afraid my Honourable friend is digressing from the main subject.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair thinks the Honourable Member is really digressing.

**Sir Abdul Halim Ghuznavi:** My friend, Sir Cowasji Jehangir, made a remark yesterday about my friend, the Leader of the Opposition . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member had better confine himself to the motion before the House.

**Sir Abdul Halim Ghuznavi:** The Federated Chambers of Commerce discussed this Trade Agreement in Delhi. Sir Purshotamdas Thakurdas paid a glowing tribute to the Honourable the Commerce Member as regards the part he played in the Indo-British Trade negotiations and his relations with his un-official advisers. He said that so far as the Commerce Member was concerned he had done everything, that he had given all the assistance that was needed, and placed all the information that was required. They were satisfied with the manner in which he has done his job.

**Dr. P. N. Banerjea:** Quite right, but he is not a free agent.

**Sir Abdul Halim Ghuznavi:** So far as I understand, the whole trend of opinion of the Congress was changed because of the six pies additional duty that was imposed on foreign cotton. They even say, though they would not admit that on the floor of the House, that if that duty had not been imposed they would have, perhaps, accepted this Agreement. I ask, did they make any offer of that kind to the Government? "Are you prepared to do this?" "No". From what has appeared in the newspapers, Sir Purshotamdas Thakurdas made that grievance, but he said that the Honourable the Commerce Member was not responsible for it but that the Government of India were responsible. Perhaps, if that duty had not been imposed, they would have accepted the Trade Agreement as a whole. My answer to that is, was any earnest effort made by the Leader of the Opposition or the commercial people to negotiate with the Government whether they were prepared under the circumstances to withdraw that extra duty of six pies? They did nothing of the kind.

**An Honourable Member:** Did you do anything?

**Sir Abdul Halim Ghuznavi:** I am in favour of this agreement, and there was no occasion for me to do anything?

**An Honourable Member:** In favour of the additional duty also?

**Sir Abdul Halim Ghuznavi:** Yes. It helps the cotton growers who are mostly Muslims. I could have shown from Congress Resolutions that they wanted that duty some time ago, though they do not want it today. It was the Resolution of the Congress that required the imposition of a duty on foreign cotton, so that foreign cotton might not come into India. They do not feel ashamed to say, "Don't impose this duty. We want to use this foreign cotton in India". They must be ashamed of this. In the Joint Select Committee the delegates asked the Lancashire people to take the short staple cotton and they undertook to take as much as possible of short staple cotton but when they had suitable machinery after the change thereof they would take very much more from India. But why can't we suit our mills in India to short stapled Indian cotton. The mills had enormous profits during the last war; they bled us in Bengal during Swadeshi days with all sorts of foreign goods passed as Indian goods at four hundred times the price. They made tons of money over that, and could they not save sufficient money now to alter their machinery in such a way that they can use cotton that is grown in India and not allow it to be exported? And still they come before the House and say, "Why did the Government impose that six pies additional duty?" That is the reason their heart is bleeding because poor Ahmedabad and Bombay, the suppliers of the sinews of war, would be hit. Therefore, this opposition to this agreement tooth and nail and the refusal to consider the various good points in it. That is the attitude they have taken and, I say, it is an unreasonable attitude. With these words I support the motion.

**Mr. M. A. Jinnah** (Bombay City: Muhammadan Urban). Sir, I really regret very much that Sir Abdul Halim Ghuznavi should have brought in this debate the question of his relationship with the Muslim League Party and the Muslim League. Sir Abdul Halim Ghuznavi has decided for himself to resign from the Muslim League Party . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable Member need not discuss that resignation.

**Mr. M. A. Jinnah:** He has introduced the matter here, and I am entitled to say . . . . .

**Mr. President** (The Honourable Sir Abdur Rahim): But the Chair stopped him from discussing it.

**Mr. M. A. Jinnah:** But he has introduced the subject and I am entitled to say this. I must explain the position. I must say that he has resigned from the Muslim League and he has now had the opportunity of satisfying his conscience, and he says that he is going to serve the League. By the conduct that he has adopted—I say this on the floor of the House, that in that case God help the League. I extremely regret that he should have resigned, I regret more that he should have introduced this subject on the floor of the House.

Now, Sir, coming to the Bill itself, it seems that there are some people who either do not understand or will not understand the policy adopted by the Muslim League with reference to this Indo-British Trade Agreement. I want to make it quite clear, and I think Honourable Members who were present when I made my speech on the previous occasion, and the people

outside if they will read the official report of my speech will find that the position is quite clear; yet I find that in certain sections of the press outside we are blamed on the ground that we took up a "communal" attitude. It is absolutely false. You have got only to read my speech, but I do maintain on the floor of the House, as I said before in my speech, that we are here to consider also the interests of the Mussalmans. That does not mean, as I said in my speech, that we are indifferent, nay, hostile to the larger interests of India. I think I made it clear that even the Leader of the Opposition, Mr. Bhulabhai Desai, very rightly I said, laid down that he was representing a constituency in Guzerat who held one-third of the interests in the mills. I said he was perfectly right in taking that into consideration. And, why should we, therefore, not also take into consideration, as one of the factors, the interests of the Mussalmans. To my great regret, the Honourable Sir Muhammad Zafrullah Khan said—I think he must be sorry for it—I regret that he should have said that—that he was surprised that "a man of the standing and ability of Mr. Jinnah should have introduced the communal question", whereas, the very fact of his existence in this House is that he is a Mussalman.

**Mr. S. Satyamurti:** God help him!

**Mr. M. A. Jinnah:** You helped him a few days ago when he was thinking of the Muslim interests. Therefore, I want to make it quite clear as to what our position is. I hope we may be right or we may be wrong, but I hope that I have made my position clear on that account.

Then, again, it is a matter of regret that I should have been blamed by the Leader of the Opposition and he was good enough to remind me, not during the debate, but immediately after the debate, that Mr. Jinnah must know that the cotton grown by the Muslims does not bear the mark of "Suban Allah". What does he wish to insinuate?

**Mr. Bhulabhai J. Desai:** There is no insinuation.

**Mr. President** (The Honourable Sir Abdur Rahim): The Chair did not hear the Honourable Member.

**Mr. M. A. Jinnah:** I assure you, I was only quoting his speech. What is the meaning of it? Only one meaning can be put upon it, and that is that I was thinking of nothing else but the cotton grown by the Mussalmans. What else can it be? Surely, is that fair to make that insinuation? My Honourable friend was actually present in the House when I made my speech. I made it quite clear that I wish my Hindu friends to prosper still more. I want them to flourish, and what else did I say? The main interests are the interests of the Hindus, and I leave it to you. Take the responsibility of giving your verdict. Why get annoyed with me and make this insinuation? I knew you had a majority if we remained neutral. I knew the verdict was in your hands, whatever the effect of that verdict may be. Articles after articles are written in that paper, the *Hindustan Times*—"Communalism in Excelsis". Mr. Satyamurti gives the lead. Surely, be just, be fair. You are leading a great organisation, a great party, and I say to the *Hindustan Times*, "You claim to be one of the leading journals of this city". I will say no more about it.

**An Honourable Member:** What about Mr. Dow in the Council of State?

**Mr. M. A. Jinnah:** As regards what Mr. Dow said in the Council of State, I characterise that as the meanest attack that could have been made by anybody. He not only criticised me—a thing which he is entitled to do, but he attributed to me motives and he does that in the other place, the Council of State, when he was actually present here in the debate when I spoke. He said that Mr. Jinnah knew that he was throwing the dust in the eyes of those who were behind him. For a Government servant holding the responsible position of Secretary, Commerce Department, to have thought it fit to go into the other place and attribute motives to me in my absence (*Some Honourable Members:* "Shame"),—is that worthy of the traditions of the Civil Service, is this worthy of British statesmanship and British politics? Sir I do not want to say anything more.

We have fully considered all the pros and cons, and our attitude today with regard to the Bill is exactly the same as it was with regard to the Indo-British Trade Agreement a few days ago. As I said the agreement was a *fait accompli*. We were only holding a *post mortem* examination, and this Bill is a statute *fait accompli*, and we are only holding *post mortem* discussion. A certificate of the Governor General for the Bill is ready, and I say to the Congress Party you may walk into any lobby you like. But the law has been enacted and only formalities remain to be satisfied.

**Sir Cowasji Jehangir** (Bombay City: Non-Muhammadan Urban): I rise to oppose the motion for reasons other than those stated by Honourable Members, who have preceded me. I would like the Honourable House to consider the position of this Bill as it strikes me and as it strikes the ordinary man in the street.

**An Honourable Member:** Like yourself.

**Sir Cowasji Jehangir:** Yes, like myself. By a vote of this House, the Ottawa Agreement came to an end, and Government decided to accept the vote of the House. Government then entered into negotiations with the British Government to see if they could come to terms about a new agreement, and it will be admitted, that that is exactly what the Honourable House desired them to do. Government decided that they should take a certain number of non-official Members along with them who should advise them. The Government of India, or as I would rather choose to call them, the agents for the Secretary of State for India, sent one of their members to England on two or three occasions and they took 2½ years to come to an agreement. It must be admitted that on one point the non-official advisers disagreed with the final terms of the agreement and that has already been mentioned here. It was on the question of the quota of cotton that Lancashire should be forced to take. But, before this agreement was brought before this Honourable House or made public, the Government took a certain action whereby the whole agreement was mutilated. It was not done so far as we know at the instance of Lancashire. So far as the man in the street knows, it was done on the initiative of the Government of India themselves, and the whole agreement was mutilated in its most important sections before it came to this House or before it was made public. One of the terms of the agreement was that the duty on the import of Lancashire goods should be reduced from 20 per cent. to 15 per cent. That was a concession of five per cent. Before that was brought before this House, Government imposed a duty on the import of foreign cotton into this country which they admit made a difference of three per

cent. against India. So, they worsened that concession which they gave to Lancashire, of their own free will, by 60 per cent. I contend that in certain grades they worsened it by 80 per cent.

Therefore, Sir, Government make an agreement. They take two and a half years to negotiate that agreement. One of their colleagues goes to England three times to do it. He has been given every credit for having done his very best, and, I believe, I am in a position to endorse that,—*viz.*, that he did his very best for India during all his visits to England. He brought back what he felt were the best terms,—and then he allowed the Government of India to worsen that agreement, to kill his own child, to murder it, to mutilate it, by worsening one of the terms of that agreement, a very vital term of that agreement by 60 to 80 per cent. (Interruption.) My Honourable friend, Mr. James, correctly says “infanticide”. Well, Sir, no self-respecting country would accept any such agreement. May I ask if it was, in the opinion of the Government, in the interest of this country to give Lancashire a greater concession than five per cent., *viz.*, from 20 per cent. to 15 per cent., why did they not do it during the two and a half years of the discussion? Why did they allow the discussion to go on for two and a half years? Why did they not concede the demands of Lancashire within the first year? It was on this very point, I believe, that most of the time was taken, namely, as to what should be the reduction of the duty on Lancashire goods imported into this country. It was on this very point, I believe, that days and days were spent in discussion, with the assistance of the non-official gentlemen who went with the Honourable Member, and then, when he had settled the agreement and given a concession of five per cent, he allowed the Finance Member of the Government of India—now fortunately for this country retired to his own country—to worsen that concession by 60 to 80 per cent. I do not know, Mr. President, who is going to benefit by this agreement.

**An Honourable Member:** Lancashire.

**Sir Cowasji Jehangir:** I doubt it; I have grave doubts about that. I do not think India is going to benefit, and I doubt very much whether Lancashire will finally benefit by it. Japan has already benefited by the concessions made by the Government of India. They are jubilant. But finally, when, as my Honourable friend, Mr. Jinnah, said, this will be certified, the only party who will have benefited will be Japan,—and I hope I may not turn out to be a true prophet,—Lancashire will rue the day the most.

**An Honourable Member:** So much the better for us!

**Sir Cowasji Jehangir:** And the responsibility for the harm that may come to that part of England will be on the shoulders of the Government of India as a whole, and its late Finance Minister in particular. Sir, I oppose the motion for these reasons, and I contend that God help this country from a Government which make a trade agreement with another country and worsens it for their own country, of its own free will! God help us from a Government of this sort! I heard Honourable Members to suggest that the Government should negotiate trade agreements with other countries. Is *this* going to be our experience—that they are to negotiate a trade agreement with, say, Germany . . . .

**Mr. F. E. James:** Dr. Schacht is here.

**Sir Cowasji Jehangir:** . . . . and after they have satisfied Dr. Schacht and after they have signed the agreement and before they bring it before the Legislature for its so-called approval, they worsen it for India and say that they are doing their duty by this country! That is exactly what they have done, and what is the reason for doing it? To make up a deficit of fifty lakhs, Mr. President. Were there no other ways and means of making up the deficit of fifty lakhs but to worsen an agreement, which took two and a half years to negotiate. That was the only method they could find to make up the deficit. Sir, I am no great financier but I could have shown them other methods of making up the deficit of Rs. 50 lakhs without killing an agreement that took them two and a half years to make.

Well, Sir, I oppose this motion simply for the reasons I have given, and if the House refuses even to consider it, they are more than justified for the reasons I have given. If Government wish to make agreements in the future, let them at least see that the agreement has a fair chance for consideration, and let them not mutilate it, murder it, change it in its most important aspects, after having signed it.

**Several Honourable Members:** The question may now be put.

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

"That the question be now put."

The motion was adopted.

**The Honourable Sir Muhammad Zafrullah Khan:** Sir, I would surely be inviting the application of a well-known proverb if I attempted to rush in where angels might fear to tread.

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

"That the Bill further to amend the Indian Tariff Act, 1934, for certain purposes (*Third Amendment*), be taken into consideration."

The Assembly divided:

AYES—39.

Abdul Hamid, Khan Bahadur Sir.  
 Ahmad Nawaz Khan, Major Nawab Sir.  
 Aiyar, Mr. T. S. Sankara.  
 Ayyar, Mr. N. M.  
 Bajpai, Sir Girja Shankar.  
 Bewoor, Mr. G. V.  
 Bhagchand Soni, Rai Bahadur Seth.  
 Buss, Mr. L. C.  
 Chanda, Mr. A. K.  
 Christie, Mr. W. H. J.  
 Clow, The Honourable Mr. A. G.  
 Dalal, Dr. R. D.  
 Dalpat Singh, Sardar Bahadur Captain.  
 Ghuznavi, Sir Abdul Halim.  
 Greer, Mr. B. R. T.  
 Hardman, Mr. J. S.  
 James, Mr. F. E.  
 Jawahar Singh, Sardar Bahadur Sardar Sir.  
 Kamaluddin Ahmed, Shams-ul-Ulema.

Kushalpal Singh, Raja Bahadur.  
 Lillie, Mr. C. J. W.  
 Maxwell, The Honourable Sir Reginald.  
 Menon, Mr. P. A.  
 Menon, Mr. P. M.  
 Metcalfe, Sir Aubrey.  
 Mukerji, Mr. Basanta Kumar.  
 Nur Muhammad, Khan Bahadur Shaikh.  
 Pillai, Mr. N. R.  
 Rahman, Lieut.-Col. M. A.  
 Raisman, The Honourable Mr. A. J.  
 Row, Mr. K. Sanjiva.  
 Scott, Mr. J. Ramsay.  
 Sircar, The Honourable Sir Nripendra.  
 Sivaraj, Rao Sahib N.  
 Slade, Mr. M.  
 Spence, Mr. G. H.  
 Sukthankar, Mr. Y. N.  
 Sundaram, Mr. V. S.  
 Zafrullah Khan, The Honourable Sir Muhammad.

## NOES—54.

Abdul Qaiyum, Mr.  
 Abdul Wajid, Maulvi.  
 Abdur Rasheed Chaudhury, Maulvi.  
 Aney, Mr. M. S.  
 Ayyangar, Mr. M. Ananthasayanam.  
 Banerjee, Dr. P. N.  
 Basu Mr. R. N.  
 Chaliha, Mr. Kuladhar.  
 Chattopadhyaya, Mr. Amarendra Nath.  
 Chaudhury, Mr. Brojendra Narayan.  
 Chettiar, Mr. T. S. Avinashilingam.  
 Chunder, Mr. N. C.  
 Das, Mr. B.  
 Das, Pandit Nilakantha.  
 Datta, Mr. Akhil Chandra.  
 Desai, Mr. Bhulabhai J.  
 Deshmukh, Mr. Govind V  
 Gadgil, Mr. N. V.  
 Govind Das, Seth.  
 Gupta, Mr. K. S.  
 Hans Raj, Raizada.  
 Hegde, Sri K. B. Jinaraja.  
 Hosmani, Mr. S. K.  
 Jedhe, Mr. K. M.  
 Jehangir, Sir Cowasji.  
 Jogendra Singh, Sirdar.  
 Joshi, Mr. N. M.

Kailash Behari Lal, Babu.  
 Lahiri Chaudhury, Mr. D. K. .  
 Lalchand Navalrai, Mr.  
 Laljee, Mr. Husenbhai Abdullahbai.  
 Maitra, Pandit Lakshmi Kanta.  
 Malaviya, Pandit Krishna Kant.  
 Mangal Singh, Sardar.  
 Manu Subedar, Mr.  
 Misra, Pandit Shambhu Dayal.  
 Muhammad Ahmad Kazmi, Qazi.  
 Paliwal, Pandit Sri Krishna Dutta.  
 Pande, Mr. Badri Dutt.  
 Raghubir Narayan Singh, Choudhuri.  
 Ramayan Prasad, Mr.  
 Ranga, Prof. N. G.  
 Rao, Mr. M. Thirumala.  
 Saksena, Mr. Mohan Lal.  
 Sant Singh, Sardar.  
 Santhanam, Mr. K.  
 Satyamurti, Mr. S.  
 Sham Lal, Mr.  
 Sheodass Daga, Seth.  
 Singh, Mr. Ram Narayan.  
 Sinha, Mr. Satya Narayan.  
 Som, Mr. Suryya Kumar.  
 Sri Prakasa, Mr.  
 Varma, Mr. B. B.

The motion was negatived.

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 THE INDIAN RUBBER CONTROL (AMENDMENT) BILL.

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

“That the Bill further to amend the Indian Rubber Control Act, 1934, be taken into consideration.”

It is not necessary for me to make a detailed speech at this stage as Government are willing to accept the motion to send this Bill to a Select Committee. Briefly, the position is this. The Inter-Governmental Rubber Control scheme was due to expire on the 31st December, 1938. The International Committee which administers this scheme circulated a draft scheme to the Governments concerned proposing that the scheme should be continued for a further period of five years from the 1st January, 1939. The Government of India consulted the Provincial Governments and the States and the other interests concerned and found that they were unanimously of the opinion that the scheme had been beneficial and they, therefore, decided to adhere to this scheme for the extension of the international control for a further period of five years. The India Rubber Control Act of 1934, which was passed to implement the original control scheme, empowers Government to extend the operation of the Act. Government, therefore, extended the operation of the Act under section 1 (4) of the Act by a notification gazetted on the 17th December, 1938, till the 31st December.

[Sir Muhammad Zafrullah Khan.]

1943. The present Bill is designed to make changes in the Indian Rubber Control Act which would bring it into conformity with the new agreement. Opportunity is also being taken to make certain improvements which the administration of the Act has shown are necessary. Sir, I move.

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

"That the Bill further to amend the Indian Rubber Control Act, 1934, be taken into consideration."

**Mr. M. Ananthasayanam Ayyangar** (Madras ceded Districts and Chittoor: Non-Muhammadan Rural): Sir, I beg to move:

"That the Bill further to amend the Indian Rubber Control Act be referred to a Select Committee consisting of the Honourable Sir Muhammad Zafrullah Khan, Mr. Y. N. Sukthankar, Lieut.-Colonel M. A. Rahman, Mr. F. E. James, Mr. Muhammad Nauman, Khan Bahadur Shaikh Fazl-i-Haq Piracha, Sardar Sant Singh, Mr. T. S. Avinashilingam Chettiar, Mr. Kuladhar Chaliha and the Mover, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

Sir, I will be very brief in moving this motion for reference to Select Committee. At the outset, I should like to remark that it is not proper on the part of the Government to extend previous agreement without immediately taking steps to bring the matter before the Assembly. Sir, this is not the only agreement of this kind, but with respect to steel, sugar and rubber, and with respect to various other commodities that are produced in this country and which we can export to foreign countries, from time to time international agreements of this kind are being entered into. Therefore, I would like to suggest to the Government that at least in future all such extensions ought to be made with the approval and previous consent of the House. Consequently, in this particular case, the need for reference to a Select Committee is clear from the fact that this Bill covers nearly about 30 clauses with a big Schedule also. The Bill has been conceived on the lines of the Tea Control Act, where, not only the export quota is to be fixed, but also areas have to be allotted which could be assigned to each province for the purpose of cultivating tea. On similar lines, this Rubber Control Act is conceived. There was a committee constituted for tea control, and likewise there is also a Committee here which will hereafter become body corporate. Details will have to be worked out and these things could not be done on the floor of the House, and, therefore, it is necessary that greater attention should calmly be paid in the Select Committee to these things. Sir, I move.

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

"That the Bill further to amend the Indian Rubber Control Act be referred to a Select Committee consisting of the Honourable Sir Muhammad Zafrullah Khan, Mr. Y. N. Sukthankar, Lieut.-Colonel M. A. Rahman, Mr. F. E. James, Mr. Muhammad Nauman, Khan Bahadur Shaikh Fazl-i-Haq Piracha, Sardar Sant Singh, Mr. T. S. Avinashilingam Chettiar, Mr. Kuladhar Chaliha and the Mover, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

The motion was adopted.

## THE INDIAN TARIFF (SECOND AMENDMENT) BILL.

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

“That the amendment made by the Council of State in the Bill further to amend the Indian Tariff Act, 1934 (Second Amendment), be taken into consideration.”

Sir, the Council of State have amended this Bill to this effect:

“That in sub-clause (c) of clause 2, in the fourth column of the proposed item No. 43, for the letters and figures ‘Rs. 35’ the letters and figures ‘Rs. 30’ be substituted.”

Sir, the House will recollect that the duty on imported wood pulp as set out in the original Bill was 25 per cent. *ad valorem* and this was amended in this House and the words “or Rs. 35 per ton whichever is higher” were added. The Council of State have altered this to Rs. 30 per ton. I am sure it will be admitted on all hands that that provides sufficient protection for indigenous pulp. I hope the House will accept the amendment made by the Council of State.

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

“That the amendment made by the Council of State in the Bill further to amend the Indian Tariff Act, 1934 (Second Amendment), be taken into consideration.”

The motion was adopted.

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

“That the following amendment made by the Council of State be agreed to:

“That in sub-clause (c) of clause 2, in the fourth column of the proposed item No. 43, for the letters and figures ‘Rs. 35’ the letters and figures ‘Rs. 30’ be substituted.”

The motion was adopted.

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## THE CHITTAGONG PORT (AMENDMENT) BILL.

**The Honourable Mr. A. G. Clow** (Member for Railways and Communications): Sir, I beg to move:

“That the Bill further to amend the Chittagong Port Act, 1914, for a certain purpose, be taken into consideration.”

Sir, as the House will see this Bill amends only one section of the main Act, that is the section which gives the Port Commissioners the power to repay loans taken from Government at any time when they may choose if they have money at their disposal. We no longer regard that condition as equitable from the point of view of the public purse, and the Chittagong Port Trust themselves have agreed to an amendment. In the amendment we propose that the condition will be abrogated in respect of future loans, but in respect of loans already taken, the position will remain unchanged. Sir, I move.

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

“That the Bill further to amend the Chittagong Port Act, 1914, for a certain purpose, be taken into consideration.”

**Mr. Brojendra Narayan Chaudhury** (Surma Valley *cum* Shillong: Non-Muhammadan): Sir, I beg to oppose this motion. Sir, this is a one clause Bill. The object is to deny the right hitherto enjoyed by the Port Trust to repay loans as early as possible. Now, Sir, the main object of the grant of loan is to benefit the loan taker and the benefit which the loan giver gets is the amount of interest. That is the precise amount of benefit which he ought to get and which he does get. Now, there is no reason why if the debtor is able to pay earlier, the creditor should object and say, "No, I will not accept the payment". The thing looks very much like the tactics of the Jews or better still the tactics of the Kabuli moneylenders who abound in this country in such large numbers and who care more for interest than even for the principal sum. The Honourable Member said that it is undesirable from the new policy of granting loans by the Government of India. He has not told us how it is undesirable, how the Government of India will suffer by that. The money will be back to them and it will lie like other funds in the Government treasury and be utilised. How the Government of India will suffer by the premature payment of the debt is not known. Another point has been made out, that the Port Trust has agreed.

The Port Trusts, as we all know, are semi-official bodies and sometimes in liaison with the Government behind our backs and they are sure to agree to this. So this House will not put much faith in their agreeing to this. At any rate the Members of this House are quite free to exercise their own judgment as to whether these restrictions are desirable and whether it may not unnecessarily hurt the Port Trusts, when they have got the money, to keep it in their own hands and at the same time pay interest on it to the Government of India. Therefore, Sir, unless better reasons for this very peculiar position taken by the Government are forthcoming, I would advise the House to reject it.

**Mr. T. S. Avinashilingam Chettiar** (Salem and Coimbatore *cum* North Arcot: Non-Muhammadan Rural): Sir, the Statement of Objects and Reasons says this:

"The recent changes in the constitutional position have caused the Government of India to modify their loans policy considerably."

I should like to know what the changes are which have caused them to modify their loans policy with regard to the Port Trusts. There must be a uniform policy in the matter of giving loans to Port Trusts and there must be Ports which have borrowed considerable sums from Government. There are certain ports which have newly come into existence and there are ports which are under the direct cognisance of the Government of India like Calcutta, Madras, Vizagapatam, and Cochin which is now considered to be a major port in the making. They have advanced large amounts to make these ports and now they have come forward with an amending Bill with regard to the Chittagong Port Trust alone. If this change in the loan policy of Government depends upon the change in the constitutional position, there must be such amending Bills with regard to all other ports; but as far as I am aware, there are no such Bills on the table of the House, nor are we aware of any intentions on the part of Government to introduce such Bills. Then they state in the Statement of Objects and Reasons:

"It is felt that it is no longer possible to continue to lend to the Commissioners while the statutory right of premature repayment conferred by section 80 remains in force."

Am I to understand that Government today do not feel it possible to  
5 P.M. lend money to these Port Trusts on the conditions on which  
they have been lending hitherto? If that is so, what about the  
other Port Trusts to which they have lent money? The Honourable Mem-  
ber adduced another argument which was that the Commissioners of the  
Chittagong Port Trust have agreed to this amendment; that is, hereafter  
they have agreed to pay the loans that they have received from Government  
only after the period for which it is borrowed has expired. I do not know  
whether public institutions like Port Trusts should be governed in the  
same way as those which govern private transactions; but I do think that  
an amendment of this sort should not be introduced, specially when it will  
seriously affect the conditions under which other ports also have borrowed  
from Government. A port is certainly a matter of public interest and I  
think loans are given to the Port Trusts on the specific understanding that  
they will help trade and in that way help the well-being of the country.  
Therefore I do not see why conditions which are imposed usually on ordinary  
and private transactions should be imposed on these public institutions also.  
I shall be glad if Government will explain to us the real changes in the  
constitutional position which have made them introduce this Bill. The  
Honourable Member in his short speech did not say anything about these  
changes, neither has he said why it is not possible hereafter to lend money  
on the conditions which have existed up till now.

**Mr. President** (The Honourable Sir Abdur Rahim): The Honourable  
Member can continue his speech tomorrow.

The Assembly then adjourned till Eleven of the Clock on Saturday, the  
15th April, 1939.